SLANG WORLDWIDE INC.
CANADIAN SECURITIES EXCHANGE FORM 2A – LISTING STATEMENT
TABLE OF CONCORDANCE

The table below sets forth the information required by the Canadian Securities Exchange Form 2A – *Listing Statement*, the corresponding item in the final prospectus of Slang Worldwide Inc. (the "**Prospectus**") attached hereto as Schedule "B" and the page number of such corresponding information in the Prospectus.

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SCHEDULE "A"
Capitalization

14. Capitalization

14.1 *Capitalization*

Capitalized terms used herein and not otherwise defined have the meaning given to such terms in the Prospectus.

Note: Tables do not take into account: (i) the Common Shares exercisable pursuant to Canopy Warrant**;** (ii) 65,000,000 Common Shares and 17,500,000 Restricted Shares issuable in connection with the Organa Brands Acquisition; (iii) 7,450,870 Common Shares issuable in connection with the Firefly Acquisition; (iii) 43,998,590 Common Shares and 21,999,281 Warrants issuable upon conversion of the Subscription Receipts; and (iv) 2,439,915 September Compensation Options.

Issued Capital

	Number of Common Shares (non-diluted)	**Number of Common Shares (fully-diluted)**	**%of Issued (non-diluted)**	**% of Issued (fully diluted)**
Public Float				
Total outstanding (A)	92,442,028	196,216,739	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	32,500,000	47,894,670	35.16%	24.41%
Total Public Float (A-B)	59,942,028	148,322,069	64.84%	75.59%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	28,300,000	28,300,000	30.61%	14.42%
Total Tradeable Float (A-C)	64,142,028	167,916,739	69.39%	85.58%

Public Securityholders (Registered)

Size of Holding	**Number of holders**	**Total number of Common Shares (non-diluted)**
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	1	1,500
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	1	3,846
4,000 – 4,999 securities	1	4,800
5,000 or more securities	88	59,931,882
TOTAL	91	59,942,028

Public Securityholders (Beneficial)

Size of Holding	**Number of holders**	**Total number of Common Shares (non-diluted)**
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	1	1,500
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	1	3,846
4,000 – 4,999 securities	1	4,800
5,000 or more securities	320	59,736,281
Unable to confirm	N/A	195,601
TOTAL	323	59,942,028

Non-Public Securityholders (Registered)

Size of Holding	**Number of holders**	**Total number of Common Shares (non-diluted)**
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	10	32,500,000
TOTAL	10	32,500,000

SCHEDULE "B"
Prospectus

See Attached.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus does not constitute a public offering of securities.

*The securities qualified for distribution by this prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States of America, its territories, possessions or the District of Columbia (the "**United States**"), and may not be offered, sold or delivered, directly or indirectly, in the United States unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the U.S. Securities Act). See: "Plan of Distribution".*

PROSPECTUS

Initial Public Offering January 17, 2019

SLANG WORLDWIDE INC.
formerly known as Fire Cannabis Inc.

43,998,590 Common Shares and 21,999,295 Warrants issuable without payment upon the conversion of 43,998,590 Subscription Receipts

This prospectus is being filed by SLANG Worldwide Inc. (the "**Corporation**" or "**SLANG**") in the Qualifying Provinces (as defined herein) to qualify the distribution of 43,998,590 common shares in the capital of the Corporation (the "**Common Shares**") and 21,999,295 common share purchase warrants (each a "**Warrant**") issuable upon the automatic conversion of 43,998,590 subscription receipts (the "**Subscription Receipts**") of the Corporation. The 43,998,590 Subscription Receipts were issued in the Qualifying Provinces and outside of Canada on a private placement basis pursuant to certain prospectus exemptions under applicable securities legislation at a price (the "**Offering Price**") of $1.50 per Subscription Receipt (the "**Private Placement**").

The Subscription Receipts were issued pursuant to an agency agreement (the "**Agency Agreement**") dated September 26, 2018 among the Corporation and Canaccord Genuity Corp. (the "**Lead Agent**"), Clarus Securities Inc., GMP Securities L.P. and Paradigm Capital Inc. (collectively, with the Lead Agent, the "**Agents**"). Each Subscription Receipt entitles the holder thereof to receive, upon satisfaction or waiver of the Escrow Release Conditions (as defined herein) prior to the Escrow Release Deadline (as defined herein) and without payment of additional consideration or further action, one Common Share and one-half of one Warrant in accordance with the provisions of a subscription receipt agreement (the "**Subscription Receipt Agreement**") dated September 26, 2018 among the Corporation, the Lead Agent and Odyssey Trust Company ("**Odyssey**").

Each Warrant shall, subject to the terms and conditions of the Warrant Indenture (as defined herein) entitle the holder thereof to purchase one Common Share (each, a "**Warrant Share**") at an exercise price of $2.25 until the Expiry Date (as defined herein). The Warrants will be subject to an Accelerated Expiry Date (as defined herein) in the event that the closing price of the Common Shares on the CSE (as

defined herein) is equal to or greater than $3.50 per Common Share for a period of ten (10) consecutive trading days (the "**Accelerated Expiry Event**").

The Subscription Receipts are not available for purchase pursuant to this prospectus and no additional funds are to be received by the Corporation for the distribution of the Common Shares and Warrants.

	Price to the Public[(1)]	Agents' Fee[(2)]	Net Proceeds to the Corporation[(3)]
Per Subscription Receipt.....	$1.50	$0.08318	$1.41682
Total.....	$65,997,885	$3,659,873.10	$62,338,011.90

Notes:

(1) The price per Subscription Receipt was determined by arm's length negotiation between the Corporation and the Lead Agent, on behalf of the Agents. Certain insiders purchased Subscription Receipts under the Private Placement. See: "*Description of Business – Recent Equity Financings, Joint Ventures and Acquisitions*".

(2) Pursuant to the terms of the Agency Agreement, the Corporation has agreed to pay the Agents a cash commission and a corporate finance fee equal to $3,659,873.10 (collectively, the "**Agents' Fee**"). Half of the Agent's Fee was paid upon the closing of the Private Placement and the remaining 50% shall be payable upon the satisfaction of the Escrow Release Conditions. In addition, the Corporation granted to the Agents, as additional compensation, 2,439,915 non-transferable agent options (each, a "**September Compensation Option**") that entitle the Agents to purchase one unit (a "**September Compensation Unit**") at an exercise price of $1.50 per September Compensation Unit until the earlier of: (i) the Expiry Date; and (ii) January 24, 2021 in the event the Liquidity Event (as defined herein) is not completed by the Escrow Release Deadline. Each September Compensation Unit is comprised of one Common Share and one-half of one September Compensation Warrant (as defined herein). The September Compensation Options and securities issuable thereunder are not qualified for distribution by this prospectus and shall be subject to the applicable hold periods under Canadian securities laws.

(3) After deducting the Agents' Fee, but before deducting payment of the expenses of the Corporation in connection with the preparation and filing of this prospectus (estimated to be approximately $1,500,000), which, subject to the satisfaction or waiver of the Escrow Release Conditions, will be paid from the Escrowed Funds (as defined herein). See: "*Use of Available Funds*".

There is currently no market through which any of the securities being distributed under this prospectus may be sold and purchasers may not be able to resell securities distributed hereunder. This may affect the pricing of such securities in the secondary market, the transparency and availability of trading prices, the liquidity of such securities, and the extent of issuer regulation. **Until and unless a receipt for the final long form prospectus is obtained from the securities regulatory authorities in each of the Qualifying Provinces, securities issued in connection with the Private Placement that remain outstanding will be subject to relevant hold periods under applicable securities legislation**. See: "*Risk Factors*" and "*Forward-Looking Statements*".

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

The Canadian Securities Exchange (the "**CSE**") has conditionally approved the listing of the Common Shares. The listing will be subject to the Corporation fulfilling all of the initial listing requirements and conditions of the CSE including prescribed distribution and financial requirements. See "Plan of Distribution".

The gross proceeds from the sale of the Subscription Receipts, less 50% of the Agents' Fee and the Agents' expenses incurred in connection with the Private Placement (the "**Escrowed Funds**") were deposited in escrow and are being held by Odyssey pursuant to the terms of the Subscription Receipt Agreement. Provided that the Escrow Release Conditions are satisfied or waived on or before 5:00 p.m. (Toronto time) on January 24, 2019 (the "**Escrow Release Deadline**"), the Escrowed Funds less: (i) 50% of the Agents' Fee plus the *pro rata* portion of interest accrued thereon; and (ii) the additional Agents' expenses incurred in connection with the prospectus (which will be released to the Agents), will be released from escrow to the Corporation. The Corporation will use the balance of the Escrowed Funds released to it, to among other things, pay the cash portions of the purchase price payable pursuant to the Organa Brands Acquisition (as defined herein) and the Firefly Acquisition (as defined herein) and towards achieving the go-forward objectives of the Corporation following the Acquisitions. See: "*Use of Available Funds*", the "*Organa Brands Acquisition*" and the "*Firefly Acquisition*".

Each Subscription Receipt will automatically convert, without payment of any additional consideration and without any further action by the holder and subject to adjustment, for one Common Share and one-half of one Warrant on the satisfaction of the following escrow release conditions (the "**Escrow Release Conditions**"):

(i) the Corporation obtaining a receipt for the prospectus from the securities regulatory authorities in each of the Qualifying Provinces;

(ii) the satisfaction or waiver of all conditions precedent to completion of:

a) the Organa Brands Acquisition; and

b) the Firefly Acquisition,

other than the closing of such transactions, each of which closing will be completed forthwith upon release of the Escrowed Funds and in each case in accordance with the definitive agreement governing such transactions, to the satisfaction of the Lead Agent;

(iii) the receipt of all required shareholder and regulatory approvals in connection with the Liquidity Event, including, without limitation, the conditional approval of the CSE for the listing of the Corporation's Common Shares and the relevant listing documents having been accepted for filing with the CSE; and

(iv) the Corporation and the Lead Agent having delivered a joint notice and direction to Odyssey, confirming that the conditions set forth in (i) to (iii) above have been met or waived.

If the Escrow Release Conditions are not satisfied on or before the Escrow Release Deadline or prior to the Escrow Release Deadline the Corporation advises the Lead Agent or announces to the public that it does not intend to satisfy the Escrow Release Conditions, the Escrowed Funds shall be returned to the holders of the Subscription Receipts on a *pro rata* basis and the Subscription Receipts will be cancelled without any further action on the part of the holders. To the extent that the Escrowed Funds are not sufficient to refund the aggregate Offering Price paid by the holders of the Subscription Receipts, the Corporation shall be responsible and liable to contribute such amounts as are necessary to satisfy any shortfall.

Other than in respect of Subscription Receipts sold to purchasers in the United States for which direct registration statements were issued, the Subscription Receipts were registered and deposited directly with CDS (as defined herein) or its nominee pursuant to the book-based system administered by CDS,

and are being held by, or on behalf of, CDS, as depositary of the Subscription Receipts for the participants of CDS, on a non-certificated basis. No definitive certificates evidencing Subscription Receipts have been issued to purchasers thereof. Purchasers of Subscription Receipts that were settled in CDS only received a customer confirmation or statement from the Lead Agent or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Subscription Receipts was purchased. The Common Shares and Warrants to be issued upon the automatic conversion of the Subscription Receipts will also be held by CDS (other than for purchasers in the United States, who will be issued direct registration statements) and no definitive certificates representing the Common Shares or the Warrants will be issued, unless required in limited circumstances. See: "*Plan of Distribution*".

Certain legal matters in connection with the Private Placement and this prospectus have been or will be reviewed on behalf of the Corporation by Dentons Canada LLP and on behalf of the Agents by Cassels Brock & Blackwell LLP.

Mr. Olaf van Tulder, Mr. Chris Driessen, Mr. William Levy, Mr. William Stocks and Mr. Colin Baden reside outside of Canada and will be providing a certificate under Part 5 of National Instrument 41-101 – *General Prospectus Requirements*. Messrs. Van Tulder, Driessen, Levy, Stocks and Baden have appointed Dentons Canada LLP located at 77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada, as their agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

The Corporation's head office and registered office is located at 77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada.

An investment in securities of the Corporation is speculative and involves a high degree of risk, including the nature and stage of development of the business of the Corporation and the current state of the regulatory environment for cannabis legalization in Canada and the United States. The risk factors included in this prospectus should be reviewed carefully. See: *"Forward-Looking Statements"* and *"Risk Factors"*.

This prospectus qualifies the distribution of securities of an entity that currently does, and is expected to continue to, derive most of its revenues from its ancillary involvement with the U.S. cannabis industry. The Corporation and its subsidiaries offer branding, marketing, leasing, and financing services to customers who may be directly or indirectly involved in the U.S. cannabis industry, which industry is illegal under U.S. Federal Law. Additionally, on November 29, 2018, the Corporation entered into the NCG SPA and the NWT MPA to purchase NCG and Firefly, which will be the core business of the Corporation following the completion of such acquisitions. NCG's primary business is licensing its intellectual property to cannabis-related businesses in exchange for customary royalty payments, whereas Firefly's primary asset is its proprietary vaporizers and companion accessories. None of the Corporation, its subsidiaries, NCG or Firefly are directly or indirectly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis. The Corporation has not applied for and does not have any intention to apply for any retailer, grower, producer, dealer, processor or wholesaler licenses which would allow the Corporation to directly participate in the cannabis marketplace in certain U.S. states which have legalized such activity. The revenue generated by these operations are not directly contingent upon the production or sale of marijuana. While we do not directly cultivate, distribute or dispense

cannabis or any cannabis derivatives, several of the products we distribute may be used for the consumption of cannabis and cannabis derivatives using items such as vaporizers. As such, the Corporation considers itself a U.S. Marijuana Issuer with material ancillary involvement with the U.S. cannabis industry, as defined in the *Canadian Securities Administrators Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana related Activities* dated February 8, 2018.

The Corporation believes that its customers' businesses are in compliance with the licensing requirements and regulatory frameworks enacted by each of the U.S. states in which the customers do business. For further certainty, the Issuer is not subject to any cannabis-specific licensing requirements and cannabis-specific regulatory frameworks in any of the U.S. states where the Issuer conducts business. See: "*Regulatory Framework*" and "*Risk Factors*".

Currently, in the United States, 33 states and the District of Columbia permit some form of cannabis cultivation, sales, and use for certain medical purposes. Ten of those states, along with the District of Columbia, have also legalized cannabis use by adults for non-medical purposes (often referred to as "recreational use"). Fifteen additional states have legalized low-THC or high-CBD (as defined herein) extracts for select medical conditions. Notwithstanding the permissive regulatory environment of medical and recreational cannabis at the state level, cannabis continues to be categorized as a controlled substance under the *Controlled Substances Act of 1970* (the "CSA") in the United States and remains illegal under United States federal law. Further, aiding and abetting the cannabis industry is also illegal under United States federal law, which may implicate the activities of the Corporation, its subsidiaries, NCG and Firefly.

The Corporation's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the United States. Accordingly, there are a number of risks associated with the business of the Corporation. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount, and in case of conflict between federal and state law, the federal law must be applied. Notwithstanding the paramountcy of U.S. federal law, enforcement of such laws may be limited by other means or circumstances, which are further described in this prospectus. See: "*Regulatory Framework – United States – Federal Overview*" and "*Risk Factors – Risks Specifically Related to the United States Regulatory System*". Unless and until the United States Congress amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, which may adversely affect the Corporation's business operations in the United States. The Corporation's business operations may become the subject of heightened scrutiny by regulators, stock exchanges, third party service providers, financial institutions, depositories and other authorities in Canada and the United States. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Corporation's ability to invest in the United States or any other jurisdiction. See: "*Risk Factors – Risks Specifically Related to the United States Regulatory System"* and "*Risk Factors – Risks Related to the Regulatory Environment*".

Both Firefly and NCG are both engaged in developing, manufacturing and distributing vaporizer hardware and cannabis-related accessories. However, there is uncertainty as to whether, in what circumstances, how and when the U.S. Food and Drug Administration ("FDA") will seek to enforce

regulations under the *Tobacco Control Act* relate to vaporizer hardware and accessories that can be used to vaporize cannabis and other materials, in light of the potential for dual use with tobacco. Should the FDA deem vaporizers and accessories to be subject to the *Tobacco Control Act*, the failure to comply could result in litigation, criminal convictions or significant financial penalties and could impair the Corporation's ability to market and sell some of its vaporizer products. See: "*Risk Factors – Risks Related to the Regulatory Environment*".

On January 4, 2018, former U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice ("DOJ") specific to cannabis enforcement in the United States, including the Cole Memorandum (as defined herein). With the Cole Memorandum rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law. If the DOJ pursues prosecutions, then the Corporation could face: (i) seizure of its cash and other assets used to support or derived from its subsidiaries; (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis; or (iii) barring employees, directors, officers, managers and investors who are not U.S. citizens from entry into the United States for life. On November 7, 2018, Mr. Sessions tendered his resignation as U.S. Attorney General at the request of President Donald Trump. Following Mr. Sessions' resignation, Matthew Whitaker began serving as Acting U.S. Attorney General. It is unclear what impact, if any, Mr. Sessions' resignation will have on U.S. federal government enforcement policy on marijuana. See: "*Regulatory Framework – United States – Federal Overview*" and "*Risk Factors – Risks Specifically Related to the United States Regulatory System*".

Subsequent to the issuance of the Sessions Memorandum on January 4, 2018, the U.S. Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained a rider, in 2018 called the Rohrabacher-Blumenauer Amendment (sponsored in the US Senate by Senator Patrick Leahy and referred to in the proposed 2019 spending bill as the "Joyce Amendment"), which barred the DOJ from spending money on the prosecution of any licensed medical cannabis business or operator in states where medical cannabis is legal. The Rohrabacher-Blumenauer/Leahy Amendment was in effect to the 2018 appropriations deadline of September 30, 2018, which was extended by Resolutions until December 21, 2018. On December 22, 2018, the U.S. Congress failed to pass an omnibus appropriations bill for fiscal year 2019, including the Joyce Amendment, causing a shutdown of the federal government. During a federal government shutdown, certain "nonessential" governmental programs are stalled; however, federal law enforcement and prosecution actions are exempted from furlough, thus Drug Enforcement Administration agents and federal prosecutors are currently operating and without any restriction otherwise imposed by the spending bill regarding interference with the cannabis industry. Accordingly, there can be no assurance that the federal government will not seek to prosecute cases involving medical cannabis business that are otherwise compliant with state law. Further, while the Joyce Amendment is currently included in both the House version and the Senate version of the 2019 omnibus appropriations bill, there can be no assurances that it will be included in final appropriations package.

Certain recent and proposed transactions of the Corporation, including the Organa Brand Acquisitions, are related party transactions within the meaning of MI 61-101 (as defined herein). In addition, certain directors and officers of the Corporation have declared a conflict of interest with

respect to certain transactions completed, or proposed to be completed, by the Corporation. Insiders of the Corporation are also actively involved in the cannabis industry including areas which could create a conflict of interest between such individuals and the business of the Corporation. Further, the Corporation has experienced credit losses with some of its previous related party transactions. Readers are directed to review the various disclosures of related party transactions and interests of insiders in material transactions under the headings "*Description of the Business*", "*The Acquisitions – The Organa Brands Acquisition – Securities Law Considerations*", "*Directors and Officers – Conflicts of Interest*" and "*Risk Factors – Risks Associated with Impairment and Credit Losses*".

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GLOSSARY

"**2014 Cole Memo**" means the memorandum issued by the DOJ on February 14, 2014.

"**Accelerated Expiry Date**" means the date that is 30 calendar days following the date the Corporation provides an early expiry notice to holders of the Warrants advising that an Accelerated Expiry Event has occurred.

"**Accelerated Expiry Event**" means the occurrence, at any time, following the date the Common Shares are listed on the CSE, at which the closing price of the Common Shares on the CSE is equal to or greater than $3.50 per Common Share for a period of 10 consecutive trading days.

"**ACG**" means Allied Concessions Group Inc., a corporation incorporated pursuant to the laws of the state of Colorado, and an affiliate of NSH and NCG.

"**ACG Option**" means the option granted to the Corporation by NCG Holders, pursuant to the NCG SPA, as more particularly described in "*The Acquisitions – The Organa Brands Acquisition*".

"**ACMPR**" means the *Access to Cannabis for Medical Purposes Regulations*, SOR/2016-230.

"**Acquisitions**" means collectively the Organa Brands Acquisition and the Firefly Acquisition.

"**Agency Agreement**" means the agency agreement dated September 26, 2018 among the Corporation and the Agents.

"**Agents**" means collectively the Lead Agent, Clarus Securities Inc., GMP Securities L.P. and Paradigm Capital Inc.

"**Agents' Fee**" means the fee payable to the Agents pursuant to the Agency Agreement of which 50% was paid upon the closing of the Private Placement and the remaining 50% shall be payable upon satisfaction of the Escrow Release Conditions.

"**Agripharm**" means Agripharm Corp., a Canadian licensed producer of cannabis.

"**Audit Committee**" means the Audit Committee of the Corporation in accordance with NI 52-110.

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

"**BCSC**" means the British Columbia Securities Commission.

"**Canadian Holder**" means a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention, is or is deemed to be resident in Canada.

"**Cannabis Act**" means the Act respecting cannabis and to amend the *Controlled Drugs and Substances Act*, the *Criminal Code* and other Acts, which, when combined with the *Act to Amend the Criminal Code*, provide a framework for the legalization of recreational cannabis in Canada, as more particularly set out in "*Regulatory Framework - Canada*".

"**Cannabis Regulations**" means the *Cannabis Regulations*, regulations that were introduced in support of the Cannabis Act, as more particularly set out in "*Regulatory Framework - Canada*".

"**Canopy**" means Canopy Growth Corporation.

"**Canopy Warrant**" means the warrant to acquire Common Shares held by Canopy, as more particularly described in "*Description of the Business – Corporation History*".

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

"**CBD**" means cannabidiol.

"**CBP**" means United States Customs and Border Protection.

"**CDS**" means CDS Clearing and Depositary Services Inc.

"**CEO**" means chief executive officer.

"**CFO**" means chief financial officer.

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

"**Corporation**" or "**SLANG**" means SLANG Worldwide Inc. (formerly known as Fire Cannabis Inc.) a company incorporated under the CBCA.

"**CRA**" means Canada Revenue Agency.

"**CSA**" means *Controlled Substances Act of 1970* in the United States.

"**CSA Notice 51-352**" means Canadian Securities Administrators Staff Notice 51-352 (Revised) dated February 8, 2018 – *Issuers with U.S. Marijuana-Related Activities*, as more particularly set out in "*Regulatory Framework – United States*".

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

"**D&O Insurance**" means the Corporation's director and officer liability insurance, as more particularly set out in "*Director Compensation – Indemnification and Insurance*".

"**DOJ**" means the United States Department of Justice.

"**Domestic Issuer**" as defined by applicable United States securities laws, means a U.S. issuer or a non-U.S. issuer that has a majority (50.1% or more) of its outstanding voting securities held by U.S. residents and either the majority of the executive officers or directors are U.S. citizens or residents, a majority of the assets of the issuer are located in the U.S., or the business of the issuer is administered principally in the U.S.

"**Ehler Agreement**" means the consulting agreement between the Corporation and Corporate Finance Outsource Inc., dated April 17, 2018 and effective April 19, 2018, as more particularly set out in "*Executive Compensation – Employment, Consulting and Management Agreements*".

"**Electronic Nicotine Delivery Systems**" means among other things: products such as electronic cigarettes, electronic cigars, electronic hookahs, vape pens, vaporizers and e-liquids and their components or parts (such as tanks, coils and batteries), as more particularly described in "*Risk Factors* –

Risks Related to the Regulatory Environment - There is uncertainty related to the regulation of vaporization products and certain other consumption accessories".

"**Escrow Agreement**" means the escrow agreement to be entered into by the Corporation and Odyssey substantially in the form attached as an Appendix to NP 46-201 (Form 46-201F1).

"**Escrow Release Conditions**" has the meaning set forth on the face pages hereof.

"**Escrow Release Deadline**" means 5:00 p.m. (Toronto time) on January 24, 2019.

"**Escrowed Funds**" means the amount of $63,929,154.38, being the gross proceeds from the sale of the Subscription Receipts, less: (i) 50% of the Agents' Fee, and (ii) the Agents' expenses incurred in connection with the Private Placement, plus all interest or other income earned thereon.

"**Expiry Date**" means the date that is twenty-four (24) months from the date the Common Shares are listed for trading on the CSE.

"**FDA**" means the United States Food and Drug Administration.

"**February Agency Agreement**" means the agency agreement between the Corporation, the Lead Agents and Clarus Securities Inc., dated February 21, 2018.

"**February Compensation Options**" means the compensation options issued pursuant to the February Agency Agreement, as more particularly described in "*Options to Purchase Common Shares – Compensation Options*".

"**February Compensation Units**" means the compensation units issuable upon exercise of the February Compensation Options, as more particularly described in "*Options to Purchase Common Shares – Compensation Options*".

"**February Warrant Indenture**" means the warrant indenture dated February 21, 2018, between the Corporation and Odyssey governing the issuance of the February Warrants.

"**February Warrants**" means the Common Share purchase warrants issued by the Corporation on July 23, 2018 pursuant to the February Warrant Indenture, each exercisable for one Common Share at a price of $1.15 until July 21, 2020, subject to acceleration, as more particularly described in "*Description of the Business – Recent Equity Financings, Joint Ventures and Acquisitions"*.

"**FinCEN**" means the U.S. Department of the Treasury's Financial Crimes Enforcement Network.

"**FinCEN Memorandum**" means the memorandum on February 14, 2014 issued by FinCEN, outlining the pathways for financial institutions to bank state-sanctioned marijuana businesses in compliance with federal enforcement priorities, as more particularly set out in "*Regulatory Framework – United States*".

"**Firefly**" means NWT Holdings, LLC, a limited liability corporation formed pursuant to the laws of the state of Washington.

"**Firefly Acquisition**" means the acquisition of all of the equity and membership interests in Firefly, as more particularly set out in "*The Acquisitions – Firefly Acquisition*".

"**Firefly Vendors**" means Mark Williams, Sasha Robinson and Mid Atlantic Holdings Group LLC.

"**Food and Drugs Act**" means *Food and Drugs Act* (Canada).

"**Green House**" means Green House Holdings North America Inc.

"**Green House Transaction**" means the rights agreement with Green House Holdings North America Inc., as more particularly set out in "*Description of the Business - Recent Equity Financings, Joint Ventures and Acquisitions*".

"**Greenlane**" means Greenlane Holdings, LLC.

"**Holder**" or "**Holders**" means, in relation to the Tax Act, those who have: (i) acquired the Subscription Receipts pursuant to the Private Placement as beneficial owner; (ii) deals at arm's length and is not affiliated with the Corporation; and (iii) holds the Subscription Receipts, Common Shares, Warrants or Warrant Shares, received pursuant to the Private Placement, as capital property.

"**IFRS**" means International Financial Reporting Standards.

"**IHR**" means the *Industrial Hemp Regulations*, regulations that were introduced in support of the Cannabis Act, as more particularly set out in "*Regulatory Framework - Canada*".

"**Investor Rights Agreement**" means the agreement entered into between the Corporation and the NCG Holders, pursuant to the NCG SPA, as more particularly set out in "*The Acquisitions – The Organa Brands Acquisition - The Investor Rights Agreement*"

"**IT**" means information technology.

"**Joyce Amendment**" means the proposed 2019 rider provision used by the U.S. Congress, as more particularly set out in "*Regulatory Framework – United States*".

"**Lead Agent**" means Canaccord Genuity Corp.

"**Liquidity Event**" means the filing and clearing of the final long form prospectus with the securities commissions, in connection with the listing of the Common Shares on the CSE.

"**Listing Date**" means the date on which the Common Shares are listed on the CSE.

"**Locked-Up Shares**" means the Common Shares which may be governed by the Shareholder Lock-Ups, as more particularly described under "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer - Voluntary Lock-Ups*".

"**Management**" means the management of the Corporation.

"**MD&A**" means Management's Discussion and Analysis included in this prospectus.

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

"**Mid Atlantic Guarantors**" means Adam Schoenfeld and Aaron LoCascio.

"**Minister**" means federal Minister of Health (Canada).

"**Named Executive Officers**" or "**NEOs**" means the Corporation's CEO, CFO, and President.

"**NCG**" means National Concessions Group, Inc., a corporation incorporated pursuant to the laws of the state of Colorado and an affiliate of ACG and NSH.

"**NCG Holders**" means all of the holders of shares of common stock and series A preferred stock of NCG, other than the Corporation.

"**NCG Securities**" means the common stock and the series A preferred stock in NCG.

"**NCG SPA**" means the share purchase agreement dated November 29, 2018, among the Corporation, the NCG Holders and NCG, pursuant to which the Corporation will acquire NCG.

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

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

"**Non-Canadian Holder**" means a Holder who is not a resident of Canada, pursuant to the Tax Act.

"**NP 46-201**" means National Policy 46-201- *Escrow for Initial Public Offerings.*

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

"**NSH**" means NS Holdings, Inc., a corporation incorporated pursuant to the laws of the state of Colorado, and an affiliate of ACG and NCG.

"**NSH Option**" means the option granted to the Corporation by NCG Holders, pursuant to the NCG SPA, as more particularly described in "*The Acquisitions – The Organa Brands Acquisition*".

"**NWT MPA**" means the unit and membership interest purchase agreement among Mark Williams, Sasha Robinson, Mid Atlantic Holdings Group LLC, and the Mid Atlantic Guarantors, pursuant to which the Corporation will acquire all of the NWT Securities.

"**NWT Securities**" means the units and membership interests in Firefly.

"**Odyssey**" means Odyssey Trust Company.

"**Offering Price**" means $1.50, being the price per Subscription Receipt issued pursuant to the Private Placement.

"**Organa Brands Acquisition**" means the acquisition of all of the shares of common stock and series A preferred stock of NCG, as more particularly set out in "*The Acquisitions – The Organa Brands Acquisition*".

"**Peoria**" means Peoria Partners, LLC.

"**Performance Conditions**" means performance conditions for which the vesting of the RSUs may be contingent upon, as more particularly set out in "*Executive Compensation – Restricted Share Unit Plan*".

"**Pine River**" means Pine River Consulting Ltd., as more particularly set out in "*Description of the Business – Corporation History*".

"**Pine River Note**" means a demand promissory note for a loan advanced by the Corporation to Pine River, as more particularly set out in "*Description of the Business – Corporation History*".

"**PowerOne**" means PowerOne Management & Advisory Services Limited.

"**Preferred Shares**" means the preferred shares in the capital of the Corporation.

"**President**" means the president of the Corporation.

"**Private Placement**" means the brokered private placement of 43,998,590 Subscription Receipts that closed on September 26, 2018 pursuant to the terms of the Agency Agreement and the Subscription Receipt Agreement.

"**Proposed Amendments**" means all specific proposals to amend the Tax Act or the Tax Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof.

"**Purple Note**" means the 4 year, 4% unsecured convertible promissory note in the amount of USD$1,843,030.76 due from the Corporation to The Purple Company Inc., as more particularly set out in "*Description of the Business - Recent Equity Financings, Joint Ventures and Acquisitions*".

"**Purple Org**" means The Purple Organization, Inc., a wholly-owned subsidiary of the Corporation.

"**Qualifying Provinces**" means the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Quebec and Nova Scotia.

"**Restricted Period**" means any time at which the Board of Directors reasonably believes that the Corporation is a Domestic Issuer.

"**Restricted Shares**" means the restricted voting shares in the capital of the Corporation.

"**Restricted Share Closing Date**" means the date that is the one year anniversary of each of (i) the closing of the Organa Brands Acquisition, (ii) the closing of the transaction contemplated by the exercise of the NSH Option, and (iii) the closing of the transaction contemplated by the exercise of the ACG Option.

"**RSU Plan**" means the Corporation's restricted share unit plan.

"**RSUs**" means non-transferable restricted share units granted pursuant to the RSU Plan.

"**Rohrabacher-Blumenauer Amendment**" means the rider provision in the FY 2015, 2016 and 2017 Consolidated Appropriations Acts, as more particularly set out in "*Regulatory Framework – United States*".

"**SAR**" means a Suspicious Activity Report, as more particularly set out in "*Regulatory Framework – United States*".

"**Section 280E**" means section 280E of the *Internal Revenue Code* (United States),

"**September Compensation Option**" means the compensation options issued pursuant the Agency Agreement in connection with the Private Placement, as more particularly described in the face pages hereof and "*Description of Share Capital – Compensation Options*".

"**September Compensation Unit**" means the compensation units issuable upon exercise of the September Compensation Options, as more particularly described in the face pages hereof and "*Description of Share Capital – Compensation Options*".

"**September Compensation Warrants**" means the Common Share purchase warrants of the Corporation issuable upon exercise of the September Compensation Unit, with each whole Common Share purchase warrant exercisable for one Common Share at a price of $2.25 until the earlier of (i) the Expiry Date, and (ii) January 24, 2021 in the event the Liquidity Event is not completed by the Escrow Release Deadline.

"**Shareholder Lock-Ups**" means the agreements which may be entered into by the directors and officers of the Corporation and the vendors in each of the Organa Brands Acquisition and the Firefly Acquisition, as more particularly described under "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer - Voluntary Lock-Ups*".

"**Stock Option Plan**" means the 10% rolling stock option plan of the Corporation as more particularly described under "*Executive Compensation – Elements of Compensation – Stock Option Plan*."

"**Subscription Receipts**" means the subscription receipts issued by the Corporation pursuant to the terms of Subscription Receipt Agreement in connection with the Private Placement.

"**Subscription Receipt Agreement**" means the agreement between the Corporation, the Lead Agent and Odyssey dated September 26, 2018, governing the issue and terms of the Subscription Receipts.

"**Tax Act**" means *Income Tax Act* (Canada).

"**Tax Regulations**" means the regulations enacted in support of the Tax Act.

"**THC**" means tetrahydrocannabinol.

"**TMX MOU**" means the memorandum of understanding, dated February 8, 2018, between the TMX Group, Aequitas NEO Exchange Inc., the Canadian Securities Exchange, the TSX and the TSX Venture Exchange, as more particularly described in the face pages hereof.

"**Tobacco Control Act**" means the *Tobacco Control Act* (United States), as more particularly described in "*Risk Factors – Risks Related to the Regulatory Environment - There is uncertainty related to the regulation of vaporization products and certain other consumption accessories*".

"**Trigger Date**" means the date, as set by the Board at the time of grant, in which the RSU vests, as more particularly described under "*Executive Compensation – Restricted Share Unit Plan*"

"**Tuatara**" means collectively, TC Colorado Holdings, LLC, Tuatara Capital Fund I, L.P. and Tuatara Capital Parallel Fund I, L.P.

"**TVPA**" means the *Tobacco and Vaping Products Act* (Canada), as more particularly described in "*Risk Factors – Risks Related to the Regulatory Environment - There is uncertainty related to the regulation of vaporization products and certain other consumption accessories*".

"**USAM**" means the U.S. Attorney's Manual.

"**U.S. Securities Act**" means United States Securities Act of 1933, as amended.

"**Warrant**" means a Common Share purchase warrant in the capital of the Corporation issuable pursuant to the Warrant Indenture, each exercisable for one Common Share at a price of $2.25 per Common Share until the Expiry Date, subject to the Accelerated Expiry Date, as more particularly set out in the face pages hereof.

"**Warrant Indenture**" means the warrant indenture between the Corporation and Odyssey dated September 26, 2018, governing the issuance and terms of the Warrants issuable upon conversion of the Subscription Receipts, as more particularly set out in the face pages hereof.

"**Warrant Share**" means a Common Share issuable upon exercise of a Warrant, based on the terms and conditions of the Warrant Indenture.

GENERAL MATTERS

Prospective investors should rely only on the information contained in this prospectus. The Corporation and the Agents have not authorized any other person to provide prospective investors with additional or different information. If anyone provides prospective investors with additional or different or inconsistent information, including information or statements in media articles about the Corporation, prospective investors should not rely on it. The Corporation is not making an offer to sell or seeking offers to buy shares or other securities of the Corporation. Prospective investors should assume that the information appearing in this prospectus is accurate only as at its date, regardless of its time of delivery. The Corporation's business, financial conditions, results of operations and prospects may have changed since that date.

Readers are urged to read the information under the headings *"Risk Factors" and "Forward-Looking Statements".*

MARKET RESEARCH AND PUBLIC DATA

This prospectus also contains or references certain market, industry and peer group data which is based upon information from independent industry publications, market research, analyst reports and surveys and other publicly available sources. Although the Corporation believe these sources to be generally reliable, such information is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other inherent limitations and uncertainties. Neither the Corporation nor the Agents has independently verified any of the data from third party sources referred to in this prospectus and accordingly, the accuracy and completeness of such data is not guaranteed.

CONVENTIONS

All financial information herein has been presented in Canadian dollars in accordance with IFRS. Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders.

All dollar amounts set forth in this prospectus are stated in Canadian dollars except where otherwise indicated.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements and forward looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. Such forward-looking statements relate to the Corporation's current expectations and views of future events or future performance. All statements other than statements of historical fact may be forward-looking statements. The forward-looking statements are contained principally in the sections entitled "*Prospectus Summary*", "*Description of the Business*", "*Management's Discussion and Analysis*" and "*Risk Factors*".

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the Corporation's expectations regarding its consolidated revenue, expenses and operations;
- the Corporation's anticipated cash needs, its needs for additional financing, and changes to its dividend policies;
- the Corporation's intention to develop its business and its operations and expand upon the business acquired pursuant to the Acquisitions;
- the Corporation's competitive position and the regulatory environments in which the Corporation operates and will operate following the Acquisitions;
- the Corporation's intention to complete the listing of the Common Shares on the CSE;
- the legalization and regulatory control of cannabis for recreational use in Canada, the United States and elsewhere including federal, provincial and municipal regulations pertaining thereto and the related timing thereof and the Corporation's intention and ability to participate in such market;
- the use of proceeds from the Private Placement;
- the costs associated with the Acquisitions and the preparation and filing of this prospectus;

- satisfaction of the Escrow Release Conditions and the timing thereof;
- the completion and timing of the closing of the Organa Brands Acquisition;
- the completion and timing of the closing of the Firefly Acquisition;
- the impact of competition on the Corporation;
- the intentions of the Board with respect to the executive compensation plans and corporate governance plans described herein;
- the sufficiency of cash flows and working capital to achieve the Corporation's stated business objective upon completion of the Acquisitions;
- the Corporation's ability to market successfully to customers; and
- the impact of the Acquisitions on the business and operations, financial condition, access to capital and overall strategy of the Corporation.

Certain of the forward-looking statements and forward-looking information and other information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunities and market share, is based on estimates prepared by the Corporation using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. While the Corporation is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors and the Corporation has not independently verified such third party information.

Forward-looking statements are based on certain assumptions and analyses made by the Corporation 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, you should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Corporation'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***", which include:

- cannabis is illegal under U.S. federal law;
- there is uncertainty surrounding the Trump Administration and the U.S Attorney General;
- increased regulatory scrutiny of the Corporation's interests in the United States;
- the Corporation may be subject to certain U.S. federal regulations relating to cash reporting;
- the Corporation may have limited access to banks and financial services;
- constraints on cross-border travel for the Corporation's employees;
- the Corporation will not be able to deduct many normal business expenses;
- the Corporation may have access to limited trademark protection;
- the Corporation may lack access to U.S. bankruptcy protections;

- the legality of contracts may be in question in the United States;
- legal uncertainty in the United States;
- the business is heavily regulated;
- regulatory or political change;
- there are constraints on marketing products;
- requirements to comply with anti-money laundering laws and regulations;
- uncertainty related to the regulation of vaporization products and certain other consumption accessories;
- significant increases in state and local regulation of vaporizer products have been proposed or enacted and are likely to continue to be proposed or enacted in numerous jurisdictions;
- vaporizer products may become subject to increased taxes;
- the Corporation may become involved in regulatory or agency proceedings, investigations and audits;
- securing agreements with licensed producers;
- the Corporation must comply with environmental, health and safety laws;
- risks associated with product recalls, liability and returns;
- the ability to realize satisfactory returns on money lent to new and existing customers;
- risk of limited number of investments and limited participation in investments;
- risk of unspecified investments;
- risk of high bonding and insurance costs;
- exposure to insurance and uninsured risk;
- risk related to reliance on third party suppliers, manufacturers and contractors;
- risk associated with outsourcing;
- the Corporation may be unable to renew material leases;
- transportation risk;
- inter- and intra- industry competition;
- research and market development limitations;
- potential conflicts of interest;
- changing consumer preferences and customer retention;
- the failure to adequately maintain and promote the Corporation’s brand;
- unfavourable publicity or consumer perception;
- inability to sustain pricing models;
- limited operating history of the Corporation;

- the Corporation's negative cash flow from operations;
- history of net losses for the Corporation;
- risks associated with impairment and credit losses;
- reliance on management;
- risk of currency fluctuations;
- the effect that the issuance of additional securities by the Corporation could have on the market price of the Common Shares;
- failure to engage or retain key personnel;
- risks arising from acquisition activities;
- failure to protect intellectual property and trade secrets;
- risks of litigation and intellectual property disputes;
- exposure to information systems security threats;
- risks associated with establishing and maintaining systems of internal controls;
- failure by counterparties to make payments or perform their obligations to the Corporation in compliance with the terms of contractual arrangements between the Corporation and such counterparties;
- discretion in the use of proceeds of the Private Placement;
- failure to realize anticipated benefits of the Acquisitions;
- failure to complete the Acquisitions;
- risks related to the economic context; and
- other factors discussed under "*Risk Factors*".

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements, which could have a material adverse effect on the business, financial condition and results of operations of the Corporation.

Information contained in forward-looking statements in this prospectus is provided as of the date of this prospectus, and the Corporation and the Agents disclaim any obligation to update any forward-looking statements, whether as a result of new information or future events or results, except to the extent required by applicable securities laws. Accordingly, potential investors should not place undue reliance on forward-looking statements or the information contained in those statements.

FINANCIAL STATEMENT PRESENTATION IN THIS PROSPECTUS

The following financial statements have been prepared in accordance with IFRS and are included in this prospectus under Schedules A, B and C (the "**Financial Statements**"):

Schedule A - Corporation Financial Statements and Management's Discussion and Analysis

Historical Financial Statements and Management's Discussion and Analysis

- Audited consolidated statements of loss and comprehensive loss for the eight-month period ended August 31, 2018 and from the date of incorporation, May 29, 2017 to December 31, 2017 and the consolidated statements of financial position as at August 31, 2018 and as at December 31, 2017 of the Corporation, including notes thereto.

- Management's discussion and analysis of operations, financial position and outlook from the date of incorporation, May 29, 2017 to December 31, 2017 and the eight-month period ended August 31, 2018.

- Unaudited condensed interim financial statements of the Corporation including: the condensed statements of income (loss) and comprehensive income (loss) for the three and nine months ended September 30, 2018 and 2017. The condensed interim statements of financial position as at September 30, 2018, and the management's discussion and analysis in connection therewith.

Pro Forma Financial Statements of the Corporation

- Pro forma statements of financial position of the Corporation, as at September 30, 2018 that gives effect to the acquisitions of Firefly and NCG, as if it had taken place at May 29, 2017.

- Pro forma consolidated statement of income (loss) and comprehensive income (loss) of the Corporation that gives effect to the acquisitions of Firefly and NCG, as if it had taken place at May 29, 2017 for each of the following periods:

    - the year ended December 31, 2017; and

    - the nine months ended September 30, 2018.

Schedule B - Firefly Financial Statements and Management's Discussion and Analysis

- Audited financial statements of Firefly including the statements of income (loss) and comprehensive income (loss) for each of the fiscal years ended December 31, 2017 and 2016; and the statements of financial position as at the end of December 31, 2017 and 2016, and the management's discussion and analysis in connection therewith.

- Unaudited condensed interim financial statements of Firefly including: the condensed interim statements of income (loss) and comprehensive income (loss) for the three and nine months ended September 30, 2018, and 2017; the condensed interim statements of financial position as at September 30, 2018, and the management's discussion and analysis in connection therewith.

Schedule C - NCG Financial Statements and Management's Discussion and Analysis

- Audited consolidated financial statements of NCG including the consolidated statements of operations and comprehensive loss for each of the fiscal years ended December 31, 2017 and 2016; and the consolidated statements of financial position as at the end of December 31, 2017 and 2016, and the management's discussion and analysis in connection therewith.

- Unaudited condensed interim consolidated financial statement of NCG including: the condensed interim consolidated statements of operations and comprehensive loss for the three and nine months ended September 30, 2018 and 2017; and the condensed interim consolidated statements of financial position as at September 30, 2018, and the management's discussion and analysis in connection therewith.

EXCHANGE RATE INFORMATION

The following table lists the high and low exchange rates, the average of the exchange rates on the last day of each month during the year ended December 31, 2017 and the nine month period ended September 30, 2018 and the exchange rates at the end of such period for one Canadian dollar, expressed in U.S. dollars, based on exchange rates from the Bank of Canada.

	Year Ended December 31, 2017[(1)] USD$	Nine Months ended September 30, 2018[(3)] USD$
High for the period	0.8245	0.8138
Low for the period	0.7276	0.7513
End of the period	0.7971	0.7725
Average for the period[(2)]	0.7708	0.7769

Notes:

(1) Calculated using the daily rates of the Bank of Canada.
(2) Calculated as an average of the respective Bank of Canada rates for each day during the period.
(3) Calculated to September 28, 2018, being the last business day of the period.

The exchange rate for one Canadian dollar, expressed in U.S. dollars on December 31, 2018, based on the daily average exchange rate of the Bank of Canada, was $1.00 = USD$0.7330.

EXEMPTIONS

Pursuant to a pre-filing application made to the Ontario Securities Commission, as principal regulator, the Corporation has applied for and obtained exemptive relief from Item 32 (Financial Statement Disclosure for Issuers) of Form 41-101F1 – *Information Required in a Prospectus*, with respect to certain historical financial statements of Purple Org, which may be considered a "primary business" pursuant to Section 32.1(1)(b) of Form 41-101F1. The treatment of Purple Org as a primary business would require the Corporation to include in this prospectus audited financial statements for such businesses for up to three years prior to the date of this prospectus.

The Corporation has applied for exemptive relief with respect to Purple Org, from the requirement to include audited financial statements for the periods beginning on May 1, 2016 and ending on April 30, 2018, the date Purple Org was acquired by the Corporation, being the period necessary to constitute disclosure for the two full fiscal years prior to the date of this prospectus.

In the pre-filing application, the Corporation requested relief for the following reasons, among others:

- The acquisition of Purple Org is not currently material having regard to the overall size of the Corporation's business, including in terms of, the impact that this acquisition has on the overall business of the Corporation following completion of the Organa Brands Acquisition and the Firefly Acquisition.

- The additional disclosure of financial statements relating to Purple Org which are proposed to not be included in this prospectus would not be required for a reasonable investor to understand the business of SLANG nor for this prospectus to contain full, true and plain disclosure, as this prospectus and the financial statements included in them, as well as SLANG's MD&A and the separate MD&A of each of NCG and Firefly appended hereto as Appendix B and C, respectively, will include descriptions and reflect the material attributes of such businesses.

The receipt of this prospectus will formally evidence that the requested relief has been granted.

On November 27, 2018 the Autorité des marchés financiers granted an exemption pursuant to Section 263 of the *Securities Act* (Québec) from the requirement in Section 40.1 to prepare and file a French version of the preliminary prospectus concurrently with the filing of the English version of the preliminary prospectus, provided that the French version of the preliminary prospectus is filed with the Autorité des marchés financiers as soon as possible, but at the latest at the time of filing of the final prospectus.

TRADEMARKS AND TRADE NAMES

This prospectus includes the trademark "SLANG Worldwide" which is protected under applicable intellectual property laws and is the property of the Corporation. Solely for convenience, the trade-marks and trade names referred to in this prospectus may appear without the ® symbol, but such references are not intended to indicate, in any way, that the Corporation will not assert, to the fullest extent under applicable law, its rights to these trademarks, and trade names. All other trademarks used in this prospectus are the property of their respective owners.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Prospective investors should carefully consider, among other things, the matters discussed under "Risk Factors". Certain capitalized terms and phrases used in this prospectus are defined in the "Glossary".

The Issuer: On May 29, 2017, the Corporation was incorporated under the CBCA as "Fire Cannabis Inc." On November 26, 2018, the Corporation filed articles of amendment to change its name to "SLANG Worldwide Inc.". The Corporation's registered and head office is located at 77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada. See "*Corporate Structure*".

Business of Issuer: Currently, the Corporation has limited operating history but, assuming successful completion of the Acquisitions, SLANG will be positioned to capitalize on the brands acquired in order to build on its planned core areas and achieve operational efficiencies. The Corporation has been active in raising funds and establishing strategic relationships towards executing the goal of acquiring assets and businesses in the cannabis industry (including the Acquisitions). Following the Acquisitions, SLANG will be a branding and marketing company focused on developing reputable brands and quality hardware products that are synergistic with the cannabis business sector. Neither SLANG nor any of the companies to be acquired pursuant to the Acquisitions are currently licenced producers under the Cannabis Act or grow, manufacture, test, extract or distribute products that contain cannabis. See "*Description of the Business*", and "*The Acquisitions*".

Summary Financial Information The following table sets out selected financial information for the periods or as at the dates indicated. The summary financial information should be read in conjunction with such financial statements and the related notes, along with the management's discussion and analysis relating to such financial statements, included in Schedule "A".

	Nine Months Ended September 30, 2018 (Unaudited) $	Eight Months Ended August 31, 2018 (Audited) $	Period Ended December 31, 2017 (Audited) $
Revenue	2,665,840	2,115,003	60,232
Total expenses	32,463,461	25,412,603	909,098
Net income (loss)	(29,797,621)	(23,297,600)	(848,866)
Current assets	69,275,308	5,920,775	1,187,747
Total assets	81,737,548	18,375,789	1,187,747
Current liabilities	5,700,718	3,494,034	244,981
Total liabilities	17,457,564	9,334,579	244,981
Shareholders' equity (deficiency)	64,279,984	9,041,210	942,766

The Private Placement: The Corporation completed the Private Placement and issued 43,998,590 Subscription Receipts at a price of $1.50 per Subscription Receipt for aggregate gross proceeds of approximately $66 million prior to the date of this prospectus. Each Subscription Receipt entitles the holder thereof to receive, upon satisfaction or waiver of the Escrow Release Conditions prior to the Escrow Release Deadline one Common Share and one-half of one Warrant. See the face pages to this prospectus and the disclosure under the headings "*Description of the Business – Recent Equity Financings, Joint Ventures and Acquisitions*" and "*Description of Share Capital*".

Escrowed Funds: The gross proceeds of the Private Placement, less 50% of the Agents' Fee and the Agents' expenses, being an aggregate of $63,929,154.38 were deposited into an escrow account with Odyssey.

Escrow Conditions: (i) the Corporation obtaining a receipt for the prospectus from the securities regulatory authorities in each of the Qualifying Provinces; (ii) the satisfaction or waiver of all conditions precedent to the completion of: (A) the Organa Brands Acquisition; and (B) the Firefly Acquisition, other than the closing of such transactions, each of which closings will be completed forthwith upon release of the Escrowed Funds and in each case in accordance with the definitive agreement governing such transactions to the satisfaction of the Lead Agent; (iii) the receipt of all required shareholder and regulatory approvals in connection with the Liquidity Event, including, without limitation, the conditional approval of the CSE for the listing of the Common Shares and the relevant listing documents having been accepted for filing with the CSE; and (iv) the Corporation and the Lead Agent having delivered a joint notice and direction to Odyssey, confirming that the conditions set forth in (i) to (iii) above have been met or waived.

The Acquisitions: On November 29, 2018 the Corporation entered into the NCG SPA and the NWT MPA to purchase NCG and Firefly, which will be the core business of the Corporation. The Acquisitions will position the Corporation to be able to achieve its objective of building core operating areas with sufficient scale of revenue as well as organic and acquisition growth prospects to achieve operational efficiencies. See "*The Acquisitions*" and "*Business of SLANG – Post Acquisitions*".

Use of Available Funds: The following table sets forth the principal purposes for which the Corporation proposes to use the total funds available to it upon satisfaction of the Escrow Release Conditions, see "*Use of Available Funds*":

	Amount	Total
Maximum cash payable under Organa Brands Acquisition	$26,496,000[(1)]	
Maximum cash payable under Firefly Acquisition	$10,598,400[(1)]	
Transaction costs	$1,500,000	
Estimated cash required to complete Acquisitions		**$38,594,400**
Escrowed Funds[(2)]	$63,929,154	
Remaining 50% Agents' Fee	($1,829,936)	
Expenses and costs relating to this prospectus[(3)]	($1,500,000)	
Net funds raised from Private Placement		**$60,599,218**

Notes:

(1) Cash required to complete the Acquisitions is payable in US dollars. The amounts in the table above have been converted into Canadian dollars using the Bank of Canada noon exchange rate of January 16, 2019. The actual amount paid may be different depending on the exchange rate in effect at that time. See "*Exchange Rate Information*" and "*Risk Factors – Currency Fluctuations*".

(2) Does not include any interest which may have accrued thereon.

(3) Estimated costs includes costs of: (i) the Agents (including legal costs); (ii) legal counsel to the Corporation; (iii) the auditors with respect to the preparation and audit of the audited financials for the Corporation, Firefly and NCG, and preparation and review of the interim financial statements and pro-forma financial statements; (iv) securities commission and SEDAR filing fees; (v) translation of the prospectus into French; and (vi) other similar incidental costs relating to the foregoing.

Following completion of the Acquisitions it is anticipated that the Corporation will have approximately $16.7 million available to be allocated to the stated business objectives of the Corporation. See "*Use of Available Funds – Available Funds and Principal Purposes*" and "*Use of Available Funds – Stated Business Objectives and Milestones*".

Selected Pro Forma Financial Information

The following table sets out selected unaudited pro forma financial information as at and for the periods indicated. The following is a summary only and must be read in conjunction with the financial statements and pro forma financial statements set out on the Schedules to this prospectus.

The unaudited pro forma consolidated financial statements of the Corporation included in this prospectus and the following selected pro forma financial information are presented for illustrative purposes only and are not necessarily indicative of: (i) the financial results that would have occurred had the Acquisitions actually occurred at the times contemplated by the notes to the unaudited pro forma consolidated financial statements of the Corporation; or (ii) the results expected in future period.

	Unaudited pro forma as at September 30, 2018 ($000)	**Unaudited pro forma as at and for the period ended December 31, 2017 ($000)**
Revenue	20,891	23,002
Total operating expenses	36,686	11,365
Net income (loss)	(23,566)	1,222

	Unaudited pro forma as at September 30, 2018 ($000)
Current assets	48,076
Total assets	214,619
Current liabilities	15,441
Total liabilities	47,191
Shareholders' equity (deficiency)	167,428

Risk Factors

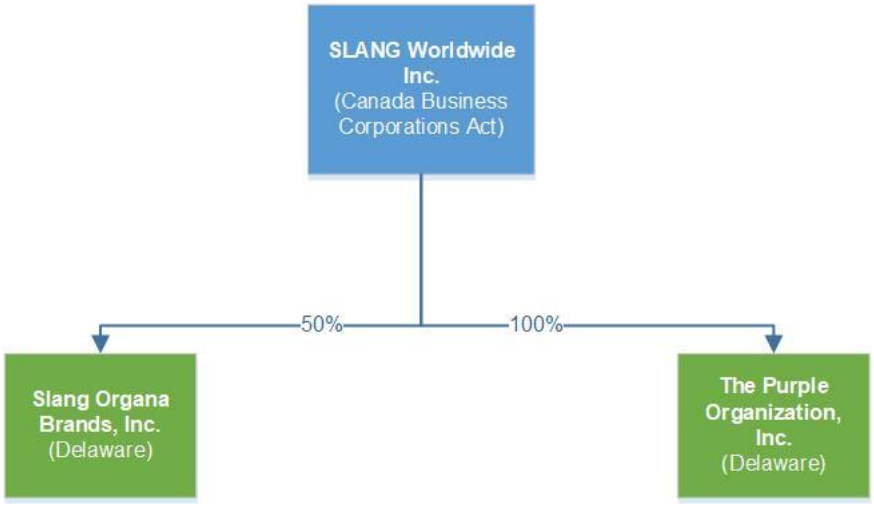
An investment in the securities of the Corporation is speculative and involves a high degree of risk due to the nature of the business of the Corporation. The risks, uncertainties and other factors, many of which are beyond the control of the Corporation, that could influence actual results include, but are not limited to: cannabis is illegal under U.S. federal law; there is uncertainty surrounding the Trump administration and the U.S. Attorney general's office; the Corporation may become involved in regulatory or agency proceedings, investigations and audits; risks related to securing agreements with licensed producers; the Corporation must comply with environmental, health and safety laws; increased regulatory scrutiny of the Corporation's interests in the United States; the Corporation may be subject to certain U.S. federal regulations relating to cash reporting; limited access to banks and financial services; cross-border travel for the Corporation's employees; the Corporation will not be able to deduct many normal business expenses; access to limited trademark protection; lack of access to U.S. bankruptcy protections; the legality of contracts may be in question in the United States; the business may be impacted by the legal uncertainty in the United States; the Corporation's business is heavily regulated; substantial risk of regulatory or political change; constraints on marketing products; Corporation must comply with anti-money laundering laws and regulations; uncertainty related to the regulation of vaporization products and certain other consumption accessories; vaporizer products becoming subject to increased taxes; risks associated with product recalls, liability and returns; failure to realize satisfactory returns on money lent to new and existing customers; risk of limited number of investments and limited participation in investments; risk of unspecified investments; risk of high bonding and insurance costs; exposure to insurance and uninsured risk; reliance on third party suppliers, manufacturers and contractors; risks associated with outsourcing; failure to renew material leases; transportation risk; inter- and intra- industry competition; research and market development risks; risk of conflicts of interest; changing consumer preferences and customer retention; failure to adequately maintain and promote the Corporation's brand; unfavourable publicity or consumer perception; inability to sustain pricing mode; the limited operating history; a history of net losses; risks associated with impairment and credit losses; reliance on management; currency fluctuation risks; risks associated with additional financing including a risk of dilution; risks related to acquiring companies; inability to protect intellectual property and trade secrets; information systems security threats; risks related to internal controls; failure to realize anticipated benefits of the Acquisitions; failure to complete the Acquisitions; risks related to the economic context; and other factors beyond the control of the Corporation. The Corporation cannot assure you that it will successfully address any or all of these risks. Readers should carefully consider the information set out under "*Risk Factors*" and the other information in this prospectus.

CORPORATE STRUCTURE

Name, Address and Incorporation

On May 29, 2017, the Corporation was incorporated under the CBCA as "Fire Cannabis Inc." On November 26, 2018, the Corporation filed articles of amendment to change its name to "SLANG Worldwide Inc". The Corporation's registered and head office is located at 77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada. On November 26, 2018, the Corporation filed articles of amendment to: (i) remove the series of non-voting common shares in the capital of the corporation; and remove the restrictions on the transfer of securities of the Corporation; (ii) create the Restricted Shares; (iii) change its name to "SLANG Worldwide Inc." and (iv) empower the directors to appoint additional directors between annual meetings. On January 16, 2019, the Corporation filed articles of amendment to remove certain transfer restrictions in respect of the Corporation's securities.

Pre-acquisition Intercorporate Relationships



As of the date of this prospectus, the Corporation has only one wholly-owned U.S. subsidiary with operations, Purple Org, which is organized in the state of Delaware. The Corporation acquired Purple Org from The Purple Company Inc. which is owned by Peter Miller Enterprises, which is owned and controlled by Peter W. J. Miller, the Chief Executive Officer of the Corporation. Purple Org currently holds farm property in the state of Colorado on which the Corporation earns rental income. The farm property is leased to a company involved in the cultivation of cannabis. Through its role as a landlord, Purple Org has ancillary involvement in the cultivation and distribution of cannabis. To the knowledge of the Corporation, the lessee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the state of Colorado. The directors and officers of Purple Org are Peter W. J. Miller and David Rodman. See also "*Directors and Officers – Conflicts of Interest*". For post-acquisition intercorporate relationships, please refer to "*The Business of Slang – Post Acquisitions*". See also: "*Description of the Business – The Corporation's Material Assets and Investments*".

The Corporation also holds 50% of the voting securities of Slang Organa Brands, Inc., a Delaware corporation. Slang Organa Brands, Inc. is not material to the Corporation prior to or upon completion of the Acquisitions. Additionally, it does not hold any assets and does not conduct any business. The other 50% is currently held by NCG. See: "*Description of the Business – Recent Equity Financings, Joint Ventures and Acquisitions".*

The Corporation has also loaned funds to Pine River pursuant to the Pine River Note. Pine River is owned by The Purple Company Inc., which is owned by Peter Miller Enterprises, which is owned by Peter W. J. Miller, the Chief Executive Officer of the Corporation. See "*Description of the Business – Corporation History*" and "*Directors and Officers – Conflicts of Interest*".

DESCRIPTION OF THE BUSINESS

Business of the Corporation

SLANG commenced operations in May of 2017 with the goal of building the business from the ground up. Since incorporation, SLANG has been actively raising capital and building strategic relationships to allow the Corporation to acquire business segments and brands to achieve its objectives, including the Acquisitions, as well as fostering various strategic partnerships with larger companies in the cannabis industry. It is in the normal course of the Corporation's current business to actively seek out potential acquisitions, joint ventures and strategic alliances with the goal to become an established branding and marketing company focused on serving the cannabis sector. The core management team of the Corporation has previously started and grown companies that have realized returns for investors. See: "*Directors and Officers – Biographies*" and "*Directors and Officers – Conflicts of Interest*".

The Corporation does not currently have a history of material operations and its main source of income is rental income on the farming property held by the Corporation's wholly owned subsidiary Purple Org and interest income earned on various loans. Following the successful completion of the Acquisitions, it is expected that SLANG will continue and expand the businesses of NCG and Firefly as a branding and marketing company focused on developing reputable brands and quality hardware products that are synergistic with the cannabis business sector. Neither SLANG nor any of the companies to be acquired by SLANG pursuant to the Acquisition are currently licenced producers under the Cannabis Act or grow, manufacture, test, extract or distribute products that contain cannabis. See: "*Description of the Business – Corporation History*" and "*Description of the Business – Recent Equity Financings, Joint Ventures and Acquisitions".*

Assuming successful completion of the Organa Brands Acquisition and the Firefly Acquisition, SLANG has the objective of building up the core operating areas of the Corporation with sufficient scale of revenue as well as organic and acquisition growth prospects to achieve operational efficiencies. The current business of NCG and Firefly will be the primary business of the Corporation following the Acquisitions. See: "*The Business of SLANG – Post Acquisitions*".

The Corporation's Material Assets and Investments

Asset Name and Class	Brief Description of Asset	Type of Investment, Jurisdiction of Operation and Classification
	PRIOR TO ACQUISITIONS	
The Purple Organization, Inc. *Real Estate Holding*	Purple Org owns and leases roughly 6,900 square-feet of greenhouse space and roughly 36 acres of farmland. The property includes four greenhouses and five acres of farmland intended for outdoor cannabis cultivation. This space is currently leased to Pleasant Valley Ranch Inc. and the lease is set to expire on December 31, 2020. The Corporation acquired Purple Org from The Purple Company Inc. which is owned by Peter Miller Enterprises, which is owned and controlled by Peter W. J. Miller, the Chief Executive Officer of the Corporation.	Type of Investment: 100% owned subsidiary Jurisdiction of Operation: Colorado Classification: Ancillary (real estate leased to licensed tenant)

Asset Name and Class	Brief Description of Asset	Type of Investment, Jurisdiction of Operation and Classification
	See "*Description of the Business – Recent Equity Financings, Joint Ventures and Acquisitions*" and "*Directors and Officers – Conflicts of Interest"*	
	POST-ACQUISITIONS	
NWT Holdings, LLC *IP - Device*	NWT Holdings, LLC (Firefly) is a supplier and distributor of high-end vaporizer products to wholesale distributors and online consumers. Firefly's vaporizers service multiple cannabis formats including flower, liquid oil, and solid extracts. See "*Information Concerning Firefly – Description of the Business of Firefly*" and "*Directors and Officers – Conflicts of Interest"*	Type of Investment: 100% owned subsidiary Jurisdiction of Operation: Washington Classification: Ancillary (device IP)
National Concessions Group, LLC *IP - Brands*	NCG maintains a portfolio of brand-related intellectual property that is synergistic with the cannabis business sector. NCG's primary business is licensing its intellectual property to cannabis-related businesses in exchange for customary royalty payments. These businesses primarily sell products derived from NCG's intellectual property wholesale to dispensaries and headshops. Presently, NCG has granted sublicenses to 14 cannabis-related businesses, including ACG and six subsidiaries of NSH. NCG recoups royalty payments through the sale of the hardware components, non-cannabis ingredients, and marketing materials required to manufacture its consumer brands to its licensees. Each licensee is responsible for securing and sourcing the cannabis-derived components that are ultimately added to each product; NCG is not directly involved in the cultivation, extraction, or manufacturing of cannabis ingredients. Mr. Chris Driessen, a director of the Corporation, is a shareholder of NCG, ACG and NSH. See "*Information Concerning National Concessions Group Inc. – Description of the Business of NCG*" and "*Directors and Officers – Conflicts of Interest"*	Type of Investment: 100% owned subsidiary Jurisdictions of Operation: Colorado, Arizona, California, Oregon, New Mexico and Jamaica Classification: Ancillary (brand IP that is associated with cannabis-related businesses)
Agripharm Corp. *Licensed Producer*	Agripharm is an ACMPR-licensed (as replaced by the Cannabis Act and the Regulations) cultivation and processing facility with over 20,000 sq. ft. of indoor growing space. Agripharm does not distribute any of its product directly and has contracted to sell all of its product to Canopy pursuant to an off-take agreement. All distribution channels are those of Canopy or other third party distributors. Agripharm does not have operations or any signed agreements in any emerging markets. As NCG is a minority shareholder in Agripharm, it does not exercise any actual control or direction over Agripharm. Agripharm is also 40% owned by Green House, 50% of which is owned by Peter Miller Enterprises, which is owned and controlled by Peter W. J. Miller, the Chief Executive Officer of the Corporation. The remaining 40% of Agripharm is owned by Spectrum Cannabis Canada Inc., a subsidiary of Canopy. See "*Description of the Business – Recent Equity Financings, Joint Ventures and Acquisitions", "Information Concerning National Concessions Group Inc. – Intercompany Relationships*" and "*Directors and Officers – Conflicts of Interest".*	Type of Investment: 20% minority equity position (held indirectly through NCG) Jurisdiction of Operation: Ontario Classification: Direct (licensed producer)

Corporation History

The following is a summary of the events that have influenced the general development of the Corporation's business since its inception.

On November 8, 2017, the Corporation advanced a loan of $750,000 to Pine River Consulting Ltd., a Colorado corporation ("**Pine River**") pursuant to a demand promissory note with a principal amount not to exceed $1,000,000 (the "**Pine River Note**"). The interest rate on the Pine River Note is 15% per annum payable quarterly. Between July 31, 2018 and October 15, 2018, the Corporation advanced an additional $744,128. SLANG and Pine River increased the maximum principal amount to $1,500,000 and extended the maturity date of the Pine River Note to November 8, 2020. To date, interest of $26,000 has been paid to the Corporation and there has been no principal repayment by Pine River. Pine River's business model is to loan money to licensed American cannabis businesses through a variety of financing mechanisms, including term loans, equipment leases, and lines of credit which aligns with the business objectives of the Corporation. See "*The Business of SLANG - Post Acquisitions – Business Objectives"* and *"Risk Factors – Risks Associated with Impairment and Credit Losses".* Pine River is owned by The Purple Company Inc., which is owned by Peter Miller Enterprises, which is owned by Peter W. J. Miller, the Chief Executive Officer of the Corporation. See "*Directors and Officers – Conflicts of Interest*".

On December 15, 2017, the Corporation issued the Canopy Warrant. The Canopy Warrant becomes exercisable by Canopy at any time following the day that cannabis and cannabis-related products are legalized under applicable federal laws in the United States and Canopy makes a bona-fide offer to enter into a collaboration agreement with the Corporation. As of the date hereof, the Canopy Warrant, if and when exercisable, shall be exercisable at exercise prices varying from a nominal amount to $1.50 per Common Share for approximately 32 million Common Shares (subject to adjustment). The Canopy Warrant expires on the earlier of: (i) December 15, 2032; and (ii) two years from the day that cannabis and cannabis-related products are legalized, for any and all purposes, under applicable federal laws in the United States.

On January 8, 2018, the Corporation appointed XIB Consulting Inc. to act as consultants with respect to capital markets strategy and private and public transactions for a term of six months. Under the terms of the consulting agreement, the Corporation issued 750,000 Common Shares on February 20, 2018 and 3,275,000 Common Share purchase warrants on March 1, 2018. The warrants issued to XIB Consulting Inc. entitle it to acquire one Common Share at an exercise price of $0.75 until the later of: (i) September 30, 2020 or (ii) the date that is 24 months from the date of the listing of the Common Shares on a Canadian stock exchange, or a transaction that provides holders of Common Shares comparable liquidity. The warrants are valued at $928,930 and have been recorded as share-based compensation. This consulting agreement has expired.

Recent Equity Financings, Joint Ventures and Acquisitions

On February 20, 2018, the Corporation issued 750,000 Common Shares at a deemed value of $0.05 per Common Share to PowerOne Management & Advisory Services Limited ("**PowerOne**") pursuant to an advisory services agreement between the Corporation and PowerOne dated October 1, 2017.

On February 20, 2018, NCG and the Corporation entered into a share exchange agreement, where NCG agreed to transfer 500,000 (50%) of the shares of Slang Organa Brands, Inc. to the Corporation in exchange for the issuance by the Corporation to NCG of 3,000,000 Common Shares at a deemed value of $0.05 per Common Share. The strategic relationship agreement between NCG, the Corporation and

Slang Organa Brands, Inc. dated February 20, 2018 currently governs the rights and obligations of NCG and the Corporation in relation to brand acquisitions by the Corporation and Slang Organa Brands, Inc. and the distribution of branded products by NCG and their network of licensees. Slang Organa Brands, Inc. is currently owned 50% by the Corporation and 50% by NCG and holds no assets or conducts any business. See "*Directors and Officers – Conflicts of Interest*".

The deemed price for both of the February 20, 2018 issuances was determined in October 2017 and at the time of entering into the advisory services agreement with PowerOne and the letter of intent with NCG, respectively, and was determined based on the offering price per Common Share in the financing round that the Corporation had underway or had recently completed at the time the respective agreements were entered into. That financing round closed its last tranche on October 6, 2017 and included broad third party participation. The number of Common Shares issuable pursuant to both agreements was based on arm's length negotiations.

On February 21, 2018, the Corporation completed a private placement of 22,393,366 special warrants at a price of $0.75 per special warrant for gross proceeds of approximately $16,800,000. As a result of penalty provisions attached to the special warrants, the special warrants automatically converted into 26,872,028 Common Shares and 13,436,005 February Warrants on July 21, 2018. Each February Warrant entitles the holder thereof to acquire one Common Share at an exercise price of $1.15 until July 21, 2020. The February Warrants also contain an accelerated expiry date provision applicable in the event that, at any time during the term of the February Warrants, the closing price of the Common Shares on a recognized exchange is greater than $1.75 per Common Share for 20 consecutive trading days.

On March 20, 2018, the Corporation completed an investment in each of NCG, NSH and ACG through the purchase of 339,930 shares of common stock of NCG, representing 7.5% ownership interest in NCG, a warrant to purchase 339,930 shares of common stock of NSH and a warrant to purchase 327,601 shares of common stock of ACG, respectively, for an aggregate purchase price of USD $4,500,000 in cash and 2,000,000 Common Shares at a deemed price of $0.75 per Common Share. At the time of acquiring the NSH and ACG warrants, the Corporation was anticipating that it may become a reporting issuer in Canada and did not want to become a (i) US Marijuana Issuer with direct involvement in cultivation or distribution, or (ii) US Marijuana Issuer with indirect involvement in cultivation or distribution (each as contemplated by CSA Staff Notice 51-352). The exercise by the Corporation of the ACG Option is not currently permitted under applicable Colorado law and will therefore require either a change in law or an exemption from the Colorado Marijuana Enforcement Division in the event the Corporation determines to exercise the ACG Option in the future.

On April 3, 2018, the Corporation and The Purple Company Inc., an Ontario corporation, entered into an amended and restated share purchase agreement pursuant to which, the Corporation agreed to purchase, all of the issued and outstanding shares of common stock in the capital of Purple Org from The Purple Company Inc. The acquisition by the Corporation of all of the shares of common stock of Purple Org closed on April 30, 2018. Purple Org provides consulting and infrastructure to state-licensed greenhouse and outdoor cultivation operations in Carbondale, Colorado. Purple Org owns and leases roughly 6,900 square-feet of greenhouse space and roughly 36 acres of farmland. The property includes four greenhouses and five acres of farmland intended for outdoor cannabis cultivation. This space is currently leased to Pleasant Valley Ranch Inc. and the lease is set to expire on December 31, 2020. The Purple Company Inc., is owned by Peter Miller Enterprises, which is owned and controlled by Peter W. J. Miller, the Chief Executive Officer of the Corporation. See "*Directors and Officers – Conflicts of Interest*".

As purchase consideration for the shares of Purple Org, the Corporation issued The Purple Company Inc. 10,000,000 Common Shares at a deemed price of $0.05 per Common Share[1]. Additionally, the Corporation paid approximately USD$1,656,969.24 to the existing holder of a loan and a deed of trust over the farm property in Carbondale, Colorado, in exchange for a secured promissory demand note in the same amount from Purple Org to the Corporation with an annual interest rate of fifteen percent (15%) with interest payments payable quarterly; and assumed the intercompany debt due from Purple Org to The Purple Company Inc. by issuing the Purple Note that is secured by a deed of trust, in exchange for an unsecured promissory demand note in the same amount from Purple Org to the Corporation with an annual interest rate of four percent (4%) with interest payments payable quarterly. The Corporation has the right to prepay all or a portion of the amount due under the Purple Note any time and from time to time. The Purple Company Inc. has the right to convert the principal amount outstanding under the Purple Note into Common Shares, at a deemed price of $0.20 per Common Share, on thirty (30) days' written notice.

On July 9, 2018, the Corporation entered into a rights agreement with Green House pursuant to which the Corporation has the right to licence certain intellectual property of Green House for use and commercialization in certain territories. In consideration for this grant of rights, the Corporation is obligated to pay Green House USD$2,000,000 and issue 10,000,000 Common Shares. The Common Shares were issued on August 3, 2018 and the Corporation anticipates paying the cash portion of the purchase price following the satisfaction of the Escrow Release Conditions. Green House is 50% owned by Peter Miller Enterprises, which is owned and controlled by Peter W. J. Miller, the CEO of the Corporation. See "*Use of Proceeds*", "*Forward-Looking Statements*" and "*Directors and Officers – Conflicts of Interest*".

On July 11, 2018, the Corporation entered into a letter of intent with Agripharm, pursuant to which the Corporation agreed to negotiate towards a definitive agreement under which the Corporation shall license brand-related intellectual property to Agripharm with the intent that Agripharm shall use commercially reasonable efforts to market, sell, and distribute its licensed products. The letter of intent provides SLANG access to Agripharm's distribution channels in Canada. SLANG and Agripharm are currently in the advanced stages of negotiations to secure a definitive licensing and distribution agreement. The parties expect to finalize the agreement in the first quarter of 2019 although there is no certainty an agreement will ultimately be executed. Peter W. J. Miller, the Chief Executive Officer of SLANG, is also the Chief Executive Officer of Agripharm. Further, Agripharm is 40% owned by Green House, 50% of which is owned by Peter Miller Enterprises, an entity that is owned and controlled by Mr. Miller. For more information on Agripharm, please see "*Information Concerning National Concessions Group*", "*Intercompany Relationships"* and "*Directors and Officers – Conflicts of Interest*". See also "*The Business of SLANG – Post Acquisitions – Business Objectives*" and "*Forward-Looking Statements*".

On July 30, 2018, the Corporation entered into a USD$750,000 promissory note and security agreement with Firefly (the "**Firefly Loan**"), which was subsequently amended and restated on September 25, 2018. The Loan has an interest rate of 12% per annum, which interest shall accrue and shall be added to the

[1] Readers are advised that this price per Common Share differs from the value estimated in Note 8 of the Corporation's Financial Statements for the eight-month period ended August 31, 2018. The primary reason for the difference is the passage of time between the original negotiation of the agreement and the closing date of the acquisition. When the original agreement was being negotiated, a $0.05 price per Common Share was agreed upon as the Corporation had recently completed a private placement with arm's-length investors for aggregate gross proceeds of $1,415,000 at a price of $0.05 per Common Share. In accordance with IFRS 3 "Business Combinations", the consideration transferred is measured at fair value at the date of close. Management estimated the fair value of $0.56 per Common Share on the date of the acquisition.

principal for the first 12 months. After July 30, 2019, interest will be required to be paid on a monthly basis. The principal together with all outstanding interest, fees and expenses is required to be paid in full by Firefly on the earliest of any of the following dates: (i) July 30, 2020; (ii) an Insolvency Default (as such term is defined in the Firefly Loan); and (iii) upon demand from the Corporation following an Event of Default (as such term is defined in the Firefly Loan).

On September 26, 2018, the Corporation completed the Private Placement and issued 43,998,590 Subscription Receipts for aggregate gross proceeds of approximately $66 million pursuant to the terms of the Agency Agreement. The Escrowed Funds were deposited into an escrow account with Odyssey. Each Subscription Receipt entitles the holder thereof to receive, upon satisfaction or waiver of the Escrow Release Conditions prior to the Escrow Release Deadline one Common Share and one-half of one Warrant. This prospectus qualifies the distribution of the Common Shares and Warrants issuable upon the automatic conversion of the Subscription Receipts upon satisfaction of the Escrow Release Conditions. Kelly Ehler, the CFO of the Corporation, subscribed for 13,500 Subscription Receipts for an aggregate purchase price of $20,250, representing 0.03% of the Private Placement. No other insiders of the Corporation participated in the Private Placement. See: "*Plan of Distribution"* and "*Description of Share Capital – Subscription Receipts*".

On October 3, 2018, the Corporation entered into a USD$1,500,000 promissory note and security agreement with NCG (the "**OB Loan**"). The OB Loan has an interest rate of 12% per annum, with interest accrued and payable on a monthly basis commencing October 31, 2018. The principal together with all outstanding interest, fees and expenses is required to be paid in full by NCG on the earliest of any of the following dates: (i) September 30, 2020; (ii) an Insolvency Default (as such term is defined in the OB Loan); and (iii) upon demand from the Corporation following an Event of Default (as such term is defined in the OB Loan). See "*Directors and Officers – Conflicts of Interest*".

Following the satisfaction of the Escrow Release Conditions, the Corporation will issue compensation options that would entitle PowerOne to purchase 439,985 units of the Corporation and make a cash payment to PowerOne of $659,979 pursuant to an advisory service agreement that the Corporation entered into with PowerOne in December 2018. The terms and conditions of the compensation options issuable to PowerOne will be substantially similar to the September Compensation Options (as defined herein). See also *"Option to Purchase Common Shares – Compensation Options*".

Summary of Financial Information

The following tables sets out selected financial information for the periods or as at the dates indicated. The summary financial information should be read in conjunction with such financial statements and the related notes, along with the management's discussion and analysis relating to such financial statements, included in Schedule "A".

Statement of Operations Highlights

	Nine Months Ended September 30, 2018 (Unaudited) $	Period Ended December 2017 (Audited) $
Revenue	2,665,840	60,232
Total expenses	32,463,461	909,098
Net income (loss)	(29,797,621)	(848,866)

Statement of Financial Position Highlights

	Nine Months Ended September 30, 2018 (Unaudited) $	Period Ended December 2017 (Audited) $
Current assets	69,275,308	1,187,747
Total assets	81,737,548	1,187,747
Current liabilities	5,700,718	244,981
Total liabilities	17,457,564	244,981
Shareholders' equity (deficiency)	64,279,984	942,776

THE ACQUISITIONS

The Corporation intends to close each of the Organa Brands Acquisition and Firefly Acquisition, forthwith following the issuance of a receipt for the Final Prospectus pursuant to National Policy 11-202 - *Process for Prospectus Reviews in Multiple Jurisdictions*.

The Organa Brands Acquisition

On November 29, 2018, the Corporation entered into the NCG SPA with NCG to acquire all of the NCG Securities from the NCG Holders. Prior to this, the Corporation had an existing ownership of 7.5% of the outstanding common shares of NCG (see "*Description of the Business - Recent Equity Financings, Joint Ventures and Acquisitions*"). The purchase price for the NCG Securities is an aggregate of: (i) USD$20 million in cash; and (ii) 65,000,000 Common Shares and 17,500,000 Restricted Shares, each issued at a deemed price of $0.75 per share, prior to certain purchase price adjustments.

The acquisition of NCG is set to close immediately prior to or concurrently with listing of the Common Shares on the CSE. However, the Organa Brands Acquisition is subject to a number of contingencies which must be satisfied prior to closing, including satisfying the Escrow Release Conditions. If the Escrow Release Conditions are not satisfied on or before the Escrow Release Deadline, then the Escrowed

Funds will be returned to the holders of the Subscription Receipts and as a result, the binding acquisition arrangement may be terminated. See "*Risk Factors*" and "*Forward-Looking Statements*".

For further information in respect of NCG, see unaudited condensed interim consolidated statements of operations and comprehensive loss for the three and nine months ended September 30, 2018 and 2017 and the condensed interim consolidated statements of financial position as at September 30, 2018, as well as the audited financial statements for the years ended December 31, 2017 and 2016 and the accompanying management's discussion and analysis for NCG included in this prospectus at Schedule "C" as well as pro forma financial information in respect of the Corporation after giving effect to the Organa Brands Acquisition and the Firefly Acquisition, included in this prospectus at Schedule "A". See "*Financial Statement Presentation in this Prospectus*".

All information regarding NCG contained herein including all financial information and all pro forma financial information related to the pro forma effects of the Organa Brands Acquisition has been derived in part from information provided by NCG and other third parties. See "*Risk Factors – Potential Undisclosed Liabilities Associated with the Acquisitions and Limited Recourse*".

The NCG SPA

The Organa Brands Acquisition will be effected pursuant to the NCG SPA. The NCG SPA contains covenants, representations and warranties of and from each of the Corporation, NCG and the NCG Holders and various conditions precedent, both mutual and with respect to each of the parties.

Unless all of such conditions are satisfied or waived by the party for whose benefit such conditions exist, to the extent they may be capable of waiver, the closing of the Organa Brands Acquisition will not proceed and the Escrow Release Conditions will not be met. There is no assurance that the conditions will be satisfied or waived on a timely basis or at all. See "*Risk Factors – Potential Undisclosed Liabilities Associated with the Acquisitions and Limited Recourse*".

Closing Conditions, Indemnities and Post-Closing Escrow

Conditions to closing the Organa Brands Acquisition under the NCG SPA include the following: (i) closing shall have occurred before January 24, 2019, or such other date as the parties to the NCG SPA may determine in writing; (ii) NCG and the Corporation shall have delivered certificates in respect of the accuracy of representations and warranties and performance of covenants; (iii) delivery of executed option agreements for the ACG Option and NSH Option; and (iv) delivery of an executed investor rights agreement between the Corporation and each of the NCG Holders (the "**Investor Rights Agreement**").

In connection with the Organa Brands Acquisition, the Corporation has agreed to indemnify the NCG Holders for losses and liabilities that may arise as a result of any breach of the representations and warranties made by the Corporation or the non-compliance of a covenant of the Corporation under the NCG SPA for a period of twelve months from closing of the Organa Brands Acquisition. In addition, each of the NCG Holders has agreed to indemnify the Corporation for losses and liabilities that may arise as a result of any breach of the representations and warranties made by NCG or an NCG Holder, or the non-compliance of a covenant of NCG or an NCG Holder under the NCG SPA for a period of twelve months from closing of the Organa Brand Acquisition. Notwithstanding the foregoing, each NCG Holder's maximum aggregate liability is limited to its proportionate share of 5% of the total purchase price, no NCG Holder will have any liability in connection with any losses or liabilities reimbursed or reimbursable by any policy of insurance and no NCG Holder will have any liability in connection with any losses or liabilities

unless the aggregate of such losses and liabilities exceeds USD$100,000 (other than with respect to certain limited representations and warranties of the NCG Holders and NCG). As security for this indemnity, the NCG SPA contemplates that a portion of the Common Shares and/or Restricted Shares issuable under the acquisition will be held in escrow with Odyssey. The quantum of securities held in escrow shall be dependent on whether or not representation and warranty insurance has been bound and put in place by closing.

In connection with the Organa Brands Acquisition and in order to increase its protection from the limited recourse under the NCG SPA, the Corporation has agreed to use best efforts to obtain representation and warranty insurance on the representations and warranties made by NCG and the NCG Holders in the NCG SPA prior to or currently with closing of the acquisition, subject to certain standard exclusions. It is currently contemplated that the policy limit for the representation and warranty insurance policy will be between $8,700,000 and $17,400,000 depending on the policy limit chosen. The insurer will have no obligation to cover losses arising from breaches of the representations and warranties of the NCG Holders and NCG until the Corporation has suffered aggregate losses in excess of 1% of the enterprise value (approximately $880,000), reduced to approximately $440,000 after the 12-month anniversary of the Organa Brands Acquisition. The Corporation is working to put the insurance policy in place but as of the date of this prospectus, the Corporation cannot provide assurance as to whether the representation and warranty insurance policy will be acquired and bound by the closing date. See "*Risk Factors - Potential Undisclosed Liabilities Associated with the Acquisitions and Limited Recourse*".

The Restricted Voting Shares

The Restricted Shares were created in anticipation of the Organa Brands Acquisition and the Corporation is authorized to issue an unlimited number of Restricted Shares. A total of 17,500,000 Restricted Shares will be issued to the NCG Holders as partial consideration for the Organa Brands Acquisition.

The holders of the Restricted Shares, including those to be issued in connection with the Organa Brands Acquisition, are entitled to receive notice of and to attend all meetings of the shareholders or holders of Restricted Shares and to one vote per Restricted Share at any meeting of the shareholders of the Corporation provided that the holders of the Restricted Shares will not be entitled to vote for the election or removal of the directors of the Corporation. Such holders will be entitled to receive dividends as and when declared by the Corporation if also paid to holders of Common Shares. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, holders of Restricted Shares are entitled to share rateably, together with holders of Common Shares, in such assets of the Corporation as are available for distribution.

Each Restricted Share shall be convertible into one Common Share, without payment of additional consideration, at the option of the holder thereof as follows:

- at any time that is not a Restricted Period;
- following the date that is the three (3) year anniversary of the date of issuance thereof;
- with the consent of the board; or
- if there is an offer to purchase the Common Shares which must be made by reason of applicable securities legislation or the rules or policies of a stock exchange to all or substantially all of the holders of Common Shares any of whom are in, or whose last address as shown on the books of the Issuer is in, a province or territory of Canada to which the relevant requirement applies.

For these purposes, a "**Restricted Period**" means any time at which the Board of Directors reasonably believes that the Corporation is a "**Domestic Issuer**" under applicable United States securities laws – being a U.S. issuer or a non-U.S. issuer that has a majority (50.1% or more) of its outstanding voting securities held by U.S. residents and either the majority of the executive officers or directors are U.S. citizens or residents, a majority of the assets of the issuer are located in the U.S., or the business of the issuer is administered principally in the U.S. – or would become a Domestic Issuer as a result of the issuance of Common Shares upon the conversion of a Restricted Share.

The Option Agreements

In addition, pursuant to the NCG SPA, each of the NCG Holders have granted the Corporation an option to acquire the outstanding securities of ACG for an aggregate of 33,000,000 Common Shares or Restricted Shares (provided that a maximum of 19,800,000 of such shares may be Restricted Shares) issued at a deemed price of $0.75 per share (the "**ACG Option**") and an option to acquire the outstanding securities of NSH for an aggregate of 49,500,000 Common Shares or Restricted Shares (provided that a maximum of 29,700,000 of such shares may be Restricted Shares) issued at a deemed price of $0.75 per share (the "**NSH Option**"). As of the date hereof, NSH and ACG are affiliates of NCG and each other by virtue of common ownership. The ACG Option and the NSH Option shall be granted to the Corporation upon closing of the Organa Brands Acquisition.

It is currently anticipated that pursuant to the option agreement granting and governing the NSH Option, the Corporation has a period of three years from the date of the closing of the Organa Brands Acquisition to exercise the option and requires all the NCG Holders to sell their interest in NSH for an agreed upon purchase price. In addition, the option agreement with respect to the NSH Option shall, subject to the receipt of all required regulatory approvals, provide the NCG Holders with a "put right" to require the Corporation to complete the acquisition during the period commencing on the first anniversary of the closing of the Organa Brands Acquisition and ending on the date that is 120 days thereafter, subject to various conditions precedent including due diligence and the entering into of a mutually satisfactory share purchase agreement in substantially the same form as the NCG SPA. The Corporation has also agreed to, upon 30 days' written notice from NSH, provide NSH with an operation loan of up to US$3.5 million in one or more tranches during the period commencing on the closing of the Organa Brands Acquisition and ending on the earlier of (i) the closing of the transaction contemplated by the exercise of the NSH Option, and (ii) the expiry of the NSH Option. Such operation loan shall be on substantially similar terms as the OB Loan.

The agreement governing the ACG Option shall be substantially similar to the agreement for the NSH Option, however it is currently anticipated that there are additional conditions precedent with respect to the ACG Option which may include the delivery of legal opinions with respect to the business operation of ACG. In addition, the Corporation has not covenanted to provide any operation loan in respect of ACG.

There are several conditions (including but not limited to, the closing of the Acquisitions, receipt of regulatory legal opinions and approvals) that must be met before the Corporation could exercise these options. As of the date of this prospectus, there is no assurance that the Corporation will exercise or will be able to exercise these options.

Securities Law Considerations

Mr. Chris Driessen, a director of the Corporation, is a shareholder of NCG, ACG and NSH. Mr. Driessen recused himself during the negotiations of the purchase price for the Organa Brands Acquisition. Mr.

Driessen will receive approximately USD$820,147.49, 2,571,752 Common Shares and 683,630 Restricted Shares in exchange for his shares of common stock of NCG. The participation of Mr. Driessen in the Organa Brands Acquisition is a related party transaction, as such term is defined in MI 61-101. See "*Directors and Officers – Conflicts of Interest*".

Mr. Driessen is currently indebted to NCG in the aggregate amount of USD$500,000 which is secured against 106,530 shares of common stock of NCG. NCG has agreed to cancel the loan as part of executive compensation payable to Mr. Driessen upon the closing of the Organa Brands Acquisition. The cancellation of this loan is a related party transaction, as such term is defined in MI 61-101.

Pursuant to Section 5.1(h)(ii) of MI 61-101, Part 5 of MI 61-101 does not apply to an issuer carrying out a related party transaction if the issuer is obligated to and carries out the transaction substantially under the terms that were agreed to, and generally disclosed, before the issuer became a reporting issuer. The Corporation is relying on this provision with respect to the foregoing related party transactions.

The Investor Rights Agreement

Pursuant to the NCG SPA, it is a condition of closing that the Corporation and each of the NCG Holders enter into the Investor Rights Agreement. The Investor Rights Agreement provides the NCG Holders with, among other things: (i) the right to designate up to three nominees for inclusion on the slate of directors nominated by the Board for election as directors of the Corporation for so long as the NCG Holders hold, in the aggregate, greater than or equal to 25% of the aggregate Common Shares and Restricted Shares outstanding; (ii) the right to designate up to two nominees for inclusion on the slate of directors nominated by the Board for election as directors of the Corporation for so long as the NCG Holders hold, in the aggregate, greater than or equal to 20% but less than 25% of the aggregate Common Shares and Restricted Shares outstanding; and (iii) the right to designate one nominee for inclusion on the slate of directors nominated by the Board for election as directors of the Corporation for so long as the NCG Holders hold, in the aggregate, greater than or equal to 10% but less than 20% of the aggregate Common Shares and Restricted Shares outstanding. In the event that the NCG Holders hold, in the aggregate, less than 10% of the aggregate Common Shares and Restricted Shares, the NCG Holders shall no longer have any nomination rights and the Investor Rights Agreement shall terminate.

The Investor Rights Agreement also includes a covenant from the Corporation pursuant to which it has agreed that if, following the date that is the one year anniversary of each of: (i) the closing of the Organa Brands Acquisition; (ii) the closing of the transaction contemplated by the exercise of the NSH Option; and (iii) the closing of the transaction contemplated by the exercise of the ACG Option (each, a "**Restricted Share Closing Date**"), the holders of all of the Restricted Shares issued on such Restricted Share Closing Date have delivered notices ("**Conversion Notices**") requesting the conversion of all of the Restricted Shares issued thereto on such Restricted Share Closing Date and the conversions contemplated by such Conversion Notices have not been consented to by the Board of Directors, the Corporation shall use reasonable best efforts to effect transactions or complete filings (which may include the filing of a registration statement to be declared effective by the U.S. Securities and Exchange Commission) which would result in (A) the Board of Directors accepting such Conversion Notices, or (B) the Corporation ceasing to be a Foreign Issuer (as defined in the articles of the Corporation).

The Firefly Acquisition

On November 29, 2018, the Corporation entered into the NWT MPA with Firefly to acquire all of the interests and equity in Firefly. The purchase price for the NWT Securities is USD$16 million, to be

satisfied 50% in cash and 50% through the issuance of approximately 7,450,870 Common Shares issued at a deemed price of $1.50 per share, prior to certain purchase price adjustments.

The Firefly Acquisition is set to close concurrently with listing of the Common Shares on the CSE. However, the Firefly Acquisition is subject to a number of contingencies which must be satisfied prior to closing, including satisfying the Escrow Release Conditions. If the Escrow Release Conditions are not satisfied on or before the Escrow Release Deadline, then the Escrowed Funds will be returned to the holders of the Subscription Receipts and as a result, the binding acquisition arrangement may be terminated. See "*Risk Factors*" and "*Forward-Looking Statements*".

For further information in respect of Firefly, see the unaudited condensed interim financial statements as at and for the three and six months ended June 30, 2018 and 2017 as well as the audited financial statements for the years ended December 31, 2017 and 2016, and the accompanying management's discussion and analysis for Firefly included in this prospectus at Schedule "B" as well as the pro forma financial information in respect of the Corporation after giving effect to the Organa Brands Acquisition and the Firefly Acquisition, included in this prospectus at Schedule "A". See "*Financial Statement Presentation in this Prospectus*".

All information regarding Firefly contained herein including all financial information and all pro forma financial information related to the pro forma effects of the Firefly Acquisition has been derived in part from information provided by Firefly and other third parties. See "*Risk Factors*".

The NWT MPA

The Firefly Acquisition will be effected pursuant to the NWT MPA. The NWT MPA contains covenants, representations and warranties of and from each of the Corporation and the Firefly Vendors, and various conditions precedent, both mutual and with respect to each of the parties.

Unless all of such conditions are satisfied or waived by the party for whose benefit such conditions exist, to the extent they may be capable of waiver, the closing of the Firefly Acquisition will not proceed and the Escrow Release Conditions will not be met. There is no assurance that the conditions will be satisfied or waived on a timely basis or at all. See "*Risk Factors*".

Closing Conditions, Indemnities and Post-Closing Escrow

Conditions to closing the Firefly Acquisition under the NWT MPA include, among other things, the following: (i) closing shall have occurred before January 28, 2019; (ii) the Firefly Vendors and the Corporation shall have delivered certificates in respect of the accuracy of representations and warranties and performance of covenants; (iii) delivery by the Corporation and the Firefly Vendors of an executed Flow of Funds Memorandum directing the payment and satisfaction of Firefly's outstanding liabilities to third parties, and the receipt by Firefly of releases from the third parties; and (iv) delivery of an escrow agreement for the holdback of a portion of the purchase price.

In connection with the Firefly Acquisition, the Corporation has agreed to indemnify the Firefly Vendors for losses and liabilities that may arise as a result of any breach of the representations and warranties made by the Corporation or the non-compliance of a covenant of the Corporation under the NWT MPA for a period of eighteen months from closing of the Firefly Acquisition, and with respect to certain fundamental representations or warranties, for the applicable statutory limitation period. In addition, each of the Firefly Vendors has agreed to indemnify the Corporation for losses and liabilities that may arise as a result of

any breach of the representations and warranties made by a Firefly Vendor, or the non-compliance of a covenant of a Firefly Vendor under NWT MPA for a period of eighteen months from closing, and with respect to certain fundamental representations or warranties, for the applicable statutory limitation period. Notwithstanding the foregoing, each Firefly Vendor's maximum aggregate liability is limited to USD$3,555,555, no Firefly Vendor will have any liability in connection with any losses or liabilities reimbursed or reimbursable by any policy of insurance, and no Firefly Vendor will have any liability in connection with any losses or liabilities unless the aggregate of such losses and liabilities exceeds USD$50,000 (other than with respect to certain limited representations and warranties of the Firefly Vendors). If the Corporation breaches it covenants or terminates the NWT MPA it has agreed to pay the legal expenses of Firefly related to the transaction and the NWT MPA. The Mid Atlantic Guarantors provide a guaranty for Mid Atlantic's indemnification obligations. See "*Risk Factors - Potential Undisclosed Liabilities Associated with the Acquisitions and Limited Recourse*".

In support of this indemnity, the NWT MPA contemplates that a portion of the cash purchase price will be held in escrow for eighteen months from the closing of the Firefly Acquisition. See "*Risk Factors*".

The business of NCG will be the primary business of the Corporation following the Acquisitions. The business of Firefly is complementary to the business of NCG and will form part of the primary business of the Corporation following the Acquisitions. A summary of the current business of NCG and of Firefly is outlined below.

INFORMATION CONCERNING NATIONAL CONCESSIONS GROUP INC.

NCG was incorporated under the laws of the State of Colorado on December 19, 2012. Upon closing the Organa Brands Acquisition, NCG will become a wholly-owned subsidiary of the Corporation. See also "*Directors and Officers – Conflicts of Interest*".

NCG's Business History

Early Business Developments

On September 1, 2016 NCG and Duby, LLC entered into a membership interest agreement, where NCG purchased 10% of Duby for USD $180,000. Duby is a social network in which cannabis enthusiasts post and share cannabis related photos.

On November 11, 2016 NCG and Peoria Partners, LLC ("**Peoria**") entered into an exclusive licensing and distribution deal, whereby NCG was granted an exclusive right to manufacture and distribute edible products using intellectual property owned by Peoria in exchange for fifty percent (50%) of the net income arising from the sale of Peoria products.

On January 1, 2017, NCG entered into an asset purchase agreement with various vendors where NCG agreed to acquire substantially all of the assets related to "The Magic Buzz", including the Colorado Trade Name, the USPTO Trademark, and certain assumed liabilities. Pursuant to the asset purchase agreement, the aggregate purchase price for the Magic Buzz assets was satisfied by: (i) a cash payment by NCG to the vendors of USD$31,000; and (ii) a promissory note issued by NCG to the seller in the original principal amount of USD$319,000 to be paid by January 1, 2020.

On November 30, 2017, NCG acquired a 20% ownership share in Agripharm valued at approximately USD$15 million in exchange for an exclusive, royalty-free license to use certain proprietary technology, trademarks, know-how and other intellectual property in connection with the production, sale, marketing and distribution of cannabis products solely within Canada. Peter W. J. Miller, the Chief Executive Officer of SLANG, is also the Chief Executive Officer of Agripharm. Further, Agripharm is 40% owned by Green House, 50% of which is owned by Peter Miller Enterprises, which is owned and controlled by Mr. Miller. Peter W. J. Miller, the Chief Executive Officer of SLANG, is also the Chief Executive Officer of Agripharm. For more information on Agripharm, please see "*Intercompany Relationships".*

The Tuatara Transaction

On April 28, 2017 NCG, ACG, NSH, and Organa Brands, LLC issued a USD$2 million convertible note payable to Tuatara. The amount of the note was subsequently increased to a total of USD$4.5 million through a series of amendments on June 1, 2017 and December 1, 2017. On October 16, 2018, Tuatara acquired 918,992 shares of Series A Preferred Stock in NCG by converting the USD$4.5 million note and agreed to acquire an additional 234,404 shares of Series A Preferred Stock in NCG for approximately USD$1.3 million. NCG plans to distribute the cash raised from this additional investment to the holders of common stock of NCG prior to closing the Organa Brands Acquisition. Accordingly, Tuatara is one of the Holders party to the NCG SPA and will be selling all of their shares of the Series A Preferred Stock to the Corporation thereunder. As part of the Tuatara investment, Tuatara also acquired 966,833 shares of Series A Preferred Stock in NSH for approximately USD$3.2 million and Tuatara will be a party to the NSH Option. NCG and NSH also granted Tuatara a warrant to acquire additional shares of Series A Preferred Stock of NCG if the Organa Brands Acquisition is not completed by January 24, 2019 and

additional shares of Series A Preferred Stock of NSH if the NSH Option is not exercised and completed before October 3, 2022. Series A Preferred Stock is convertible into shares of common voting stock at the election of the holder thereof and automatically upon the occurrence of certain events. Provided the Escrow Release Conditions are met, all of the shares of Series A Preferred Stock shall be acquired by the Corporation pursuant to the Organa Brands Acquisition.

Recent Business Developments

On March 20, 2018, NCG, NSH, ACG and the Corporation entered into a stock purchase agreement.

On July 13, 2018 the shareholders of NCG, NSH, and ACG entered into a letter of intent with SLANG, which was subsequently amended on September 26, 2018. The letter of intent was replaced by the NCG SPA on November 29, 2018.

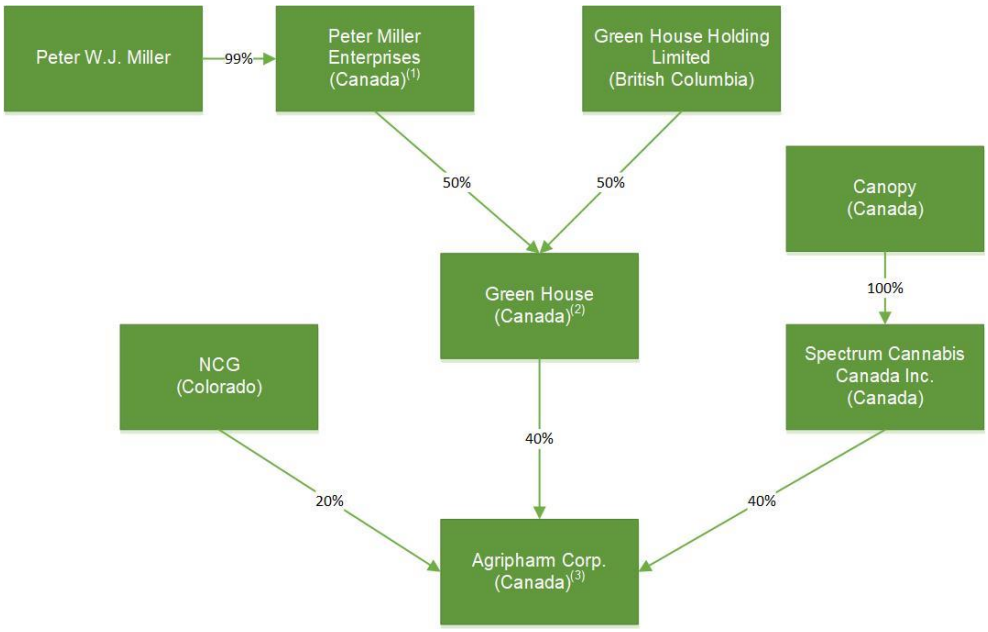
On October 3, 2018, NCG issued a promissory note and security for the OB Loan. See "*Description of the Business – Recent Equity Financings, Joint Ventures and Acquisitions*".

Description of the Business of NCG

NCG maintains a portfolio of brand-related intellectual property that is synergistic with the cannabis business sector. NCG's primary business is licensing its intellectual property to cannabis-related businesses in exchange for customary royalty payments. These businesses primarily sell products derived from NCG's intellectual property wholesale to dispensaries and headshops. Presently, NCG has granted sublicenses to 14 cannabis-related businesses, including ACG and six subsidiaries of NSH (see chart below). NCG recoups royalty payments through the sale of the hardware components, non-cannabis ingredients, and marketing materials required to manufacture its consumer brands to its licensees. Each licensee is responsible for securing and sourcing the cannabis-derived components that are ultimately added to each product; NCG is not directly involved in the cultivation, extraction, or manufacturing of cannabis ingredients.

Intercompany Relationships

NCG has no subsidiaries other than a 20% interest in Agripharm. Agripharm is an ACMPR-licensed (as replaced by the Cannabis Act and the Regulations) cultivation and processing facility with over 20,000 sq. ft. of indoor growing space. Agripharm does not distribute any of its product directly and has contracted to sell all of its product to Canopy pursuant to an off-take agreement. All distribution channels are those of Canopy or other third party distributors. Further, Agripharm does not have operations or any signed agreements in any emerging markets. Agripharm is also 40% owned by Green House, 50% of which is owned by Peter Miller Enterprises, which is owned and controlled by Peter W. J. Miller, the Chief Executive Officer of the Corporation. See also "*Directors and Officers – Conflicts of Interest*". The remaining 40% of Agripharm is owned by Spectrum Cannabis Canada Inc., a subsidiary of Canopy. Agripharm does not currently conduct any business or operate outside of Canada. The investment of NCG in Agripharm is governed by a shareholders' agreement pursuant to which NCG has the right to put forth one nominee for the board of five members. The shareholders' agreement also provides that all extraordinary resolutions require the approval of 70% of the shareholders and that shareholders may be required to participate in capital calls. The failure of any shareholder to fund a capital call would result in reduction to such shareholder percentage ownership. As NCG is a minority shareholder in Agripharm, it does not exercise any actual control or direction over Agripharm.



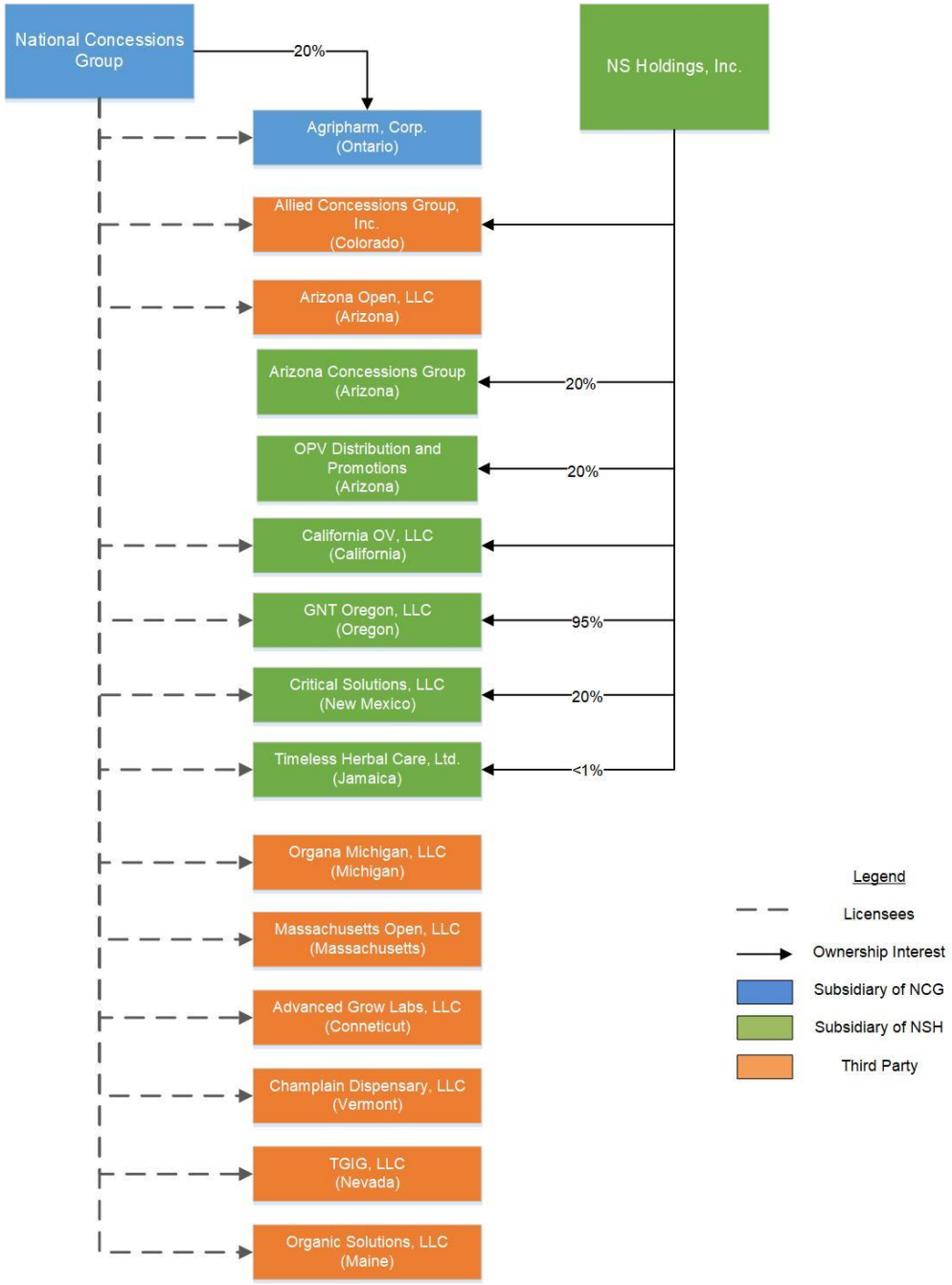
Notes:

(1) Peter Miller Enterprises is owned and controlled by Peter W.J. Miller, the Chief Executive Officer of the Corporation.

(2) Peter W. J. Miller is the CEO of Green House. Green House holds 10,000,000 Common Shares, representing 10.85% or 4.43% upon satisfaction of Escrow Release Conditions.

(3) Peter W. J. Miller, the Chief Executive Officer of SLANG, is also the Chief Executive Officer and a director of Agripharm.

The following chart sets out the various intercorporate relationships of NCG which are primarily via licencing agreements. See "*Interests of Management and Others in Material Transactions*", "*Directors and Officers – Conflicts of Interest*" and "*Risk Factors – Conflict of Interest".*



NCG currently maintains and licenses intellectual property for five owned brands, which are described below:

- Founded in 2013, O.penVAPE was the first-mover in the branded 510 thread vaporizer category. With over 5 million units sold, the brand has become one of the most widely distributed consumer brands in the industry. Its sub-brands include: Craft Reserve, Ish, and O.riginal. The O.penVAPE brand is the highest selling brand in Colorado with over USD$170 million in retail revenue generated since 2014[2]. The product is currently sold across ten states.

- The Bakked product line features high-potency products that are aimed at satisfying the hobbyist cannabis user. Products include a line of portable vaporizers, various concentrates, and concentrate accessories. Bakked products can be found in nine US states.

- Launched in 2017, District Edibles is an edible product line currently consisting of gummy candy. The product is among the highest selling brands in the California market, capturing nearly 20% market share based on total retail revenues generated between June and September 2018[3]. The District Edibles product line is currently sold in three US states.

- Launched in 2016, Magic Buzz is a line of functionally-enhanced beverages that are formulated with whole tea leaf extracts, herbal infusions, and THC or CBD cannabinoids. Magic Buzz products are actively sold in three markets.

- Pressie Pills are a line of functionally-enhanced pressed pills that are formulated with herbal infusions. NCG released Pressie Pills in a pilot launch program in Colorado in July 2018.

For clarity, NCG does not manufacture or physically distribute the above listed products but owns or has the right to the intellectual property to allow third parties to manufacture, distribute and sell these products.

INFORMATION CONCERNING FIREFLY

Firefly was formed on August 16, 2011 under the laws of the State of Washington and is a limited liability company. The registered office of Firefly is located at 24 Roy Street, Suite 28, Seattle, WA, 98109 USA. Firefly is a supplier and distributor of high-end vaporizer products to wholesale distributors and online consumers. Firefly's vaporizers service multiple cannabis formats including flower, liquid oil, and solid extracts.

Description of the Business of Firefly

Firefly is focused on creating the very best vaporizers in the world for cannabis users. Firefly's primary asset is its latest proprietary vaporizer, the Firefly 2.0, which was released in March 2016. Presently, the Firefly 2.0 is sold in the United States and Canada, with limited distribution in parts of Europe and Australasia. The vaporizer services multiple cannabis formats including flower, liquid oil and solid extract, however cannabis is not bundled with the product at the time of sale. Firefly also markets companion accessories for its vaporizer, including: carrying cases, exchangeable faceplates, charging stations, cleaning kits, among other items.

[2] BDS Analytics, November 8, 2018

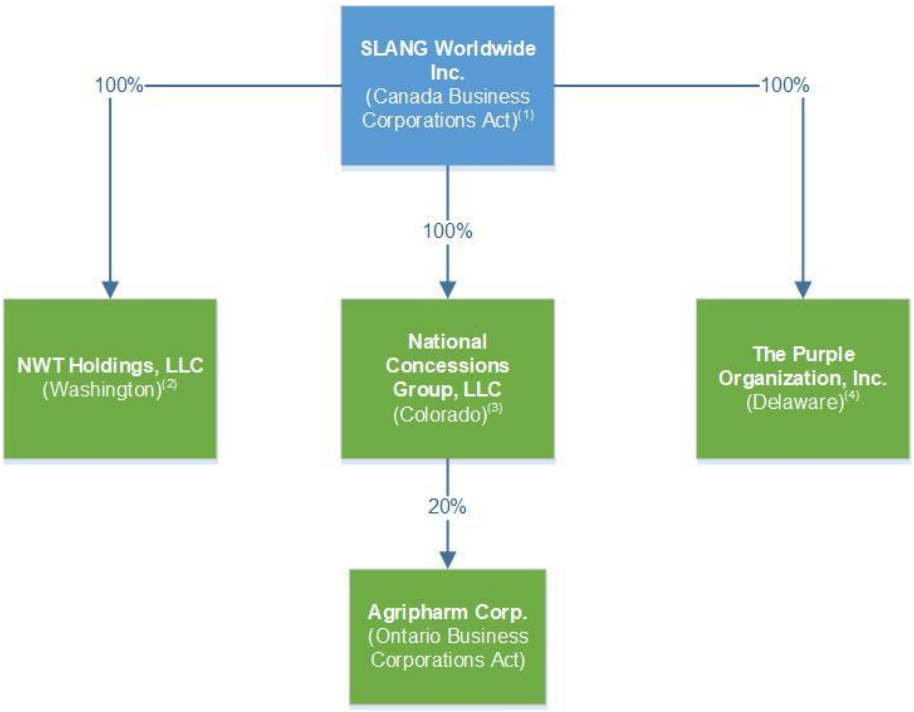
[3] BDS Analytics, November 8, 2018

In addition to its advanced design, what makes the Firefly vaporizer unique is its heating control algorithms and materials engineering, which provides a nearly instant on-demand heating, providing premium flavor at an even, reliable temperature. Combined with a mobile app to monitor and adjust temperature controls allowing for unique and fulfilling customer experiences.

Firefly products are sold both through its owned ecommerce portal and through Greenlane Holdings, LLC ("**Greenlane**"), a third-party wholesale distributor. Greenlane and Firefly have entered into an agreement pursuant to which Greenlane was appointed as non-exclusive distributor of Firefly's products to customers for resale and customers for end use. Accordingly, for online orders sold through thefirefly.com, Firefly re-purchases products from Greenlane in order to fulfil the online order and Greenlane charges a fulfilment fee for delivering the goods to the customer. Greenlane also services other third-party customers.

THE BUSINESS OF SLANG – POST ACQUISITIONS

Following the completion of each of the Organa Brands Acquisition and the Firefly Acquisition, the Corporation will be organized as follows:



Notes:

(1) Directors: Colin Baden, Chris Driessen, William Levy, Peter Miller, Keith Stein, William Stocks and Olaf van Tulder; Officers: William Levy, Peter Miller, Kelly Ehler and Mikel Rutherford. See also "*Directors and Officers – Conflicts of Interest*".

(2) Director: Peter Miller; Officer: Peter Miller. See also "*Directors and Officers – Conflicts of Interest*".

(3) Directors: Chris Driessen and Peter Miller; Officers: Chris Driessen and Peter Miller. See also "*Directors and Officers – Conflicts of Interest*".

(4) Directors: Peter Miller and David Rodman; Officers: Peter Miller and David Rodman. See also "*Directors and Officers – Conflicts of Interest*".

(5) Slang Organa Brands, Inc. is not included in this organizational diagram as it is not material to the Corporation prior to or upon completion of the Acquisitions. It does not hold any assets and does not conduct any business.

As a vertically-integrated business, SLANG intends to provide corporate services to all of its subsidiaries including but not limited to: corporate development, sales & marketing, finance, legal, and human resources. The business of NCG will be the primary business of the Corporation with the business of Firefly and the Corporation prior to the Acquisitions being complementary thereto.

Selected Pro Forma Financial Information

The following table sets out selected unaudited pro forma financial information as at and for the periods indicated. The following is a summary only and must be read in conjunction with the financial statements and pro forma financial statements provided in the schedules to this prospectus.

The unaudited pro forma consolidated financial statements of the Corporation included in this prospectus and the following selected pro forma financial information are presented for illustrative purposes only and are not necessarily indicative of: (i) the financial results that would have occurred had the Acquisitions actually occurred at the times contemplated by the notes to the unaudited pro forma consolidated financial statements of the Corporation; or (ii) the results expected in future periods.

	Unaudited pro forma as at September 30, 2018 ($000)	**Unaudited pro forma as at and for the period ended December 31, 2017 ($000)**
Revenue	20,891	23,002
Total operating expenses	36,686	11,365
Net income (loss)	(23,566)	1,222

	Unaudited pro forma as at September 30, 2018 ($000)
Current assets	48,076
Total assets	214,619
Current liabilities	15,441
Total liabilities	47,191
Shareholders' equity (deficiency)	167,428

Business Objectives

SLANG intends to accelerate the growth of its business through pursuing four distinct growth initiatives, including:

Acquiring and licensing leading, market-proven brands.

- SLANG is continuously pursuing corporate development opportunities to acquire additional brand assets that complement its portfolio, across product verticals and price segments. The Corporation expects to continue evaluating opportunities to acquire assets following completion of the Acquisitions.

- Following the Acquisitions, the Corporation shall have the right to license certain intellectual property managed by Green House for use in certain territories. Green House holds an exclusive master license to the Green House Seed Company brand, one of the most successful cannabis seed businesses across the world, and its various sub-brands. Founded by Arjan Roskam, "The King of Cannabis", Green House Seed Company has produced over 60 award-winning cannabis strains. Mr. Roskam is the all-time worldwide leader in cannabis breeding, with over 40 High Times Cannabis Cup victories. Additionally, Green House holds an exclusive master license to Strain Hunters, a series of documentaries centered around the quest for preservation of the cannabis plant, and the series has co-developed documentary series alongside HBO, VICE, and National Geographic.

Expanding into new markets through licensing intellectual property to new manufacturing and distribution partners.

- Agripharm is an ACMPR-licensed (as replaced by the Cannabis Act and the Regulations) cultivation and processing facility with over 20,000 sq. ft. of indoor growing space. Agripharm does not distribute any of its product directly and has contracted to sell all of its product to Canopy pursuant to an off-take agreement. All distribution channels are those of Canopy or other third party distributors. Further, Agripharm does not have operations or any signed agreements in any emerging markets. The Corporation and Agripharm are currently in the advanced stages of negotiations to secure a definitive licensing and distribution agreement that could potentially bring SLANG's products to new international markets. The parties expect to finalize the agreement in the first quarter of 2019 but there can be no assurance that an agreement will be executed.

- The cannabis market in the United States continues to remain highly fragmented, requiring SLANG to identify licensing partners in each state that maintain vertically integrated supply chains. The Corporation intends to continually pursue accretive relationships in select markets to expand the distribution of its products in the United States.

- While no specific international opportunities have been identified by the Corporation to date, as new markets open up internationally, the Corporation may consider applying the same strategy deployed in North America to international markets.

Introducing owned and licensed brands into new markets in SLANG's existing distribution network.

- The Corporation and NCG have a history of incubating new brands in mature test markets and launching successful products across its distribution footprint. SLANG plans to continue expanding the distribution of NCG's most successful brands throughout 2019; most notably SLANG plans to increase the distribution of the District Edibles brand in Oregon and will launch the Pressie Pills brands, among other brands, in both California and Oregon.

Forging strategic relationships with leading companies

- On July 16, 2018, SLANG entered into a letter of intent with Greenlane regarding a strategic partnership between the companies. The letter contemplates such matters as Canadian retail locations, packaging, product development, and distribution. SLANG and Greenlane Holdings, LLC are currently in the advanced stages of negotiations to secure a definitive agreement but there can be no assurance that an agreement will be executed.

- On December 15, 2017, the Corporation entered into the Canopy Warrant. The Canopy Warrant becomes exercisable by Canopy at any time following the day that cannabis and cannabis-related products are legalized under applicable federal laws in the United States and Canopy makes a bona-fide offer to enter into a collaboration agreement with the Corporation. In the event any such collaboration agreement is entered into, it shall provide for, among other things, collaboration between the parties in respect of cross-branding, market awareness, media collaboration, research and development and distribution of products.

- SLANG will continue to monitor opportunities to partner with leading companies both in and outside of the cannabis industry.

Industry Competition

SLANG operates and will continue to operate in a highly dynamic market that is characterized by a growing number of new market entrants competing in the same product categories as the Corporation. As such, there is considerable competition in the marketplace. For example, NCG's O.penVAPE brand was one of the first 510 thread vaporizers on the market when it launched in 2013. Since then, competitors have released branded copy-cat devices and a significant number of Chinese manufacturers have entered the marketplace with inexpensive vaporizers and over 1,000 branded inhalable products have been introduced to the California, Colorado, and Oregon markets since January 2014. Additionally, in 2018, District Edibles competes in a marketplace with over 200 active edible brands in distribution.

The industry is also entering a period of significant consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Corporation. See "*Risk Factors*".

To remain competitive, the Corporation will require a continued level of investment in research and development, marketing, sales and client support. The Corporation may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Corporation. See "*Risk Factors – Research and Market Development*".

Employees

As at the date of this prospectus, the Corporation has no employees and six independent contractors. The Corporation anticipates continuing the employment of all employees of Firefly and NCG following completion of the Acquisitions.

Reorganizations

Since incorporation, the Corporation has not completed any material reorganization. No material reorganization is current proposed for the current financial year.

REGULATORY FRAMEWORK

Canada

Adult Use Cannabis

The Corporation intends to participate in the Canadian adult use market for cannabis in compliance with all applicable federal and provincial laws and regulations concerning the Canadian adult use cannabis market.

Federal Regulatory Framework

On December 13, 2016, the Task Force on Cannabis Legalization and Regulation (the "Task Force"), which was established by the Canadian Federal Government to seek input on the design of a new system to legalize, regulate and restrict access to cannabis, published its report outlining its recommendations. On April 13, 2017, the Government of Canada released Bill C-45, *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts* (the "**Cannabis Act**"), which proposes the enactment of the *Cannabis Act* (Canada) to regulate the production, distribution and sale of cannabis for unqualified adult use. The Cannabis Act was passed by the Senate of Canada on June 19, 2018, receiving royal asset on June 21, 2018. The production, distribution and sale of cannabis for unqualified adult use in Canada became legal on October 17, 2018.

The Cannabis Act provides a licensing and permitting scheme for the production, testing, packaging, labelling, sending, delivery, transportation, sale, possession and disposal of cannabis. The Cannabis Act maintains separate access to cannabis for medical purposes, including providing that import and export licenses and permits will only be issued in respect of cannabis for medical or scientific purposes or in respect of industrial hemp. Below are additional highlights of the Cannabis Act:

- Introduces restrictions on the amounts of cannabis that individuals can possess and distribute, and on public consumption and use, and prohibits the sale of cannabis unless authorized by the Cannabis Act.
- Permits individuals who are 18 years of age or older to cultivate, propagate, and harvest up to and including four cannabis plants of up to 100 centimeters in height in their dwelling-house, propagated from a seed or plant material authorized by the Cannabis Act.
- Restricts (but does not strictly prohibit) the promotion and display of cannabis, cannabis accessories and services related to cannabinoids to consumers, including restrictions on branding and a prohibition on false or misleading promotion and on sponsorships.
- Permits the informational promotion of cannabis in specified circumstances to individuals 18 years and older.
- Introduces packaging and labelling requirements for cannabis and cannabis accessories, and prohibits the sale of cannabis or cannabis accessories that could be appealing to young persons.
- Provides the designated minister with the power to recall any cannabis or class of cannabis on reasonable grounds that such a recall is necessary to protect public health or public safety.
- Permits the establishment of a national cannabis tracking system.
- Provides powers to inspectors for the purpose of administering and enforcing the Cannabis Act and a system for administrative monetary penalties.

On July 11, 2018, the Federal Government published regulations in the Canada Gazette, Part II, to support the coming into force of the Cannabis Act, including the Cannabis Regulations ("**Cannabis Regulations**"), the new Industrial Hemp Regulations ("**IHR**", and together with the Cannabis Regulations, the "**Regulations**"), along with proposed amendments to the Narcotic Control Regulations and certain regulations under the *Food and Drugs Act* (Canada). The Regulations, among other things, outline the rules for the legal cultivation, processing, research, testing, distribution, sale, importation and exportation of cannabis and hemp in Canada, including the various classes of licenses that can be granted, and set standards for cannabis and hemp products that will be available for legal sale as of October 17, 2018. As of October 17, 2018, the ACMPR and the previous *Industrial Hemp Regulations* are no longer in force and have been replaced by the Cannabis Act and the Regulations. Further, as the Cannabis Act is now in force, cannabis is regulated under the Cannabis Act rather than the *Controlled Drug and Substance Act*.

Licenses, Permits and Authorizations

The Cannabis Regulations introduce six classes of licenses:

- Cultivation licenses;
- Processing licenses;
- Analytical testing licenses;
- Sales for medical purposes licenses
- Research licenses; and
- Cannabis drug licenses.

The Cannabis Regulations also create several subclasses for cultivation licenses (standard cultivation, micro-cultivation and nursery) and processing licenses (standard processing and micro-processing). Different rules and requirements are attached to each of the licenses and each sub-class, with the aim of being proportional to the public health and safety risks posed by each license category and each sub-class. Producers holding production and sales licenses under the ACMPR were transferred to similar licenses under the Cannabis Act.

Licenses issued under the Cannabis Regulations are valid for a maximum period of five years. The Cannabis Regulations permit cultivation license holders to conduct both outdoor and indoor cultivation of cannabis, however no licensed activities (except for destruction, antimicrobial treatment and distribution) can take place in a "dwelling-house". The implications of the proposal to allow outdoor cultivation are not yet known, but such a development could be significant as it may reduce start-up capital required for new entrants in the cannabis industry. It may also ultimately lower prices as capital expenditure requirements related to growing outside are typically much lower than those associated with indoor growing.

Although the new IHR replaces the *Industrial Hemp Regulations*, the regulatory scheme for industrial hemp will largely remain the same, however the IHR will permit the sale of hemp plants to licensed cannabis producers, and licensing requirements will be softened in accordance with the low risk posed by industrial hemp.

Security Clearances

Certain people associated with cannabis licensees, including individuals occupying a "key position" such as directors, officers, large shareholders and individuals identified by the Minister must hold a valid

security clearance issued by the Minister. Pursuant to the Cannabis Regulations, the Minister may refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or an association with, drug trafficking, corruption or violent offences. This is largely similar to the approach taken by the ACMPR and other related regulations governing the licensed production of cannabis for medical purposes. Individuals who have histories of nonviolent, lower-risk criminal activity (for example, simple possession of cannabis, or small-scale cultivation of cannabis plants) are not precluded from participating in the legal cannabis industry, and the grant of security clearance to such individuals is at the discretion of the Minister and such applications will be reviewed on a case-by-case basis.

Cannabis Tracking System

Under the Cannabis Act, the Minister is authorized to establish and maintain a national cannabis tracking system. The Cannabis Regulations set out a national cannabis tracking system to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the illegal market. The Cannabis Act also provides the Minister with the authority to make a ministerial order requiring 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.

Products

The Cannabis Regulations set out the requirements for the sale of cannabis products at the retail level and permit the sale of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds, including in such forms as “pre-rolled” and in capsules. The THC content and serving size of cannabis products is limited by the Cannabis Regulations. The sale of edibles containing cannabis and cannabis concentrates will not initially be permitted, however the federal government anticipates that such products will be legalized within one year following the coming into force of the Cannabis Act.

The IHR defines industrial hemp as cannabis plants whose leaves and flowering heads do not contain more than 0.3% THC.

Packaging and Labelling

The Cannabis Regulations set out strict requirements pertaining to the packaging and labelling of cannabis products. 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. The Cannabis Regulations require all cannabis products to be packaged in a manner that is tamper-proof and child-resistant.

While minor allowances for branding would be permitted, Health Canada is proposing strict limits on the use of colours, graphics, and other special characteristics of packaging. Cannabis package labels must include specific information, such as:

- product source information, including the class of cannabis and the name, phone number, and email of the cultivator;
- a mandatory health warning, rotating between Health Canada’s list of standard health warnings;
- the Health Canada standardized cannabis symbol; and
- information specifying THC and CBD content.

A cannabis product's brand name may only be displayed once on the principal display panel, or if there are separate principal display panels for English and French, only once on each principal display panel. It can be in any font style and any size, so long as it is equal to or smaller than the health warning message. The font must not be in metallic or fluorescent colour. In addition to the brand name, only one other brand element can be displayed.

All-over packaging wraps must be clear, and the interior surface and exterior surface of any container in which a cannabis product is packaged cannot have any embossing, texture, foil, or cut outs.

Cannabis for Medical Purposes

Since October 17, 2018, the ACMPR has been repealed and replaced with the Cannabis Act, Cannabis Regulations and the new IHR. Part 14 of the Cannabis Regulations sets out the regime for medical cannabis following legalization, which is substantively the same as the ACMPR with adjustments to create consistency with rules for non-medical use, improve patient access, and reduce the risk of abuse within the medical access system. Patients who have the authorization of their healthcare provider continue to have access to cannabis, either purchased directly from a federally licensed producer, or by registering to produce a limited amount of cannabis for their own medical purposes, or designating someone to produce cannabis for them.

Health Products and Cosmetics Containing Cannabis

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

Import / Export Permits for Medical or Scientific Purposes

Part 10 of the Cannabis Regulations sets of the process by which a license holder may apply for an import or export permit for medical or scientific purposes, as set out in the regulations. A permit must be obtained for each shipment of cannabis. An application for an import or export permit must contain specific information including the name and address of the holder, license number and specifics of the particular shipment including intended use of the cannabis and specific shipment details. The Cannabis Regulations contain reporting requirements in respect of the import / export of cannabis in reliance of a permit issued under the Cannabis Regulations.

Provincial Regulatory Framework

While the production of cannabis will be under the regulatory oversight of the Government of Canada, the distribution of adult-use recreational cannabis will be the responsibility of provincial and territorial governments. All of the Canadian provinces have announced that the wholesale distribution of cannabis will fall under the responsibility of their provincial liquor or other governmental authorities. However, as the laws continue to evolve, there is no assurance that provincial and territorial legislation enacted for the purpose of regulating recreational cannabis will continue to allow, or be conducive to, the Corporation's business model. Differences in provincial and territorial regulatory frameworks could result in, among other things, increased compliance costs, and increased supply costs. Municipal and regional

governments may also choose to impose additional requirements and regulations on the sale of recreational cannabis, adding further uncertainty and risk to the Corporation's business. Municipal by-laws may restrict the number of recreational cannabis retail outlets that are permitted in a certain geographical area, or restrict the geographical locations wherein such retail outlets may be opened. There is no assurance that if and when provincial, territorial, regional and municipal regulatory frameworks are enacted, the Corporation will be able to navigate such regulatory frameworks or conduct its intended business thereunder. See: "*Risk Factors - Risks Related to Regulatory Environment*".

Summaries of each jurisdiction's legal age and retail and distribution plan have been provided in the table below.

Province/ Territory	Regulating Body	Legal Age	Retail and Distribution Plan
British Columbia	Liquor and Cannabis Regulation Branch	19	Recreational cannabis will be sold in that province through both public and privately operated stores, with the provincial Liquor Distribution Branch handling wholesale distribution.
Alberta	Alberta Gaming and Liquor Commission	18	The purchase of cannabis products from private retailers that receive their products from a government-regulated distributor, similar to the distribution system currently in place for alcohol in the province. Only licensed retail outlets are permitted to sell cannabis with online sales run by the Alberta Gaming and Liquor Commission.
Saskatchewan	Saskatchewan Liquor and Gaming Authority	19	Recreational cannabis is sold by private retailers. The Saskatchewan Liquor and Gaming Authority will issue 51 retail permits to private stores located in 32 communities across the province, with municipalities having the option of opting out of having a cannabis store if they choose.
Manitoba	Manitoba Liquor and Lotteries (MBLL)	19	A "hybrid model" for cannabis distribution is used. The supply of cannabis in the Province of Manitoba will be secured and tracked by MBLL; however, licensed private retail stores are permitted to sell recreational cannabis.
Ontario	Current: Ministry of Finance Expected April 1, 2019: Alcohol and Gaming Commission of Ontario	19	Following a recent election, Ontario has amended the original plans to model the cannabis retail and distribution plans after the existing Liquor Control Board of Ontario framework. Rather, consumers are now able to purchase cannabis via an online retail platform provided by the Ontario Cannabis Store. Following which, the province plans to launch a tightly regulated private retail model by April 1, 2019.
Quebec	Société québécoise du cannabis (SQDC), a subsidiary of the Société des alcools du Québec	18 (see *Retail and Distribution Plan*)	All recreational cannabis is managed and sold by SQDC outlets and will be available for sale online. There is early indication from the newly-elected provincial government that the legal age may be increased to 21 years in the near future.
New Brunswick	Cannabis Management Corporation, a subsidiary of New Brunswick Liquor	19	All recreational cannabis will be managed and sold through Cannabis NB, a subsidiary of New Brunswick Liquor and will be available for sale online.
Nova Scotia	Nova Scotia Liquor Corporation (NSLC)	19	The NSLC is responsible for the regulation of cannabis in the province, and recreational cannabis is only be sold publicly through government-operated storefronts and online sales.

Province/ Territory	Regulating Body	Legal Age	Retail and Distribution Plan
Prince Edward Island	Prince Edward Island Cannabis Management Corporation	19	The Prince Edward Island Cannabis Management Corporation oversees the operation of four cannabis retail locations and an e-commerce platform.
Newfoundland and Labrador	Newfoundland and Labrador Liquor Corporation (the "NLC")	19	Recreational cannabis is to be sold through licensed private stores, with its crown-owned liquor corporation, the NLC, overseeing the distribution to private sellers who may sell to consumers. The NLC also controls the possession, sale and delivery of cannabis, and sets prices. NLC is also the online retailer, although licenses may later be issued to private interests. The Government of Newfoundland and Labrador has issued a request for proposals for private retailers.
Yukon	Cannabis Licensing Board	19	Yukon has released the Cannabis Control and Regulation Act which limits the initial distribution and sale of recreational cannabis to government outlets and government-run online stores, and allows for the later licensing of private retailers.
Northwest Territories	Northwest Territories Liquor Commission	19	The Northwest Territories Liquor Commission controls the importation and distribution of cannabis, whether through retail outlets or by mail order service run by the liquor commission. Communities in the Northwest Territories are able to hold a plebiscite to prohibit cannabis, similar to the options currently available to restrict alcohol.
Nunavut	Liquor and Cannabis Commission	19	Under the *Nunavut Cannabis Act*, a person can submit an application for a licence to operate a cannabis store, remote sales store, or cannabis lounge. Licences may not be issued to minors, employees or agents of the Liquor and Cannabis Commission, or a person who does not meet the conditions prescribed by regulation for applicants. Nunavut allows for the sale of marijuana through both public and private retail and online.

United States

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) dated February 8, 2018 – *Issuers with U.S. Marijuana-Related Activities* ("**CSA Notice 51-352**") and Staff Notice 51-537, dated October 10, 2018 – *Staff Review of Reporting Issuers in the Cannabis Industry*, below is a discussion of the U.S. regulatory regime.

Currently, the Corporation has limited operating history but, assuming successful completion of the Acquisitions, SLANG will be positioned to capitalize on the brands acquired in order to build on its planned core areas and achieve operational efficiencies. Following the Acquisitions, SLANG will be a branding and marketing company focused on developing reputable brands and quality hardware products that are synergistic with the cannabis business sector. None of the Corporation, its subsidiaries, NCG or Firefly are directly or indirectly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis. The Corporation has not applied for and does not have any intention to apply for any retailer, grower, producer, dealer, processor or wholesaler licenses which would allow the Corporation to directly participate in the marketplace in certain U.S. states which have legalized such activity. The revenue generated by these operations are not directly contingent upon the production or

sale of marijuana. As such, the Corporation considers itself a U.S. Marijuana Issuer with material ancillary involvement with the U.S. cannabis industry, as defined in the CSA Notice 51-352. Below is a table of concordance that is intended to assist readers in identifying parts of this prospectus that address the disclosure expectations set out in CSA Notice 51-352.

Further, we will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Reference Section or Comment
All Issuers with U.S. Cannabis-Related Activities	Describe the nature of the issuer's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	*Regulatory Framework – Nature of Involvement* *Description of the Business* *Regulatory Framework – United States – Federal Overview*
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	Cover Page – disclosures in bolded box *Regulatory Framework – United States – Federal Overview* *Risk Factors – Risks Specifically Related to the United States Regulatory System*
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities	Cover Page – disclosures in bolded box *Regulatory Framework – United States – Federal Overview* *Risk Factors – Risks Specifically Related to the United States Regulatory System*
	Outline related risks including, among others, the risk that third party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S.	*Risk Factors – Risks Specifically Related to the United States Regulatory System – Reliance on Third Party Suppliers, Manufacturers and Contractors*
	Given the illegality of marijuana under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	*Risk Factors – Risks Specifically Related to the United States Regulatory System – Corporation May Have Limited Access to Banks and Financial Services*
	Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities.	At the time of this prospectus, the major operations of the Corporation are only in the United States. *Schedule "A" – SLANG Financial*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Reference Section or Comment
		Statements
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	Legal advice has been obtained from Dentons US LLP as well as certain other local U.S. legal counsel.
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	Not applicable.
	Discuss the issuer's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. state law and the related licensing framework. Promptly disclose any noncompliance, citations or notices of violation which may have an impact on the issuer's licence, business activities or operations.	Not applicable.
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer's investee(s) operate.	Not applicable.
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee's licence, business activities or operations.	Not applicable.
U.S. Marijuana Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	To the best of the Corporation’s knowledge, its current customers’ businesses are in compliance with the licensing requirements and regulatory frameworks enacted by each of the U.S. states in which each of the customers do business. *Regulatory Framework – United States – Compliance Practices*

Nature of Involvement

SLANG has been actively raising capital and building strategic relationships to allow the Corporation to acquire business segments and brands to achieve its objectives, including the Acquisitions, as well as fostering various strategic partnerships with larger companies in the cannabis industry. The Corporation does not currently have a history of material operations and its main source of income is rental income on the farming property held by the Corporation's wholly owned subsidiary Purple Org and interest income earned on various loans. Following the successful completion of the Acquisitions, SLANG will continue and expand the business of NCG and Firefly as a branding and marketing company focused on developing reputable brands and quality hardware products that are synergistic with the cannabis business sector. Neither SLANG nor any of the companies to be acquired by SLANG pursuant to the Acquisitions are currently a licenced distributor under the Cannabis Act or grows, manufactures, tests, extracts or distributes products that contain cannabis. As such, the Corporation has ancillary involvement with the U.S. cannabis industry.

Federal Overview

In the U.S., 33 states and Washington D.C. have legalized medical marijuana, with nine of those states and the District of Columbia having also legalized adult-use marijuana (sometimes referred to as recreational use). Following the closing of the Firefly Acquisition and the Organa Brand Acquisition, SLANG and its subsidiaries will operate in the following states: California, Colorado and Washington. At the federal level, however, cannabis currently remains a Schedule I controlled substance under the CSA. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, **the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law**. Further, aiding and abetting the cannabis industry is also illegal under United States federal law. This has created a dichotomy between state and federal law, whereby many states have elected to regulate and remove state-level penalties regarding a substance that is still illegal at the federal level.

While federally illegal, the U.S. federal government’s approach to enforcement of such laws has, at least until recently, trended towards non-enforcement. On August 29, 2013, the DOJ issued a memorandum known as the “Cole Memorandum” to all U.S. Attorneys’ offices (federal prosecutors). The Cole Memorandum generally directed U.S. Attorneys not to prioritize the enforcement of federal marijuana laws against individuals and businesses that rigorously comply with state regulatory provisions in states with strictly-regulated medial or adult-use cannabis programs. The Cole Memorandum, while not legally binding, assisted in managing the tension between state and federal laws concerning state-regulated marijuana businesses.

However, on January 4, 2018, the Cole Memorandum was revoked by then Attorney General Jeff Sessions. While this did not create a change in federal law, as the Cole Memorandum was not itself law, the revocation added to the uncertainty of U.S. federal enforcement of the CSA in states where cannabis use is regulated.

Sessions also issued a one-page memorandum known as the “Sessions Memorandum.” This confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was “unnecessary” due to existing general enforcement guidance as set forth in the U.S. Attorney’s Manual (the “**USAM**”). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government’s limited resources, and include “law enforcement priorities set by the Attorney General,” the

"seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community."

While the Sessions Memorandum does emphasize that marijuana is a Schedule I controlled substance, and states the statutory view that it is a "dangerous drug and that marijuana activity is a serious crime," it does not otherwise guide U.S. Attorneys that the prosecution of marijuana-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether or not to prosecute marijuana-related offenses. U.S. Attorneys could individually continue to exercise their discretion in a manner similar to that displayed under the Cole Memorandum's guidance.

In response to the Sessions Memorandum, Annette L. Hayes, U.S. Attorney for the Western District of Washington, reiterated in a public statement dated January 4, 2018, that threats to public safety is a core concern of the U.S. attorney's office. Pointing out that her office has:

> "[I]nvestigated and prosecuted over many years cases involving organized crime, violent and gun threats, and financial crimes related to marijuana… and continue to do so to ensure – consistent with the most recent guidance from the Department [of Justice] – [that] enforcement efforts with… federal, state, local and tribal partners focus on those who pose the greatest safety risk to the people and communities [the U.S. attorneys office] serve[s]".

Similarly on January 5, 2018, Joseph H. Harrington, interim U.S. Attorney for the Eastern District of Washington, released a public statement reiterating that "public safety is always at the fore." Further adding:

> "This United States Attorney's Office will continue to ensure, consistent with the most recent guidance from the Department of Justice, that its enforcement efforts with our federal, state, local, and tribal law enforcement partners focus on those who pose the greatest safety risk to the communities in Eastern Washington, by disrupting criminal organizations, tackling the growing drug crisis, thwarting violent crime, and corralling white-collar fraudsters in this District."

On September 28, 2018, U.S. Attorney for the District of Colorado, Bob Troyer, stated in an opinion piece in the Denver Post that his office may take legal action against state-licensed cannabis businesses that violate state law or use their status under state law "as a shield" while selling their product on the illegal market. Mr. Troyer further added, in a companion interview with the Denver Post:

> "We make decisions based on safety. Sometimes compliance with state law is relevant to that, and sometimes it's not. We do not make decisions based on labels like 'compliance with state law'. Labels are not relevant to us — people's safety is."

As the Corporation's operations in Colorado and Washington have ancillary involvement with the cannabis industry, it is unclear what impact these statements may have on the Corporation's business operations.

Additionally, under U.S. federal law, it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from the sale of marijuana or any other Schedule I controlled substance. Canadian banks are likewise hesitant to deal with cannabis companies, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions, particularly those

that are federally chartered in the U.S., could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses.

Despite these laws, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("**FinCEN**") issued a memorandum on February 14, 2014 (the "**FinCEN Memorandum**") outlining the pathways for financial institutions to bank state-sanctioned marijuana businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("**SAR**") in connection with all marijuana-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These marijuana-related SARs are divided into three categories – marijuana limited, marijuana priority, and marijuana terminated – based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively.

On the same day as the FinCEN Memorandum was published, the DOJ issued a memorandum (the "**2014 Cole Memo**") directing prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of marijuana-related conduct. The 2014 Cole Memo has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes against state-compliant actors was not a DOJ priority.

However, Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to be a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance. In the United States, it is difficult for cannabis-based businesses to open and maintain a bank account with any bank or other financial institution.

In the U.S., a bill has been tabled in Congress to grant banks and other financial institutions immunity from federal criminal prosecution for servicing marijuana-related businesses if the underlying marijuana business follows state law. This bill has not been passed and there can be no assurance that it will be passed in its current form or at all. In both Canada and the U.S., transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape. Legislative changes to help reduce these challenges would eliminate these challenges for companies in the cannabis space and would improve the efficiency of both significant and minor financial transactions.

Although the Cole Memorandum and 2014 Cole Memo have been rescinded, the U.S. Congress passed an omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained a rider, in 2018 called the Rohrabacher-Blumenauer Amendment (sponsored in the US Senate by Senator Patrick Leahy and referred to in the proposed 2019 spending bill as the "**Joyce Amendment**"), which barred the DOJ from spending money on the prosecution of any licensed medical cannabis business or operator in states where medical cannabis is legal. The Rohrabacher-Blumenauer/Leahy Amendment was in effect until the 2018 appropriations deadline of September 30, 2018, which was extended by resolutions until December 21, 2018. On December 22, 2018, the U.S. Congress failed to pass an omnibus appropriations bill for fiscal year 2019, including the Joyce Amendment, causing a shutdown of the federal government. During a federal government shutdown, certain "non-essential" governmental programs are stalled; however,

federal law enforcement and prosecution actions are exempted from furlough, thus Drug Enforcement Administration agents and federal prosecutors are currently operating and without any restriction otherwise imposed by the spending bill regarding interference with the cannabis industry. Accordingly, there can be no assurance that the federal government will not seek to prosecute cases involving medical cannabis business that are otherwise compliant with state law. Further, while the Joyce Amendment is currently included in both the House version and the Senate version of the 2019 omnibus appropriations bill, there can be no assurances that it will be included in final appropriations package.

Under the U.S. Ninth Circuit's Holding in *United States v. McIntosh* (9th Cir. 2016) ("**McIntosh**"), the DOJ is prohibited from spending federal funds to prosecute individuals whose conduct is permitted by and complies with state medical cannabis laws. While the Ninth Circuit's holding is limited in geographic scope, the Corporation's California operations fall under the jurisdiction of the Ninth Circuit where the McIntosh case is legal precedent. The Corporation's operations in California complies with all applicable state cannabis laws, and pursuant to the ruling in McIntosh, the Corporation believes it can assert the ruling as a defense against any federal prosecution. The Corporation and its legal counsel will continue to continuously monitor statements and guidance issued by U.S. federal authorities and prosecutors regarding the risk of enforcement action in each of the jurisdiction where the Corporation, its subsidiaries, NCG and Firefly conduct business (California, Colorado and Washington).

Despite the legal, regulatory, and political obstacles the marijuana industry currently faces, the industry has continued to grow. It was anticipated that the federal government would eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation, production and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco. Given current political trends, however, these developments are considered unlikely in the near-term.

Compliance Practices

The Corporation continuously works with its advisors and legal counsel to ensure that it has an understanding of licensing requirements and the regulatory framework enacted by the applicable U.S. states in which each of its customers operate. Prior to entering into commercial arrangements, the Corporation also completes due diligence procedures and the agreements governing such commercial arrangements will typically contain customary provisions regarding compliance with laws, where applicable.

CONSOLIDATED CAPITALIZATION

The following table sets forth the share capital of the Corporation as at September 30, 2018 before giving effect to the Acquisitions and as at October 31, 2018 before and after giving effect to the Acquisitions. The table should be read in conjunction with, and is qualified in its entirety by, the Corporation's unaudited consolidated financial statements as at and for the period ended September 30, 2018 and the accompanying notes. There have been no material changes in the share capitalization or in the indebtedness of the Corporation since October 31, 2018.

	As at September 30, 2018 before giving effect to the Acquisitions (in thousands)	**As at October 31, 2018 before giving effect to the Acquisitions** (in thousands)	**As at October 31, 2018 after giving effect to the Acquisitions** [4] (in thousands)
Shareholder Equity			
Share Capital[6][7]	$29,300	$29,300	$179,993
Common Shares (unlimited)	92,172	92,172	208,621
Restricted Shares (unlimited)	Nil	Nil	17,500
Preferred Shares (unlimited)	Nil	Nil	Nil
Subscription Receipts[1]	43,999	43,999	Nil
Warrants[2]	16,711	16,711	38,710
Compensation Options[3]	3,854	3,854	3,854
Stock options[5]	3,710	3,710	3,710

Notes:

(1) Subscription Receipts were issued on September 26, 2018 pursuant to the Private Placement. Upon the satisfaction of the Escrow Release Conditions, the Subscription Receipts shall automatically convert into 43,998,590 Common Shares and up to 21,999,295 Warrants. See: "*Plan of Distribution*" and "*Description of Share Capital*".

(2) Represents the February Warrants (13,436,005), the XIB Warrant (3,275,000) and, upon satisfaction of the Escrow Release Conditions, also includes the Warrants issuable upon conversion of the Subscription Receipts (up to 21,999,295). See: "*Plan of Distribution*" and "*Description of Share Capital*".

(3) Includes the February Compensation Options (1,414,177) and the September Compensation Options (2,439,915), as applicable. See: "*Plan of Distribution*" and "*Description of Share Capital*".

(4) Based on the issuance of: (i) 65,000,000 Common Shares and 17,500,000 Restricted Shares in connection with the Organa Brands Acquisition; (ii) 7,450,870 Common Shares in connection with the Firefly Acquisition; and (iii) 43,998,590 Common Shares issuable upon conversion of the Subscription Receipts. Share capital is calculated using the IFRS price of $1.125 per Common Share. Assumes the Escrow Release Conditions have been met. The final breakdown between Common Shares and Restricted Shares for the Acquisitions represents estimates only and are subject to change. See: "*The Acquisitions*", "*Forward-Looking Statements" and* "*Risk Factors*".

(5) See "*Executive Compensation – Stock Option Plan*".

(6) Does not include shares exercisable pursuant to Canopy Warrant as they are only exercisable under certain conditions, into an amount of Common Shares equal to 19.99% of the issued Common Shares as of the date of exercise at a variable price**.** See: "*Prior Sales*".

(7) Does not include the OB Loan, the Firefly Loan, the Purple Note or the remaining USD$2,000,000 obligated to be paid to Green House. See "*Description of the Business – Corporation History*" and "- *Recent Equity Financings, Joint Ventures and Acquisitions".* See also the financial statements of the Corporation attached as Schedule A to this prospectus.

USE OF AVAILABLE FUNDS

Available Funds and Principal Purposes

The Corporation is not raising any funds in connection with the filing of this prospectus and, accordingly, there are no proceeds to be raised by the Corporation pursuant to this prospectus. Upon the satisfaction of the Escrow Release Conditions, the balance of the Escrowed Funds will be released to the Corporation from escrow.

The following table sets forth the principal purposes for which the Corporation proposes to use the total funds available to it upon satisfaction of the Escrow Release Conditions:

	Amount	Total
Maximum cash payable under Organa Brands Acquisition	$26,496,000[(1)]	
Maximum cash payable under Firefly Acquisition	$10,598,400[(1)]	
Transaction costs	$1,500,000	
Estimated cash required to complete Acquisitions		**$38,594,400**
Escrowed Funds[(2)]	$63,929,154	
Remaining 50% Agents' Fee	($1,829,936)	
Expenses and costs relating to this prospectus[(3)]	($1,500,000)	
Net funds raised from Private Placement		**$60,599,218**

Notes:

(1) Cash required to complete the Acquisitions is payable in US dollars. The amounts in the table above have been converted Into Canadian dollars using the Bank of Canada noon exchange rate of January 16, 2019. The actual amount paid may be different depending on the exchange rate in effect at that time. See "*Exchange Rate Information*" and "*Risk Factors – Currency Fluctuations*".

(2) Does not include any interest which may have accrued thereon.

(3) Estimated costs includes costs of: (i) the Agents (including legal costs); (ii) legal counsel to the Corporation; (iii) the auditors with respect to the preparation and audit of the audited financials for the Corporation, Firefly and NCG, and preparation and review of the interim financial statements and pro-forma financial statements; (iv) securities commission and SEDAR filing fees; (v) translation of the prospectus into French; and (vi) other similar incidental costs relating to the foregoing.

Provided the Escrow Release Conditions are met and the balance of the Escrowed Funds are released to the Corporation, the Corporation intends to use the net proceeds of the Private Placement to fund the cash portion of the purchase prices for the Acquisitions. The table below provides a summary of the anticipated costs of the Corporation following the closing of the Acquisitions:

Use of Available Funds	Amount
Payment to Green House Holdings North America[(1)]	$2,649,600
Payment to PowerOne[(2)]	$659,979
General and administrative costs[(3)]	$2,000,000
Total	**$5,309,579**

Notes:

(1) Cash required to complete the Acquisitions is payable in US dollars. The amounts in the table above have been converted into Canadian dollars using the Bank of Canada noon exchange rate of January 16, 2019. The actual amount paid may be different depending on the exchange rate in effect at that time. See "*Exchange Rate Information*" and "*Risk Factors – Currency Fluctuations*".

(2) The Corporation and PowerOne entered into an advisory service agreement pursuant to which, following the satisfaction of the Escrow Release Conditions, the Corporation shall make a cash payment of $659,979 to PowerOne. See also "*Description of the Business – Recent Equity Financings, Joint Ventures and Acquisitions*" and "*Options to Purchase Common Shares – Compensation Options*".

(3) The Corporation anticipates these costs will include: (i) cost relating to the integration of the business acquired; (ii) cost related to the executive compensation consultant to assist with the go-forward compensation and benefits of the Corporation; (iii) costs related to increased salaries, fees and benefits related to entering into employment agreements with employees of Firefly and NCG as well as the NEOs who previously provided services pursuant to an independent consultant relationship. It is anticipated that these costs will be incurred through the next twelve months.

If the Escrow Release Conditions are met, the Corporation intends to use the funds available to it as stated above, however there may be circumstances where, for business and operations reasons, a reallocation of funds may be necessary, as may be determined at the discretion of management. See: "*Risk Factors*".

It is anticipated that all remaining funds available to the Corporation, anticipated to be approximately $16.7 million, will be allocated to expanding the business of NCG and the integration of the current business of the Corporation and Firefly into the distributions channels of NCG in accordance with the stated business objectives below. More specifically, $10.6 million is expected to be allocated for the acquisition of real property, equipment, and other hard assets designed to expand the NCG manufacturing and distribution infrastructure within existing markets. NCG will also use this capital to expand and improve its existing facilities to improve processes and throughput. An additional $4.6 million is expected to be used for the development and support of new product lines, store-in-store marketing initiatives and a loyalty program platform rollout. Finally, $1.5 million has been allocated for additional human capital across NCG to support growth. This includes new sales team divisions to focus on brands specifically, as well as entering new markets. The Corporation believes that the anticipated available funds together with cash flow from operations will be sufficient to achieve the Corporation's objectives over the next twelve months.

In the NCG SPA, NCG has covenanted to prepare and deliver a twelve month operating budget outlining the anticipated monthly expenditures of NCG's business and growth initiatives for the twelve months following closing of the Organa Brands Acquisition.

The Corporation had negative cash flow from operating activities for the 2017 fiscal period and the quarter ended September 30, 2018. The Corporation believes that many of the expenditures that resulted in this negative cash flow were one-time expenses such as impairment on acquisitions and financing costs. Both NCG and Firefly had positive cash flow from operating activities for the three months ended September 30, 2018. The Corporation does not anticipate having to allocate any of the available funds to fund its negative cash flows following completion of the Acquisitions. See "*Risk Factors – History of Net Losses*".

Due to the nature and fast pace of the cannabis industry, budgets are regularly reviewed with respect to the success of expenditures and other opportunities which become available to the Corporation. Accordingly, while it is currently intended by management that the remaining available funds will be expended as set forth above, actual expenditures may differ from these amounts and allocation. See "*Risk Factors – Discretion in the Use of Proceeds*".

Business Objectives and Milestones

The satisfaction of the Escrow Release Conditions (and subsequent closing of the Acquisitions) is the only milestone that must occur for the Corporation's objectives to be accomplished. Following the completion of the Acquisitions, the primary objective of the Corporation will be to continue to identify high value operating entities within the sector and either purchase a controlling equity position, or establish strategic partnerships to help support future growth of those entities. Part of the Corporation's focus over the next 12 months will also be dedicated towards expanding its consumer packaged goods business through product development and expansion of the Corporation's product portfolio following the acquisition of both NCG and Firefly. As the business lines are complimentary, the Corporation sees opportunity and value in integrating Firefly's distribution within the established NCG channels.

The Corporation continues to explore new markets where it is able to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry. Building upon the Corporation's recent acquisitions, the Corporation will continue identifying strategic investments and partnerships to expand the Corporation's network. The Corporation is continually reviewing potential acquisitions and strategic partnerships and joint ventures and it is in the normal course of the Corporation's business to routinely put offers on assets or acquisitions that fit within its business model.

The Corporation also recognizes that it may, from time to time, be required to comply with regulatory bodies. The Corporation will ensure that it has understood the requirements in each market it operates in and will maintain and develop protocols to address compliance. Finally, the Corporation endeavours to develop and maintain the appropriate financial processes to provide transparency to shareholders.

DIVIDEND POLICY

The Corporation has not declared dividends on any of its shares in the past and does not intend to pay any in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Board of Directors and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of dividends and any other factors that the Board of Directors deems relevant.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis for the Corporation for the period from the date of incorporation, May 29, 2017 to December 31, 2017, the eight-month period ended August 31, 2018 and the three and nine month period ended September 30, 2018 and 2017 is included in Schedule A to this prospectus.

Management's discussion and analysis for Firefly for the financial years ended December 31, 2017 and 2016, and the three and nine month period ended September 30, 2018 and 2017 is included in Schedule B to this prospectus.

Management's discussion and analysis for NCG for the financial years ended December 31, 2017 and 2016, and the three and nine month period ended September 30, 2018 and 2017 is included in Schedule C to this prospectus.

DESCRIPTION OF SECURITIES

The Corporation is authorized to issue an unlimited number of Common Shares, an unlimited number of Preferred Shares and an unlimited number of Restricted Shares. As of the date of this prospectus, there are approximately 92,422,028 Common Shares, no Preferred Shares and no Restricted Shares issued and outstanding. However, the Corporation anticipates the issuance of 17,500,000 Restricted Shares to NCG Holders in connection with the Organa Brands Acquisition. See also: "*The Acquisitions – The Organa Brands Acquisition*", "*The Acquisitions – The NCG SPA*", "*The Acquisitions – The Restricted Voting Shares"* and "*Consolidated Capitalization*".

Common Shares

Holders of the Common Shares are entitled to one vote per share at all meetings of the shareholders of the Corporation either in person or by proxy. The holders of Common Shares are also entitled to dividends, if and when declared by the directors of the Corporation and the distribution of the residual assets of the Corporation in the event of a liquidation, dissolution or winding up of the Corporation. The voting, dividend and liquidation rights of the holders of Common Shares are subject to and qualified by the rights, privileges, restrictions and conditions attaching to the Preferred Shares and the Restricted Shares.

The Common Shares rank equally as to all benefits which might accrue to the holders thereof, including the right to receive dividends, voting powers, and participation in assets and in all other respects, on liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other disposition of the assets of the Corporation among its shareholders for the purpose of winding up its affairs after the Corporation has paid out its liabilities. The Common Shares are not subject to call or assessment rights or any pre-emptive or conversion rights. There are no provisions for redemption, purchase for cancellation, surrender or purchase of funds.

Preferred Shares

The Corporation is authorized to issue an unlimited number of Preferred Shares. As of the date hereof, there are no Preferred Shares issued and the Corporation has no current intention to issue any Preferred Shares. Further, no Preferred Shares will be issued without prior shareholder approval.

The Preferred Shares will have, among others, the following special rights and restrictions:

- with respect to payment of dividends and priority in the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the Preferred Shares shall be entitled to preference over the Common Shares and the Restricted Shares;
- holders of the Preferred Shares, in priority to the Common Shares and the Restricted Shares, shall be entitled to receive and the Corporation shall pay thereon, out of the assets of the Corporation properly applicable to the payment of dividends, non-cumulative cash dividends in such amounts as may be determined by the directors of the Corporation;
- in the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among shareholders for the purpose of winding-up its affairs, the holders of the Preferred Shares shall be entitled to receive from the assets of the Corporation a

sum equivalent to the aggregate redemption amount of all of the Preferred Shares held by them before any amount shall be paid, or any assets of the Corporation distributed, to the holders of any Common Shares or Restricted Shares;

- the Corporation may redeem at any time the whole, or from time to time any part, of the then outstanding Preferred Shares on payment of a redemption price per share, plus all declared and unpaid non-cumulative cash dividends thereon;
- any holder of Preferred Shares may, at any time, upon giving notice as hereinafter provided, require the Corporation to redeem at any time the whole or from time to time any part of the Preferred Shares held by that holder by payment of the redemption price for each Preferred Share to be redeemed;
- the per share redemption price for each Preferred Share is subject to a price adjustment clause in the event of particular assessments or reassessments from a governmental taxing authority; and
- the holders of the Preferred Shares shall be entitled to receive notice of and attend any meeting of the shareholders of the Corporation and shall be entitled to one (1) vote in respect of each Preferred Share held at such meetings, except a meeting of holders of a particular class of shares other than the Preferred Shares who are entitled to vote separately as a class at such meeting.

Warrants

The Warrants will be issued pursuant to the Warrant Indenture. The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture, a copy of which has been filed on SEDAR and will be available without charge from the Corporation after such time. A register of Warrant holders will be maintained at the principal offices of Odyssey in Calgary, Alberta.

Each Warrant shall entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of $2.25 until the Expiry Date, subject to the Accelerated Expiry Date.

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

The Warrant Indenture provides for adjustments in the class and/or number of securities issuable upon exercise of the Warrants and/or exercise price per security in the event of the following additional events: (i) reclassifications of the Common Shares or a capital reorganization other than as described above; or (ii) consolidations, amalgamations, plan of arrangements, mergers or other business combination of the Corporation with or into another entity (other than a consolidation, amalgamation, plan of arrangement or merger which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares).

The Corporation covenants in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Common Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

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

From time to time, the Corporation and Odyssey, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by "extraordinary resolution", which is defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 10% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants.

Subscription Receipts

The Subscription Receipts were issued pursuant to and are governed by the Subscription Receipt Agreement. As of the date of this prospectus, the Corporation has 43,998,590 Subscription Receipts issued. The following summary of certain provisions of the Subscription Receipt Agreement does not purport to be complete and is qualified in its entirety by reference to the provisions of the Subscription Receipt Agreement, has been filed on SEDAR and a copy of which may be obtained on request without charge from the Corporation.

Each Subscription Receipt will entitle the holder thereof to receive, upon satisfaction or waiver of the Escrow Release Conditions prior to the Escrow Release Deadline and without payment of additional consideration or further action, one Common Share and one-half of one Warrant, subject to adjustment in accordance with the terms of the Subscription Receipt Agreement.

If the Escrow Release Conditions are not satisfied on or before the Escrow Release Deadline or prior to the Escrow Release Deadline the Corporation advises the Lead Agent or announces to the public that it does not intend to satisfy the Escrow Release Conditions, the Escrowed Funds shall be returned to the holders of the Subscription Receipts on a *pro rata* basis and the Subscription Receipts will be cancelled without any further action on the part of the holders. To the extent that the Escrowed Funds are not

sufficient to refund the aggregate Offering Price paid by the holders of the Subscription Receipts, the Corporation shall be responsible and liable to contribute such amounts as are necessary to satisfy any shortfall. See "*Risk Factors*".

In addition to the foregoing description of the rights of the Subscription Receipts, each holder of the Subscription Receipts is entitled to a contractual right of rescission. For details regarding such right, please see "*Contractual Right of Action for Rescission*".

None of the Subscription Receipts, Common Shares, Warrants or Warrant Shares issuable upon the exercise of the Warrants have been or will be registered under the U.S. Securities Act. The Warrants may not be transferred except: (i) to the Corporation; (ii) outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act; (iii) in accordance with the exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder, if available, and in compliance with any applicable state securities laws; or (iv) in a transaction that does not require registration under the U.S. Securities Act, and in the case of (iii) and (iv), the holder of such Warrant must furnish to the Corporation and Odyssey an opinion of counsel of recognized standing in form and substance satisfactory to the Corporation and Odyssey. The Warrants may not be exercised by any U.S. person, any person in the United States or any person for the account or benefit of a U.S. person except by original purchasers of the Subscription Receipts in certain transactions exempt from the registration requirements of the U.S. Securities Act. The terms "United States" and "U.S. person" have the meanings ascribed to them in Regulation S under the U.S. Securities Act.

OPTIONS TO PURCHASE COMMON SHARES

Options

As of the date of this prospectus, the Corporation has 3,460,000 options issued. See: "*Executive Compensation – Stock Option Plan*."

The Board of Directors has adopted a Stock Option Plan under which options may be granted to the Corporation's directors, officers, employees and consultants. See: "*Executive Compensation – Elements of Compensation Program – Stock Option Plan*." On November 2, 2017, the Board of Directors granted 250,000 options to each of the Corporation's seven board members, at an exercise price of $0.05 per option, and with an expiry date of November 2, 2027. On July 6, 2018, the Board of Directors granted 560,000 options to certain advisors and 850,000 options to certain employees and contractors of the Corporation, at an exercise price of $0.75 per option, and an expiry date of July 6, 2023. The Board of Directors granted an additional 550,000 options to certain advisors of the Corporation, on July 16, 2018, at an exercise price of $0.75 per option and an expiry date of July 16, 2023.

Compensation Options

As of the date of this prospectus, there are 3,854,092 compensation options issued and outstanding.

On February 21, 2018, pursuant to the terms of the February Agency Agreement, the Corporation issued 1,414,177 February Compensation Options to the Agents. Each February Compensation Option entitles the holder thereof to purchase one February Compensation Unit at an exercise price of $0.75 per February Compensation Unit until July 21, 2020. Each February Compensation Unit is comprised of one

Common Share and one-half of one Common Share purchase warrant, each whole warrant entitling the holder thereof to purchase one Common Share at an exercise price of $1.15 until July 21, 2020.

In connection with the closing of the Private Placement, the Corporation issued 2,439,915 September Compensation Options. Each September Compensation Option entitles the holder thereof to purchase one September Compensation Unit at an exercise price of $1.50 per September Compensation Unit until the earlier of (i) the Expiry Date and (ii) January 24, 2021 in the event that the Liquidity Event is not completed by the Escrow Release Deadline. Each September Compensation Unit is comprised of one Common Share and one-half of one September Compensation Warrant. The securities distributable upon exercise of the September Compensation Options are not being qualified under this prospectus.

In December 2018, the Corporation and PowerOne entered into an advisory service agreement pursuant to which, following the satisfaction of the Escrow Release Conditions, the Corporation will issue compensation options that would entitle PowerOne to purchase 439,985 units of the Corporation and make a cash payment to PowerOne of $659,979. The terms and conditions of the compensation options issuable to PowerOne will be substantially similar to the September Compensation Options. See also *"Description of the Business – Recent Equity Financings, Joint Ventures and Acquisitions*".

PRIOR SALES

The following table summarizes details of the securities issued by the Corporation during the 12-month period prior to the date of this prospectus.

Date of Issuance	Description of Transaction[(1)]	Price/Exercise Price per Security ($)	Number of Securities
February 20, 2018	Issuance of Common Shares[(2)]	$0.75	750,000
February 20, 2018	Issuance of Common Shares[(3)]	$0.05	750,000
February 20, 2018	Issuance of Common Shares[(4)]	$0.05	3,000,000
February 21, 2018	Private Placement of February Special Warrants[(5)]	$0.75	22,393,366
February 21, 2018	Issuance of February Compensation Options[(6)]	$0.75	1,414,177
March 1, 2018	Issuance of Warrants[(7)]	$0.75	3,275,000
March 20, 2018	Issuance of Common Shares[(8)]	$0.75	2,000,000
April 30, 2018	Issuance of Common Shares in connection with acquisition of Purple Org[(9)]	$0.05	10,000,000
July 6, 2018	Issuance of Employee, Contractor and Advisor Options[(10)]	$0.75	1,410,000
July 16, 2018	Issuance of Advisor Options[(11)]	$0.75	550,000
July 23, 2018	Issuance of the February Warrants, on the conversion of the February Special Warrants[(5)]	$1.15	13,436,005
July 23, 2018	Issuance of Common Shares, on the conversion of the February Special Warrants [(5)]	$0.75	26,872,028
August 3, 2018	Issuance of Common Shares in Connection with Green House Transaction[(12)]	$0.75	10,000,000
September 26, 2018	Private Placement of Subscription Receipts[(13)]	$1.50	43,998,590
September 26, 2018	Issuance of September Compensation Options[(13)]	$1.50	2,439,915

Date of Issuance	Description of Transaction[(1)]	Price/Exercise Price per Security ($)	Number of Securities
December 21, 2018	Issuance of Common Shares upon Exercise of Options[(14)]	$0.05	250,000

Notes:

(1) This table does not include the Canopy Warrant. See "*Description of the Business – Corporation History*".
(2) Issuance of 750,000 Common Shares to XIB Consulting Inc. pursuant to the terms of a financial advisory agreement.
(3) Issuance of 750,000 Common Shares to PowerOne pursuant to the terms of a financial advisory agreement. See *"Description of the Business – Recent Equity Financings, Joint Ventures and Acquisitions"*.
(4) Issuance of 3,000,000 Common Shares to NCG in connection with a share exchange agreement. See *"Description of the Business – Recent Equity Financings, Joint Ventures and Acquisitions"*.
(5) Each special warrant entitled the holder thereof to acquire, upon automatic exercise thereof and as a result of the penalty provisions attached thereto, 1.2 units. Each unit consisted of one Common Share and one-half of one February Warrant. As a result of penalty provisions attached to the special warrants, the special warrants automatically converted into 26,872,028 Common Shares and 13,436,005 February Warrants effective July 21, 2018 (shares were issued on July 23, 2013 since July 21, 2018 was a Saturday). Zack Zeldin, former director of the Corporation, purchased 25,000 February Special Warrants, representing 0.11% of the private placement. No other insiders of the Corporation participated in the private placement of February Special Warrants.
(6) Each February Compensation Option entitles the holder thereof to purchase one (1) February Compensation Unit at an exercise price of $0.75 per February Compensation Unit until July 21, 2020. See: "*Options to Purchase Common Shares – Compensation Options*".
(7) The warrants issued to XIB Consulting Inc. entitle it to acquire one Common Share at an exercise price of $0.75 until the later off: (i) September 30, 2020 or (ii) the Expiry Date. See: "*Description of the Business – Corporation History*".
(8) Issuance of 2,000,000 Common Shares to NSH in connection with an investment in each of NCG, NSH, and ACG. See: *"Description of the Business – Recent Equity Financings, Joint Ventures and Acquisitions"*.
(9) The Corporation also issued the Purple Note in connection with the acquisition of Purple Org, which is convertible into Common Shares at a conversion price of CDN$0.20 per Common Share. See: *"Description of the Business – Corporation History*".
(10) Each employee, contractor and advisor option entitles the holder thereof to purchase one Common Share at an exercise price of $0.75 until July 6, 2023.
(11) Each advisor option entitles the holder thereof to purchase one Common Share at an exercise price of $0.75 until July 16, 2023.
(12) Issuance of Common Shares in connection with Green House Transaction. See: *"Description of the Business – Recent Equity Financings, Joint Ventures and Acquisitions"*.
(13) Each Subscription Receipt entitles the holder thereof to receive, upon satisfaction or waiver of the Escrow Release Conditions prior to the Escrow Release Deadline one Common Share and one-half of one Warrant. This prospectus qualifies the distribution of the Common Shares and Warrants issuable upon the automatic conversion of the Subscription Receipts upon satisfaction of the Escrow Release Conditions. Kelly Ehler, the CFO of the Corporation, subscribed for 13,500 Subscription Receipts for an aggregate purchase price of $20,250, representing 0.03% of the Private Placement. No other insiders of the Corporation participated in the Private Placement. See: *"Plan of Distribution"* and *"Description of Securities – Subscription Receipts"*.
(14) Exercise of options held by a former director of the Corporation, pursuant to a grant made on November 2, 2017. See "*Options to Purchase Common Shares – Options*".

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The provisions of NP 46-201, relating to the escrow of securities held by principals of issuers, is not applicable where the issuer qualifies as an "exempt issuer". As the Corporation currently has a market capitalization of at least $100 million, the Corporation is an exempt issuer, as defined in NP 46-201. The Corporation has received confirmation from the CSE that the Corporation's securities are not expected to be escrowed pursuant to NP 46-201. Accordingly, as at the date of this prospectus, there are no securities of the Corporation expected to be subject to statutory escrow restrictions.

Voluntary Lock-Ups

In connection with the Private Placement, the directors and officers of the Corporation and the vendors in each of the Organa Brands Acquisition and Firefly Acquisition have agreed to enter into lock-up agreements (the "**Lock-Ups**") if the Corporation is considered to be an exempt issuer under NP 46-201 or otherwise exempt from the escrow requirements of NP 46-201. Pursuant to the Lock-Ups the shareholders may not sell, transfer, pledge or otherwise dispose of any securities of the Corporation until 180 days after the date on which the Common Shares are listed on the CSE (the "**Listing Date**") without the prior consent of the Lead Agent (such consent not to be unreasonably withheld), subject to customary and other exclusions to be set forth in the Lock-Ups.

In addition, certain holders of Common Shares holding an aggregate of 28,300,000 Common Shares have entered into lock-up agreements (the "**Shareholder Lock-Ups**"). Pursuant to the Shareholder Lock-Ups, such shareholders may not sell, transfer, pledge or otherwise dispose of any securities of the Corporation held thereby (the "**Locked-Up Shares**") until 120 days after the Listing Date without the prior consent of the Corporation (such consent not to be unreasonably withheld), subject to customary exclusions, provided that:

- 10% of the Locked-Up Shares shall cease to be subject to the Shareholder Lock-Up on the Listing Date;
- 30% of the Locked-Up Shares shall cease to be subject to the Shareholder Lock-Up on the date that is 60 days following the Listing Date;
- 30% of the Locked-Up Shares shall cease to be subject to the Shareholder Lock-Up on the date that is 90 days following the Listing Date; and
- 30% of the Locked-Up Shares shall cease to be subject to the Shareholder Lock-Up on the date that is 120 days following the Listing Date.

PRINCIPAL SHAREHOLDERS

As of the date of this prospectus, no person beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to Common Shares, except for the following:

Name [3]	Number of Common Shares Owned [4]	Percentage of Outstanding Shares as of the date of this prospectus	Percentage of Outstanding Shares upon satisfaction of the Escrow Release Conditions
Peter W. J. Miller[1]	21,500,000	23.33%	9.52%
Green House[2]	10,000,000	10.85%	4.43%

Notes:

(1) Peter W. J. Miller also holds 250,000 stock options in the Corporation, see "*Executive Compensation – Stock Option and Other Compensation Securities*". Peter W. J. Miller beneficially owns, controls, or directs, directly or indirectly, the listed number of shares through the following: (i) Peter Miller Enterprises Inc., which owns (A) 3,000,000 Common Shares, and (B) 50% interest in Green House, which owns 10,000,000 Common Shares; (ii) The Purple Company Inc., which owns 8,500,000 Common Shares. The Purple Company Inc. also has the right to convert the principal amount outstanding under the Purple Note into Common Shares. See "*Description of the Business – Recent Equity Financings, Joint Ventures and Acquisitions*" and "*Directors and Officers – Conflicts of Interest*".

(2) Peter Miller Enterprises Inc. owns 50% of the shares of Green House. The Common Shares held by Green House are included in both Mr. Miller's holdings and the holdings of Green House. See also "*Directors and Officers – Conflicts of Interest*".

(3) The Common Shares identified in this table does not include shares exercisable pursuant to the Canopy Warrant. As of the date hereof, the Canopy Warrant, if and when exercisable, shall be exercisable at exercise prices varying from a nominal amount to $1.50 per Common Share for approximately 32 million Common Shares (subject to adjustment). See "*Description of the Business – Corporation History*".

(4) As of the date of this prospectus, no Restricted Shares have been issued. The Corporation anticipates the issuance of Restricted Shares only to NCG Holders in connection with the Organa Brands Acquisition. However, none of the NCG Holders will qualify as principal shareholders following such issuances. See also: "*The Acquisitions - The Organa Brands Acquisition*" and "*Consolidated Capitalization*".

DIRECTORS AND OFFICERS

The following table sets out, for each of the directors and executive officers of the Corporation, the person's name, age, province or state and country of residence, position with the Corporation, principal occupation and, if a director, the date on which the person became a director. Our directors are expected to hold office until the next annual general meeting of shareholders. Directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders. As a group, the directors and executive officers beneficially own, or control or direct, directly or indirectly, a total of 27,835,252 Common Shares, representing 16.6% of the Common Shares outstanding upon satisfaction of the Escrow Release Conditions. See "*Principal Shareholders*" for additional details regarding Peter W. J. Miller's share ownership.

Directors and Executive Officers

Name, Province or State and Country of Residence	Age	Position Held	Director/ Executive Officer Since	Principal Occupation for the 5 Preceding Years[6]
Peter W. J. Miller [(1)(3)(5)] Toronto, Ontario, Canada	32	Chief Executive Officer and Director	2017	Esri Canada, Corporate Strategy (May 2011 – Present), Mettrum Health Corp., Executive VP (Jul 2014 – Dec 2015), Agripharm, CEO (Nov 2017 – Present), SLANG, CEO (May 2017 – Present)
William Levy [(5)] Boynton Beach, Florida, USA	37	President and Director	2017	Self-employed, Consultant (May 2013 – Present), SLANG, President (May 2017 – Present)
Kelly Ehler Aurora, Ontario, Canada	56	Chief Financial Officer	2018	Corporate Finance Outsource Inc., President (May 2002 to Present)
Chris Driessen [(4)(5)] Denver, Colorado, USA	40	Director	2017	NCG, ACG and NSH, President (Mar 2014 – Present); Konica Minolta Business Solutions, Sales Manager (Dec 2010 – Mar 2014)
Colin Baden [(4)] Concord, Massachusetts, USA	56	Director	2018	One Icon Design, LLC, Owner (May 2015 – Present); Oakley, Inc., CEO (Feb 1997 – May 2015)
Keith Stein [(1)(2)] Toronto, Ontario, Canada	55	Director	2017	Dentons Canada LLP, Counsel (2014 – Present); Heenan Blaikie LLP, Counsel (2008 – 2014)

Name, Province or State and Country of Residence	Age	Position Held	Director/ Executive Officer Since	Principal Occupation for the 5 Preceding Years[6]
Olaf van Tulder Amsterdam, Netherlands	46	Director	2017	GHSC Trading BV, CEO (Jan 2005 – Present); Kelso BV, CEO and Owner, (Jan 2011 – Present)
William Stocks [(1)] Minneapolis, Minnesota, USA	64	Director	2018	Cineplex/WorldGaming, GM and CEO, (May 2016 – Present); WorldGaming/Virgin, EVP, (February 2010 – April 2016).
Mikel Rutherford Millbrook, Ontario, Canada	34	VP Finance	2018	SLANG Worldwide, VP Finance (Jan 2018 – Present); Agripharm Corp., Director of Finance (Jan 2018 – Present); LiveCA LLP, Senior Manager (Jul 2015 – Dec 2017); Lynch Rutherford Tozer, Senior Accountant (Jan 2011 – Jul 2014)

Notes:

(1) Audit committee member.
(2) Audit committee chair.
(3) Chairman of the board.
(4) Upon closing of the Organa Brands Acquisition, Messrs. Colin Baden and Chris Driessen shall be the initial nominees for the Board of Directors, pursuant to the Investor Rights Agreement.
(5) Messrs. Peter W. J. Miller, William Levy and Chris Driessen are not independent directors, as they also serve as Chief Executive Officer of the Corporation, President of the Corporation and President of NCG, respectively. See also: "*Corporate Governance – Board of Directors*".
(6) See also "*Directors and Officers – Conflicts of Interest"*

Biographies

The following are brief profiles of our executive officers and directors, including a description of each individual's principal occupation within the past five years. See also "*Directors and Officers – Conflicts of Interest*".

Peter W. J. Miller, Chief Executive Officer and Director

Peter W. J. Miller is a co-founder, the CEO, and a director for the Corporation. Mr. Miller is a cannabis industry veteran with over 10 years of experience with agricultural, operational, and technological aspects of operating in the sector. He is also the co-founder of Mettrum Health Corp., which, in 2017, was sold to Canopy Growth Corporation for aggregate consideration of approximately $430,000,000. At the time, Mettrum Health Corp. was a leading licensed producer and vendor of medical cannabis. In addition, through its wholly-owned subsidiary Mettrum Hempworks, Mettrum Health Corp. also is a licensed producer and distribution of industrial cannabis (hemp) products, including Mettrum Health Corp.'s functional food line, Mettrum Originals™, under the then *Industrial Hemp Regulations* (Canada) issued pursuant to the *Controlled Drugs and Substances Act* (Canada). Mr. Miller is not an independent director, as he also serves as Chief Executive Officer of the Corporation. Mr. Miller is also the Chief Executive Officer of Agripharm. See also: "*Corporate Governance – Board of Directors*".

Mr. Miller pursued a Bachelor of Fine Arts degree from Ryerson University and a Bachelor of Commerce degree from Ryerson University.

William Levy, President and Director

William “Billy” Levy is a co-founder, the President, and a director for the Corporation. Mr. Levy is an entrepreneur with a track record of successful exits in the past decade. He is a co-founder of Mettrum Health Corp. along with Mr. Miller (additional details about Mettrum Health Corp. appear above in Mr. Miller’s biography). Mr. Levy is also a co-founder of Virgin MEGA (acquired by NIKE, Inc. June 2016) with Sir Richard Branson and WG Ltd, formerly named Virgin Gaming (acquired by Cineplex Inc. in 2015), again with Sir Richard Branson. Mr. Levy is not an independent director, as he also serves President of the Corporation. See also: “*Corporate Governance – Board of Directors*”.

Mr. Levy holds a Bachelor of Arts degree in business and marketing from Florida Atlantic University.

Kelly Ehler, Chief Financial Officer

Kelly Ehler is a Chartered Accountant and former auditor with PWC and banker with Bank of Montreal. He has sat on various public company corporate boards and board committees including additional roles as Audit Committee Chairman. He has led many companies, from start-ups to billion dollar public companies, as CFO in a variety of industries and countries. His experience covers debt financing, due diligence, acquisitions and dispositions, audits, consolidations, multi jurisdiction entities and multijurisdictional public companies. Mr. Ehler’s public company experience covered many capacities and positions including CEO, COO, VP and CFO.

Mikel Rutherford, VP Finance

Mikel Rutherford is a CPA, CA with over 10 years of both public and private accounting experience, planning and managing the financial strategy of emerging companies. In addition to working with SLANG, he is currently the Director of Finance of Agripharm. Mr. Rutherford has a history of being able to bring a structured approach to growing companies to facilitate fast-paced growth.

Mr. Rutherford has a graduate diploma in accounting from Wilfred Laurier University and a Bachelor of Commerce degree from the University of Guelph.

Colin Baden, Director

Colin Baden currently manages One Icon Design, LLC, a product and innovation consultancy firm, located in Washington State.

Prior to One Icon Design, LLC, Mr. Baden spent 6 years as CEO of Oakley, Inc., a subsidiary of Luxottica Group SpA based in Milan. Mr. Baden’s affiliation with Oakley began in the early 1990s, working on both private and corporate projects for the founder, Mr. Jim Jannard. In 1996, Mr. Baden officially joined Oakley, Inc. full time as Director of Design, becoming Oakley, Inc.’s Vice President of Design within a year. He was then promoted to President in 1999. Mr. Baden became CEO in August of 2009.

Mr. Baden grew up on Orcas Island in the Pacific Northwest and graduated from the University of Washington with a Bachelor of Arts in Architecture in 1984. He completed his Master’s Degree in Architecture from the University of Arizona in 1987. Mr. Baden began his architecture and design career when he joined Lewis Nelson Architects in Bellevue, Washington where he later became a Managing Partner.

Mr. Baden is a Founding Partner of the Infinite Hero Foundation; a Founding Legacy Partner of the Irvine Public Schools Foundation; a Founding Society Member of Team Kids; and he has also served on the Board of the Medici Foundation. Mr. Baden has also been a long-time supporter of many other non-profits, such as Human Options, The Illumination Foundation, the Orangewood Foundation, Working Wardrobes, and the Fun House Commons on Orcas Island. Mr. Baden is an independent director of the Corporation. See also: "*Corporate Governance – Board of Directors*".

Chris Driessen, Director

Chris Driessen is the President of NCG, ACG and NSH, which collectively carry on business under the trademark "Organa Brands," all while remaining separate businesses. Organa Brands develops and markets leading cannabis brands and is responsible for popularizing the 510 thread vaporizer pen with the launch of its O.penVape product line in 2012. Prior to his work with Organa Brands, Mr. Driessen held senior sales positions with Starwood Hotels & Resorts and Konica Minolta Business Solutions. Mr. Driessen is not an independent director, as he also serves as President of NCG. See also: "*Corporate Governance – Board of Directors*".

Mr. Driessen has a Bachelor of Arts degree in public relations that he completed at Texas Tech University and the University of North Texas.

Keith Stein, Director

Keith Stein joined Dentons Canada LLP as Counsel in 2014 after serving as Counsel at Heenan Blaikie LLP from 2008 until February 2014. From 1994 to 2008, he was a senior executive with Magna International Inc. reporting to the Chairman, Frank Stronach and continued to act as a consultant reporting to the Executive Vice-Chairman until November 2010. Prior to becoming a consultant, Mr. Stein held the position of Senior Vice-President of Corporate Affairs at Magna. Before joining Magna, Mr. Stein was Senior Corporate Counsel for Toyota Canada and Toyota Credit Canada. Mr. Stein has been a board member of various publicly listed companies. Mr. Stein is an independent director of the Corporation. See also: "*Corporate Governance – Board of Directors*".

Mr. Stein is a graduate of Osgoode Hall Law School and was called to the Bar in Ontario in 1989.

William Stocks, Director

William "Wim" Stocks has been a respected leader in interactive and online gaming since 1990. From 2001 to 2006, Mr. Stocks was Executive Vice President of the "new" Atari Inc. (a roll-up and amalgam of Hasbro Interactive, Infogrames Entertainment, SA, and GT Interactive), leading and managing one of the most broad-reaching interactive entertainment publishing networks in the world. In 2006, Mr. Stocks started an entrepreneurial online gaming publishing business named Elephant Entertainment Inc., assuming the role of President and COO. In March 2008, the leading games publisher THQ Inc. purchased Elephant and Mr. Stocks assumed the role of Executive Vice President and leader of the online gaming division and initiatives. In 2010, Mr. Stocks was recruited to join the executive management team of Virgin Gaming (now WG Ltd) as Executive Vice President. In this role, Mr. Stocks helped launch the company and platform in 2010, as well as developed strategic investor, technology, game publisher, retailer, and other brand partnerships. In April 2016, Mr. Stocks was named CEO of WG Ltd and Collegiate StarLeague, which was acquired by Cineplex Inc. in the Fall of 2015 (a leading movie theater operator having diversification into gaming, food/beverage, and other aligned entertainment and

digital media businesses), and is presently leading the esports business, strategy, initiatives, and programs for the company.

Mr. Stocks currently serves as COO of the International eGames Committee & Board of Directors, is an Advisor to the Special Olympics International, is a Board Member of National Public Radio's 'Marketplace' programming, and is also a Trustee and on the Board of Directors of the Walker Art Center in Minneapolis. Mr. Stocks is also Chairman of the Board of HPPS Ltd (a restaurant and real-estate holding company based in Minneapolis), and has also served on the boards of Allina/Abbott Northwestern Hospital, the Sister Kenny Rehabilitation Institute, and the Minneapolis Institute of Arts. Mr. Stocks is an independent director of the Corporation. See also: "*Corporate Governance – Board of Directors*".

Olaf van Tulder, Director

Olaf van Tulder is the CEO of GHSC Trading BV, a world-renowned, cannabis-focused Dutch conglomerate. Olaf has over 25 years of experience in the global cannabis industry and has built an expertise developing and launching premier cannabis brands, including Green House Feeding, an award-winning plant nutrient company that is specifically designed for cannabis cultivation. In addition to Mr. van Tulder's contributions to the cannabis industry, he serves as CEO of 2Connect Consultancy, a leading supply-chain management consulting firm. Mr. van Tulder is an independent director of the Corporation. See also: "*Corporate Governance – Board of Directors*".

Corporate Cease Trade Orders

On April 1, 2013, the British Columbia Securities Commission issued a cease trade order in respect of Monarca Minerals Inc. (formerly, Oremex Silver Inc.), a company which Keith Stein was a director of, for failure to file its financial statements and accompanying management's discussion and analysis for the period ended November 30, 2013. On June 3, 2014, the British Columbia Securities Commission issued a further cease trade order in respect of Monarca Minerals Inc. for failure to file its financial statements and accompanying management's discussion and analysis for the period ended February 28, 2014. Additionally, the Alberta Securities Commission issued a cease trade order on September 2, 2014 in respect of the foregoing and in respect to Monarca Minerals Inc.'s subsequent failure to file its financial statements and accompanying management's discussion and analysis for the period ended May 31, 2014. The cease trade orders were lifted on February 9, 2016. No other directors or executive officers have, within the 10 years prior to the date of this prospectus, been a director, chief executive officer or chief financial officer of any company (including the Corporation) that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity) was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days.

Corporate Bankruptcies

None of the Corporation's directors, executive officers or shareholders holding a sufficient number of securities to affect materially the control of the Corporation, has, within the 10 years prior to the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or comprise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, been a director or executive officer of any company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or

insolvency or was subject to or instituted any proceedings, arrangement or comprise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No director or executive officer of the Corporation or shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation has:

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

Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Corporation also holding positions as directors or officers of other companies. Such persons also invest and may invest in businesses, including in the cannabis sector, that compete directly or indirectly with the Corporation or act as customers or suppliers of the Corporation. Some of the individuals that are directors and officers of the Corporation have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Corporation will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies provided under applicable laws.

To the best of the Corporation's knowledge, other than as disclosed below and elsewhere in this prospectus, there are no known existing or potential material conflicts of interest among the Corporation or a subsidiary of the Corporation and a director or officer of the Corporation or a subsidiary of the Corporation as a result of their outside business interests except that: (i) certain of the Corporation's or its subsidiaries' directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Corporation and their duties as a director or officer of such other companies, and (ii) certain of the Corporation's or its subsidiaries' directors and officers have portfolio investments consisting of minority stakes in businesses that may compete directly or indirectly with the Corporation or act as a customer of, or supplier to, the Corporation.

The following chart identifies each director and officer of the Corporation and their respective conflict of interest:

Name of Director or Executive Officer	Description of Conflict(s) of Interest
Peter W. J. Miller, Chief Executive Officer and Director[(1)]	Pine River Consulting Ltd. is owned by The Purple Company Inc., which is owned by Peter Miller Enterprises, which is partially owned and fully controlled by Mr. Miller. Agripharm Corp. is 40% owned by Green House. Mr. Miller is the Chief Executive Officer of Agripharm Corp. Peter Miller Enterprises is owned and controlled by Mr. Miller. Green House is 50% owned by Peter Miller Enterprises, which is owned and controlled by Mr. Miller. The Purple Company Inc. is owned by Peter Miller Enterprises, which is

Name of Director or Executive Officer	Description of Conflict(s) of Interest
	owned and controlled by Mr. Miller.
Kelly Ehler, Chief Financial Officer	None
William Levy, President and Director(1)	Mr. Levy is a director of Green House.
William Stocks, Director	None
Colin Baden, Director	None
Olaf van Tulder, Director	Mr. van Tulder is a director of Green House.
Keith Stein, Director	None
Chris Driessen, Director(1)	Mr. Driessen is a shareholder of NCG, ACG and NSH.
	Mr. Driessen is currently indebted to NCG in the aggregate amount of USD$500,000 which is secured against 106,530 shares of common stock of NCG. NCG has agreed to cancel the loan as part of executive compensation payable to Mr. Driessen upon the closing of the Organa Brands Acquisition.
Mikel Rutherford, VP Finance	Mr. Rutherford is the Director of Finance of Agripharm.

Notes:

(1) Messrs. Peter W. J. Miller, William Levy and Chris Driessen are not independent directors, as they also serve as Chief Executive Officer of the Corporation, President of the Corporation and President of NCG, respectively. See also: "*Corporate Governance – Board of Directors*".

Due Diligence Measures for Related Party Transactions

The following is a summary of the due diligence performed by the Corporation with respect to each of the Corporation's transactions with related parties.

Acquisition of Purple Org – The Corporation retained legal counsel, both in Canada and in Colorado, to assist with the acquisition of Purple Org, including with respect to the drafting of the definitive agreement and the Purple Note. The definitive agreement in respect of the acquisition contains representations, warranties, covenants and indemnities in favour of the Corporation as would be customary for a transaction of this nature. In addition, the Corporation and its counsel performed financial and legal due diligence on Purple Org, including a review of historical financial information, contracts and title searches. In addition, members of the Corporation's management team performed site visits of the property owned by Purple Org. Peter W. J. Miller declared a conflict of interest with respect to the acquisition. See also "*Directors and Officers – Conflicts of Interest*". Mr. Miller was not involved with negotiating the terms of the acquisition on behalf of the Corporation and did not have influence on the due diligence review conducted by or on behalf of the Corporation. The non-conflicted members of the Board held an *in camera* session to consider the acquisition and ultimately approved it on the basis that it was in the best interests of the Corporation. The deemed value of the Common Shares issued to the vendor pursuant to the terms of the acquisition were determined by the non-conflicted directors to be equal to $0.05 per Common Share, being the same issue price as was used in the Corporation's then most recently completed arm's-length financing. No third party valuations were obtained as part of the due diligence process.

Pine River Note – The Corporation retained counsel, both in Canada and in the United States, to assist with the entering into of the Pine River Note. The Pine River Note was drafted by the Corporation's counsel and is in a form customary for instruments of this nature and includes covenants and indemnities in favour of the Corporation. In addition, the Corporation performed financial and legal due diligence on Pine River. Upon the transaction being initially proposed, Peter W. J. Miller declared a conflict of interest with respect to the Pine River Note. See also "*Directors and Officers – Conflicts of Interest*". Mr. Miller was not involved with negotiating the terms of the Pine River Note on behalf of the Corporation and did

not have influence on the due diligence review conducted by or on behalf of the Corporation. The non-conflicted members of the Board held an *in camera* session to consider the Pine River Note and ultimately approved it on the basis that it was in the best interest of the Corporation.

Green House Transaction – On July 9, 2018, the Corporation entered into a rights agreement with Green House pursuant to which the Corporation has the right to licence certain intellectual property of Green House. The Corporation retained counsel to assist with the Green House Transaction, including with respect to the drafting of the rights agreement. In addition, the Corporation performed due diligence as would be customary for an agreement of this nature. Upon the transaction being initially proposed, each of Peter W. J. Miller, William Levy and Olaf van Tulder declared a conflict of interest with respect to the Green House Transaction. See also "*Directors and Officers – Conflicts of Interest*". The non-conflicted members of the Board held an *in camera* session to consider the Green House Transaction and ultimately approved it on the basis that it was in the best interest of the Corporation. The deemed value of the Common Shares issued to Green House pursuant to the terms of the Green House Transaction were determined by the non-conflicted directors to be equal to $0.75 per Common Share, being the same issue price as was used in the Corporation's most recently completed arm's-length financing. No third party valuations were obtained as part of the due diligence process.

Organa Brands Acquisition – The Corporation retained counsel, both in Canada and the United States, to assist with the Organa Brands Acquisition, including with respect to the drafting of the NCG SPA, the ACG Option, the NSH Option and the Investor Rights Agreement. The Corporation also retained independent tax advisors to help with cross-border tax structuring matters. The NCG SPA contains representations, warranties, covenants and indemnities in favour of the Corporation as would be customary for a transaction of this nature. In addition, the Corporation and its counsel performed financial and legal due diligence on NCG, NSH and ACG, including a review of historical financial information, contracts, intellectual property, regulatory matters, employment matters, tax matters and litigation matters. Members of the Corporation's management team performed site visits of the operations of NCG, NSH and ACG. In addition, the Agents and the Agents' legal counsel performed certain legal due diligence on each of NCG, NSH and ACG, including conducting due diligence sessions with members of NCG, ACG and NSH management and at which the Corporation and the Corporation's counsel were also present, in connection with the Private Placement. Upon the transaction being initially proposed, Chris Driessen declared a conflict of interest with respect to the Organa Brands Acquisition. Mr. Driessen was not involved with negotiating the terms of the Organa Brands Acquisition on behalf of the Corporation and did not have influence on the due diligence review conducted by or on behalf of the Corporation or the Agents. See also "*Directors and Officers – Conflicts of Interest*". The non-conflicted members of the Board held an *in camera* session to consider the Organa Brands Acquisition and ultimately approved it on the basis that it was in the best interest of the Corporation. The deemed value of the Common Shares and Restricted Shares to be issued to the NCG Holders pursuant to the terms of the NCG SPA were determined by the non-conflicted directors to be equal to $0.75 per Common Share, being the same issue price as was used in the Corporation's then most recently completed arm's-length financing at the time the terms of the Organa Brands Acquisition were initially agreed upon. No third party valuations were obtained as part of the due diligence process.

Advance Notice By-law

The by-laws of the Corporation include advance notice provisions for the election of directors of the Corporation. The advance notice provisions require advance notice by any shareholder who intends to nominate any person for election as a director of the Corporation.

Among other things, the advance notice provisions set a deadline by which such shareholders must notify the Corporation in writing of an intention to nominate directors prior to any meeting of shareholders at which directors are to be elected and set forth the information that the shareholder must include in the notice for it to be valid.

In the case of an annual meeting of shareholders, notice to the Corporation must be made not less than 30 days prior to the date of the annual meeting; provided, however, that if the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

EXECUTIVE COMPENSATION

The Corporation has not been a reporting issuer at any time during the period from incorporation until December 31, 2017. As an "IPO Venture Issuer" in accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, the following is a discussion of all significant elements of compensation to be awarded to, earned by, paid to or payable to directors and NEOs, once the Corporation becomes a reporting issuer, to the extent this compensation has been determined. Notwithstanding that the Corporation has not been a reporting issuer at any time prior to the date of this prospectus, the following disclosure also contains a summary of compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the directors and NEOs for the most recently completed financial years.

In this section, NEO means (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer, (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer, (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the chief executive officer and the chief financial officer at the end of the most recently completed financial year whose total compensation was more than $150,000, as determined in accordance with Form 51-102F6V, and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year. For the purposes of this prospectus, as of the date of this prospectus, the Corporation had three NEOs, namely:

- Peter W. J. Miller, Chief Executive Officer
- Kelly Ehler, Chief Financial Officer
- William Levy, President

Compensation Discussion and Analysis

The Corporation operates in a dynamic and rapidly evolving market. To succeed in this environment and to achieve its business and financial objectives, the Corporation must attract, retain and motivate a highly talented team of executive officers. The Corporation expects its team of executive officers to possess and demonstrate strong leadership and management capabilities, as well as foster a pioneering culture, which is at the foundation of the Corporation's success and remains a pivotal part of everyday operations. The Compensation Committee is responsible for assisting the Board in fulfilling its governance and supervisory responsibilities, and overseeing the human resources, succession planning, and compensation policies, processes and practices. The Compensation Committee is also responsible for ensuring that the compensation policies and practices provide an appropriate balance of risk and reward consistent with the risk profile. The Board has adopted a written charter for the Compensation Committee setting out its responsibilities for administering the compensation programs and reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to the directors and officers. The Compensation Committee's oversight includes reviewing objectives, evaluating performance and ensuring that total compensation paid to the executive officers and various other key employees is fair, reasonable and consistent with the objectives of the philosophy and compensation program.

Our Compensation Committee is required to evaluate the Corporation's compensation programs as circumstances require and on an annual basis. As part of this evaluation process, the Compensation Committee is guided by the philosophy and objectives outlined above, as well as other factors which may become relevant, such as the cost to the Corporation if it were required to find a replacement for a key employee. The Corporation has hired a third-party independent compensation consultant to advise the Board and the Compensation Committee as to compensation levels and practices within market norms for a company of similar business, size and growth and also with respect to matters related to executive compensation.

Our compensation practices are designed to retain, motivate and reward our executive officers for their performance and contribution to our long-term success. The Compensation Committee seeks to compensate executive officers by combining short-term and long-term cash and equity incentives. It also seeks to reward the achievement of corporate and individual performance objectives and to align executive officers' incentives with the Corporation's performance. The Compensation Committee seeks to tie individual goals to the area of the executive officer's primary responsibility. These goals may include the achievement of specific financial or business development goals. Corporate performance goals are based on financial performance of the Corporation during the applicable financial year.

In order to achieve its growth objectives, attracting and retaining the right team members is critical. A key part of this is a well-thought out compensation plan that attracts high performers and compensates them for continued achievements. Many of the Corporation's team members will participate in the Stock Option Plan and RSU Plan, driving retention and ownership. Communicating clear and concrete criteria and process for merit-based increases and bonuses will also motivate the entire team to achieve individual and corporate goals.

As the Corporation transitions from being a privately-held company to a publicly-traded company, it will continue to evaluate our compensation philosophy and compensation program as circumstances require and plan to continue to review compensation on an annual basis.

Following satisfaction of the Escrow Release Conditions, employment agreements with Peter W.J. Miller and William Levy will come into effect. Our executive compensation will consist primarily of three elements: (a) base salary; (b) short-term incentives; and (c) long-term incentives. Kelly Ehler is currently compensated pursuant to the terms of the Ehler Agreement. See: "*Executive Compensation – Employment, Consulting and Management Agreements*".

Compensation of Named Executive Officers

Since inception, all the NEOs have provided services to the Corporation on a contract basis as invoiced by the contractor, and none of the NEOs are currently employees of the Corporation. However, upon the satisfaction of the Escrow Release Conditions, employment agreements which have been negotiated with two of our NEOs (Peter W.J. Miller and William Levy) will come into effect.

The following table sets forth the compensation to the NEOs paid by the Corporation from incorporation (May 29, 2017) to December 31, 2017 and by the Corporation for the year ended December 31, 2018.

Name and position	Year	Salary, consulting fee, retainer or commission ($)	Bonus ($)[2]	Share-Based Awards ($)[3]	Option-Based Awards ($)	Value of all other compensation ($)	Total compensation ($)[1]
Peter W. J. Miller *CEO and Director*	2017	75,000	Nil	Nil	122,114	Nil	197,114
	2018	150,000	Nil	Nil	Nil	Nil	150,000
Kelly Ehler *CFO*	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2018	328,915	Nil	Nil	20,630	Nil	349,545
William Levy *President and Director*	2017	75,928	Nil	Nil	122,114	Nil	198,042
	2018	120,000[4]	Nil	Nil	Nil	Nil	120,000[4]

Notes:

(1) The Corporation does not currently pay any bonuses, perquisites or other consideration to the NEOs**.**

(2) Upon satisfaction of the Escrow Release Conditions, the Corporation expects to enter into employment agreements with each of Messrs. Miller and Levy pursuant to which each executive will receive a one-time signing cash bonus in the amount of USD$250,000 upon their respective employment agreement becoming effective.

(3) Upon satisfaction of the Escrow Release Conditions, the Corporation expects to enter into employment agreements with each of Messrs. Miller and Levy pursuant to which the Corporation shall award 500,000 RSUs to Mr. Miller and 1,800,000 RSUs and 2,500,000 stock options to Mr. Levy, respectively. See "*Employment, Consulting and Management Agreements*" and "*Restricted Share Unit Plans*".

(4) Amount represents USD.

Employment, Consulting and Management Agreements

Following the satisfaction of the Escrow Release Conditions, the Corporation expects to enter into employment agreements with each of Peter W. J. Miller and William Levy. Such employment agreements shall set forth the terms and conditions of their employment and provide, among other things, for base salary and annual bonus entitlement, provisions regarding confidentiality and non-competition, as well as eligibility for the Corporation's group benefits plan. Pursuant to the employment agreements, Messrs. Miller and Levy shall each be entitled to receive an annual salary of USD$300,000 and an annual incentive bonus equal to 75% of the executive's base salary. This incentive bonus will be paid at the discretion of the Corporation and will be conditional upon the Corporation's overall operational and

financial performance and the executive's achievement of certain personal performance objectives to be determined annually by the Board of Directors. Messrs. Miller and Levy will also each receive a one-time signing bonus of USD$250,000. In addition, the Board of Directors resolved to award (i) Mr. Miller 500,000 RSUs, and (ii) Mr. Levy 1,800,000 RSUs and 2,500,000 stock options. The award to Mr. Levy was the result of lengthy discussions by the non-management directors of the Corporation and advice received from an independent third-party executive compensation consultant. In granting such award, the non-management directors carefully reviewed Mr. Levy's role in founding the Corporation and introducing the Corporation to various corporate opportunities, including the Acquisitions. The Board of Directors determined that the contributions of Mr. Levy warranted the recognition awarded and that it was in the interests of the Corporation to: (i) retain the expertise and broad network of relationships that Mr. Levy offers to the Corporation; and (ii) further align the interests of management with the interests of shareholders.

The Corporation shall be able to terminate the employment of each of Messrs. Miller and Levy at any time without cause by providing notice or, in the Corporation's sole discretion, payment in lieu thereof, of 24 months (or some combination thereof). In such circumstance, the employee will be entitled to (i) the base salary earned to the date of termination, (ii) one-half of the annual incentive bonus, and (iii) pro-rated incentive bonus for the fiscal year of termination, accrued and unpaid vacation pay (if any), reimbursement of outstanding reasonable business expenses and any other minimum entitlements that the employee is eligible for under applicable law.

On April 17, 2018, the Corporation entered into a consulting agreement with Corporate Finance Outsource Inc. in respect of the services provided by Kelly Ehler, CFO of the Corporation (the "**Ehler Agreement**"). The Ehler Agreement provides for compensation on a per diem rates basis at a rate $300/hour. The Ehler Agreement continues on a month to month basis and can be terminated at any time by the Corporation without notice.

Outstanding Option-Based Awards and Share-Based Awards

The following table discloses all option-based and share-based awards granted to each director or NEO by the Corporation that we expect to be outstanding upon satisfaction of the Escrow Release Conditions.

	Option-Based Awards				Share-Based Awards		
Name	Number of Common Shares Underlying Unexercised Options and Percentage of Class	Date of Grant	Issue, Conversion or Exercise Price ($)	Value of unexercised in-the-money options ($)[7]	Expiry Date	Number of RSUs that have not vested	Market or payout value of RSUs that have not vested ($)
Peter W. J. Miller[1]	250,000 (7.2%)	Nov. 2, 2017[5]	$0.05	122,114	Nov. 2, 2027	Nil	Nil
William Levy[2]	250,000 (7.2%)	Nov. 2, 2017[5]	$0.05	122,114	Nov. 2, 2027	Nil	Nil
Kelly Ehler	50,000 (1.5%)	July 6, 2018[6]	$0.75	20,630	July 6, 2023	Nil	Nil
Chris Driessen	250,000 (7.2%)	Nov. 2, 2017[5]	$0.05	122,114	Nov. 2, 2027	Nil	Nil
Colin Baden[3]	-	N/A	N/A	N/A	N/A	-	N/A
Keith Stein	250,000 (7.2%)	Nov. 2, 2017[5]	$0.05	122,114	Nov. 2, 2027	Nil	Nil
Olaf van Tulder	250,000 (7.2%)	Nov. 2, 2017[5]	$0.05	122,114	Nov. 2, 2027	Nil	Nil
William Stocks[3]	-	N/A	N/A	N/A	N/A	-	N/A
Zack Zeldin[4]	250,000 (7.2%)	Nov. 2, 2017[5]	$0.05	122,114	Nov. 2, 2027	Nil	Nil

Notes:

(1) Upon satisfaction of the Escrow Release Conditions, the Corporation expects to enter into an executive employment agreement with Mr. Miller pursuant to which the Corporation shall award 500,000 RSUs to Mr. Miller, of which 250,000 will vest on the one year anniversary of the award date and the balance will vest on the two year anniversary of the award date.
(2) Upon satisfaction of the Escrow Release Conditions, the Corporation expects to enter into an executive employment agreement with Mr. Levy pursuant to which the Corporation shall award to Mr. Levy (i) 1,800,000 RSUs of which 900,000 will vest on the one year anniversary of the award date and the balance will vest on the two year anniversary of the award date, and (ii) 2,500,000 stock options exercisable at a price of $1.50 per share and that expire on the date that is five years from the grant date.
(3) Messrs. Baden and Stocks were appointed to the Board of the Corporation on November 27, 2018. These directors do not currently hold stock options.
(4) Mr. Zeldin resigned as a director to the Board of the Corporation on November 27, 2018.
(5) The options granted in November 2017 vest over four years annually, provided that the vesting period for the options granted to Mr. Zeldin were accelerated upon his resignation on November 27, 2018.
(6) The options granted in July 2018 have variable vesting between one and four years.
(7) Based on Black-Scholes valuation.

Stock Option Plan

The Corporation currently has in place a rolling 10% Stock Option Plan with 3,460,000 options currently outstanding under the Stock Option Plan. Our Board of Directors is responsible for administering the Stock Option Plan. The Stock Option Plan was approved by the Board of Directors on August 2, 2017**,** and by the shareholders on August 3, 2017.

The purpose of the Stock Option Plan is to: (a) provide directors, officers, consultants, and employees of the Corporation with additional incentive; (b) encourage stock ownership by such persons; (c) encourage such persons to remain with the Corporation; and (d) attract new directors, officers, consultants, and employees, among other purposes.

The Stock Option Plan provides that the aggregate number of Common Shares that may be issued upon the exercise of options cannot exceed 10% of the number of Common Shares issued and outstanding from time to time. As a result, any increase in the issued and outstanding Common Shares will result in an increase in the number of Common Shares available for issuance under the Stock Option Plan.

The number of Common Shares reserved for issue to any one person pursuant to the Stock Option Plan may not exceed 5% of the issued and outstanding Common Shares at the date of such grant, unless the Corporation has obtained approval by a majority of the votes cast by the shareholders eligible to vote at a shareholders' meeting, excluding votes attaching to Common Shares beneficially owned by insiders and their associates. The number of Common Shares issuable to (a) any one consultant, or (b) parties providing investor relations services, in any 12-month period, cannot exceed 2% of the issued and outstanding Common Shares.

Options granted under the Stock Option Plan will have an exercise price of not less than the greater of the closing market price of the underlying securities on (a) the trading day prior to the date of grant of the stock options, and (b) the date of grant of the stock options.

Subject to the requirements of the CSE, the vesting provisions, the terms and conditions of exercise and forfeiture of the options and the applicable option exercise expiry date for options granted under the Stock Option Plan will be determined by the Board of Directors at the time of issuance.

Restricted Share Unit Plan

The RSU Plan was approved by the Board of Directors on January 15, 2019. Under the terms of the RSU Plan, the Board may grant RSUs to "eligible participants". Eligible participants include any director, employee, officer, or consultant of: (a) the Corporation; or (b) any related entity of the Corporation.

The purpose of the RSU Plan is to allow for certain discretionary bonuses and similar awards as an incentive and reward for eligible participants related to the achievement of long-term financial and strategic objectives of the Corporation and the resulting increases in shareholder value. The RSU Plan is intended to promote a greater alignment of interests between the shareholders of the Corporation and the selected eligible participants by providing an opportunity to participate in increases in the value of the Corporation.

Participation in the RSU Plan is voluntary and, if an eligible participant agrees to participate, the grant of RSUs will be evidenced by a grant agreement with each such participant. The interest of any eligible participant in any RSU is not assignable or transferable. The aggregate number of Common Shares or Restricted Shares available for issuance from treasury under the RSU Plan shall be 20,000,000 shares (which may be issued as Common Shares or Restricted Shares) provided that the aggregate number of shares available for issuance under the RSU Plan together with all of the Corporation's other share compensation arrangements may not exceed 10% of the aggregate number of issued Common Shares and Restricted Shares.

The RSU Plan contains the following provisions:

- At the time a grant of RSUs is made, the Board may, in its sole discretion, establish performance conditions for the vesting of RSUs (the "**Performance Conditions**"). The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any Performance Conditions and may exercise its discretion to reduce the amounts payable under any award subject to Performance Conditions. The Board may determine that an award shall vest in whole or in part upon achievement of any one performance condition or that two or more Performance Conditions must be achieved prior to the vesting of an award. Performance Conditions may differ for awards granted to any one recipient or to different recipients.

- In the event of any dividend paid in shares, share subdivision, combination or exchange of shares, merger, consolidation, spin-off or other distribution of Corporation assets to shareholders, or any other change in the capital of the Corporation affecting shares, the Board, in its sole and absolute discretion, will make, with respect to the number of RSUs outstanding under the RSU Plan, any proportionate adjustments as it considers appropriate to reflect that change.

- The Corporation, in its discretion and as may be determined by the Board, will pay out vested RSUs issued under the RSU Plan and credited to the account of a recipient by paying or issuing (net of any applicable withholding tax) to such recipient, on or subsequent to the Trigger Date (as defined below) but no later than the expiry date of such vested RSU, an award payout of either:

    (a) subject to receipt of the required approvals, one Common Share or one Restricted Share for such whole vested RSU;

    (b) a cash amount equal to the vesting date value as at the Trigger Date of such vested RSU; or

(c) any combination of (a) and (b) as determined by the Board, in its sole discretion.

In the event of a change of control event, subject to regulatory approval, RSUs credited to an account of a recipient that have not otherwise previously been cancelled pursuant to the terms of the RSU Plan will vest, and become immediately payable, on the date on which the change of control occurs. Prior to the occurrence of a change of control, the Board can make arrangements with recipients to facilitate vesting and participating in the change of control event.

Except as otherwise provided in a grant agreement or any other provision of the RSU Plan, the RSUs will vest on the date that is the later of:

- the relevant vesting date set by the Board at the time of the grant, and if no date is set by the Board, then the earlier of the (i) expiry date set by the Board at the time of the grant, and (ii) third anniversary following the date of the grant of the RSU (the "**Trigger Date**"); and
- the date upon which the relevant Performance Condition or other vesting condition set out in the grant agreement has been satisfied, provided that
    - RSUs shall only vest on the Trigger Date to the extent that the Performance Conditions or other vesting conditions set out in the grant agreement has been satisfied on or before the Trigger Date;
    - If the Trigger Date or the date described in this section occurs during a restricted period, the vesting date will be extended to the date which is the earlier of: (i) one business day following the end of such restricted period; and (ii) the expiry date; and
    - No RSU will remain outstanding for any period which exceeds the expiry date of such RSU.

External Management Companies

None of the directors or NEOs of the Corporation have been retained or employed by an external management company that has entered into an understanding, arrangement or agreement with the Corporation to provide executive management services to the Corporation, directly or indirectly.

PLAN OF DISTRIBUTION

This prospectus is being filed in the Qualifying Provinces to qualify the distribution of 43,998,590 Common Shares and 21,999,295 Warrants issuable upon the automatic conversion of 43,998,590 Subscription Receipts. The 43,998,590 Subscription Receipts were issued in the Qualifying Provinces and outside of Canada pursuant to the Private Placement.

The Subscription Receipts were issued and sold to purchasers at a price of $1.50 per Subscription Receipt for aggregate proceeds of $65,997,885, of which an amount of $63,929,154 was deposited into escrow pursuant to the terms of the Subscription Receipt Agreement. Provided that the Escrow Release Conditions are satisfied or waived on or before the Escrow Release Deadline, the Escrowed Funds less (i) 50% of the Agents' Fee plus the *pro rata* portion of interest accrued thereon, and (ii) the additional Agents' expenses incurred in connection with the prospectus (which will be released to the Agents), will be released from escrow to the Corporation.

Each Subscription Receipt entitles the holder thereof to receive without payment of any additional consideration and without any further action on the part of the holder thereof, and subject to adjustment, one Common Share and one-half of one Warrant, upon satisfaction of the Escrow Release Conditions. Each Warrant will entitle the holder thereof to purchase one Common Share at an exercise price of $2.25 until the Expiry Date, subject to the Accelerated Expiry Date.

If the Escrow Release Conditions are not satisfied on or before the Escrow Release Deadline or prior to the Escrow Release Deadline the Corporation advises the Lead Agent or announces to the public that it does not intend to satisfy the Escrow Release Conditions, the Escrowed Funds shall be returned to the holders of the Subscription Receipts on a *pro rata* basis and the Subscription Receipts will be cancelled without any further action on the part of the holders. To the extent that the Escrowed Funds are not sufficient to refund the aggregate Offering Price paid by the holders of the Subscription Receipts, the Corporation shall be responsible and liable to contribute such amounts as are necessary to satisfy any shortfall.

In connection with the Private Placement, the Corporation agreed to pay the Agents' Fee. Half of the Agents' Fee was paid upon the closing of the Private Placement and the remaining 50% shall be payable upon the satisfaction of the Escrow Release Conditions. As additional consideration, the Corporation also granted to the Agents, 2,439,915 September Compensation Options, each exercisable at a price of $1.50 to purchase one September Compensation Unit until the Expiry Date.

The Subscription Receipts were sold to purchasers pursuant to private placement exemptions from the prospectus requirements of applicable securities legislation in the Qualifying Provinces and in jurisdictions outside Canada in compliance with laws applicable to each subscriber, respectively. There is no market through which the securities of the Corporation may be sold and none is expected to develop. Until and unless a receipt for the final long form prospectus is obtained from the securities regulatory authority, securities issued in connection with the Private Placement that remain outstanding will be subject to relevant hold periods under applicable securities legislation.

Other than in respect of the Subscription Receipts sold to purchasers in the United States for which direct registration statements were issued, the Subscription Receipts were registered and deposited directly with CDS or its nominee pursuant to the book-based system administered by CDS, and are being held by, or on behalf of, CDS, as depositary of the Subscription Receipts for the participants of CDS, on a non-certificated basis. No definitive certificates evidencing Subscription Receipts were issued to purchasers in connection with the Private Placement. Purchasers of Subscription Receipts that were settled in CDS only received a customer confirmation or statement from the Lead Agent or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Subscription Receipts was purchased. The Common Shares and Warrants to be issued upon the automatic conversion of the Subscription Receipts will also be held by CDS (other than for purchasers in the United States, who will be issued direct registration statements) and no definitive certificates representing the Common Shares or Warrants will be issued, unless required in limited circumstances.

The Subscription Receipts have not been and will not be registered under the U.S. Securities Act Accordingly, the Subscription Receipts, and the securities underlying the Subscription Receipts, may not be offered or sold within the United States except in accordance with an exemption from the registration requirements of the U.S. Securities Act, as amended, applicable state securities laws and the terms of the Subscription Receipt Agreement and Warrant Indenture, as applicable.

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

The CSE has conditionally approved the listing of the Common Shares. The listing will be subject to the Corporation fulfilling all of the initial listing requirements and conditions of the CSE, including prescribed distribution and financial requirements.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is an overview, as of the date hereof, of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") that are generally applicable to a beneficial owner of Subscription Receipts who acquires Common Shares and Warrants pursuant to the automatic exercise of the Subscription Receipts and to a beneficial owner of Warrants who acquires Warrant Shares, pursuant to the exercise of Warrants and who, for the purposes of the application of the Tax Act and at all relevant times: (i) deals at arm's length and is not affiliated with the Corporation; and (ii) holds the Subscription Receipts, Common Shares, Warrants and Warrant Shares as capital property (referred to as a "**Holder**" or "**Holders**"). This overview is intended only to address such Holders. Subscription Receipts, Common Shares, Warrants and Warrant Shares will generally be capital property to a Holder unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This overview is not applicable to a Holder: (i) that is a "financial institution", as defined in the Tax Act for the purpose of the mark-to-market rules; (ii) that is, or an interest in which would be a "tax shelter investment", as defined in the Tax Act; (iii) that is a "specified financial institution", as defined in the Tax Act; (iv) that has made an election under the Tax Act to determine its Canadian tax results in a foreign currency; or (v) that enters into, with respect to their Common Shares, Warrants or Warrant Shares, a "derivative forward agreement" or "synthetic disposition arrangement", as defined in the Tax Act; or (vi) that receives dividends on the Common Shares under or as part of a "dividend rental arrangement", as defined in the Tax Act. Such Holders are advised to obtain their own tax advice.

Additional considerations not discussed in this summary may be applicable to a Holder that is a corporation resident in Canada, and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Common Shares, Warrants and Warrant Shares, controlled by a non-resident corporation for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring Common Shares or Warrants.

This overview is based on the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**") and the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published by it in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"). No assurance can be given that the Proposed Amendments will be enacted in the form proposed, or at all. This overview does not discuss all possible Canadian federal income tax considerations and other than the Proposed Amendments, does not otherwise contemplate any changes in law and does not consider

provincial or territorial laws, the laws of any other jurisdiction or the administrative policies or assessing practices of the CRA.

This overview is provided for information purposes only and is not intended to be, nor should it be construed as, legal or tax advice to any particular Holder. Holders are advised to obtain their own tax advice having regard to their particular circumstances.

Acquisition of Common Shares and Warrants Received on the Exercise of Subscription Receipts

No gain or loss will be realized by a Holder upon the automatic exercise of a Subscription Receipt for one Common Share and one-half of one Warrant. When a Subscription Receipt is exercised for one Common Share and one-half of one Warrant upon the satisfaction or waiver of the Escrow Release Conditions and without further action of the Canadian Holder, the aggregate cost of the Common Share and one-half of one Warrant will be equal to the Canadian Holder's adjusted cost base of the Subscription Receipt. The adjusted cost base of the Common Share will be determined by averaging such cost with the adjusted cost base to the Canadian Holder of all Common Shares owned by the Canadian Holder as capital property immediately prior to such exercise.

Holders will be required to allocate on a reasonable basis their cost of the Subscriptions Receipts between the Common Share and one-half of one Warrant in order to determine their respective costs for purposes of the Tax Act.

For its purposes, the Corporation intends to allocate $1.12 to each Common Share and $0.38 to the one-half of one Warrant. Although the Corporation believes that its allocation is reasonable, it is not binding on the CRA or the Holder. The Holder's adjusted cost base of the Common Share will be determined by averaging the cost allocated to the Common Share with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

Exercise of Warrants

No gain or loss will be realized by a Holder of a Warrant upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be equal to the adjusted cost base of the Warrant to such Holder, plus the amount paid on the exercise of the Warrant. For the purpose of computing the adjusted cost base to a Holder of each Warrant Share acquired on the exercise of a Warrant, the cost of such Warrant Share must be averaged with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the exercise of the Warrant.

Holders Resident in Canada

The following discussion applies to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention, is or is deemed to be resident in Canada (a "**Canadian Holder**"). Certain Canadian Holders who might not otherwise be considered to hold their Common Shares or Warrant Shares as capital property may, in certain circumstances, be entitled to have their Common Shares, Warrant Shares, and all other "Canadian securities" (as defined in the Tax Act) owned by such holders, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This election does not apply to Warrants. Canadian Holders should consult their own tax advisors regarding this election.

Expiry of Warrants

No gain or loss will be realized by a Canadian Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the cost of the Warrant Share acquired by the Canadian Holder will be the aggregate of the Canadian Holder's adjusted cost base of such Warrant and the exercise price paid to acquire the Warrant Share. The adjusted cost base of the Warrant Share will be determined by averaging such cost with the adjusted cost base to the Canadian Holder of all Common Shares owned by the Canadian Holder as capital property immediately prior to such exercise.

The expiry of an unexercised Warrant will generally result in a capital loss to the Canadian Holder equal to the adjusted cost base of the Warrant to the Canadian Holder immediately prior to its expiry.

Dividends

Dividends received or deemed to be received by a Canadian Holder on the Common Shares or the Warrant Shares will be included in computing the Canadian Holder's income pursuant to the Tax Act. If the Canadian Holder is an individual (other than certain trusts), such dividends will be subject to the "gross-up" and "dividend tax credit" rules normally applicable to taxable dividends received from taxable Canadian corporations. Such dividends will also be subject to the enhanced gross-up and dividend tax credit provisions where the Corporation provides notice to the recipient designating the dividend as an "eligible dividend" pursuant to the Tax Act. There may be limitations on the ability of the Corporation to designate dividends as "eligible dividends". Dividends received or deemed to be received on the Common Shares or the Warrant Shares by a Canadian Holder that is a corporation will generally be deductible in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Canadian Holder that is a corporation as proceeds of disposition or a capital gain. Canadian Holders that are corporations are advised to obtain their own tax advice having regard to their particular circumstances.

A Canadian Holder that is a "private corporation" (as defined in the Tax Act) or any other corporation controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a refundable tax of 38 1/3% under Part IV of the Tax Act on dividends received or deemed to be received on the Common Shares or the Warrant Shares to the extent that such dividends are deductible in computing the Canadian Holder's taxable income. Canadian Holders to whom these rules may be relevant should consult their own tax advisors.

Dispositions of Common Shares, Warrant Shares and Warrants

Upon a disposition or deemed disposition of a Common Share, Warrant Share or Warrant (other than a disposition arising on the exercise or expiry of a Warrant), a capital gain (or loss) will generally be realized by a Canadian Holder in the year of disposition to the extent that the proceeds of disposition exceed (or are less than) the adjusted cost base of the Common Share, Warrant Share or Warrant, as the case may be, to the Canadian Holder immediately before the disposition. Any such capital gain (or capital loss) arising from a disposition or deemed disposition is discussed more fully below.

Taxation of Capital Gains and Capital Losses

Generally, in computing its income for a taxation year a Canadian Holder is required to include one-half of the amount of any capital gain realized in the year (a "taxable capital gain"). Subject to and in accordance with the provisions of the Tax Act, a Canadian Holder is required to deduct one-half of the amount of any

capital loss realized in a taxation year from taxable capital gains realized in the year by such Canadian Holder (an "allowable capital loss"). Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following taxation year against taxable capital gains realized in such year, in accordance with the provisions of the Tax Act.

Where the Canadian Holder is a corporation, the amount of a capital loss, if any, realized on a disposition of Common Shares or Warrant Shares may, in certain circumstances, be reduced by the amount of dividends received or deemed to have been received by it on such Common Shares or Warrant Shares, in accordance with the Tax Act. Similar rules may apply where a Common Share or a Warrant Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Canadian Holders to whom these rules may be applicable are advised to obtain their own tax advice.

A Canadian Holder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable for a 10⅔% tax, (which is generally refundable, subject to the detailed rules of the Tax Act) on its "aggregate investment income" (as defined in the Tax Act), which includes amounts in respect of taxable capital gains.

Alternative Minimum Tax

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

Eligibility for Investment

The Corporation's shares are not currently listed on a designated stock exchange and the Corporation expresses no opinion on the eligibility for investment of any of the Subscription Receipts, Common Shares, Warrants and Warrant Shares in a registered plan.

Holders wishing to hold the Subscription Receipts, Common Shares, Warrants or Warrant Shares, in a registered plan are urged to consult their tax advisors.

Holders Not Resident in Canada

The following summary applies to a beneficial owner of Subscription Receipts who acquires Common Shares and Warrants, or to a beneficial owner of Warrants who acquires Warrant Shares, pursuant to the exercise of Warrants and who, at all relevant times, for purposes of the Tax Act and any relevant income tax treaty or convention: (i) is neither resident nor deemed to be resident in Canada; and (ii) does not, and is not deemed to, use or hold the Subscription Receipts, Common Shares, Warrants or Warrant Shares in carrying on a business in Canada (a "**Non-Canadian Holder**"). This summary does not apply to a Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere and such Holders should consult their own tax advisors.

Expiry of Warrants and Dispositions of Common Shares, Warrant Shares and Warrants

A Non-Canadian Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of a Common Share, Warrant Share or Warrant unless the Common Share, Warrant Share or Warrant constitutes "taxable Canadian property" (as defined in the Tax

Act) of the Non-Canadian Holder at the time of disposition, and the Non-Canadian Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Canadian Holder is resident. In addition, capital losses arising on a disposition or deemed disposition of a Common Share, Warrant Share or Warrant will not be recognized under the Tax Act, unless the Common Share, Warrant Share or Warrant constitutes "taxable Canadian property" (as defined in the Tax Act) at the time of disposition and the Non-Canadian Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Canadian Holder is resident.

Provided the Common Shares and Warrant Shares are listed on a "designated stock exchange", as defined in the Tax Act (which currently includes the CSE), at the time of disposition, Common Shares, Warrant Shares and Warrants generally will not constitute taxable Canadian property of a Non-Canadian Holder, unless at any time during the 60 month period immediately preceding the disposition of the such securities: (i) (a) the Non-Canadian Holder; (b) persons with whom the Non-Canadian Holder did not deal at arm's length; (c) partnerships in which the Non-Canadian Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; or (d) the Non-Canadian Holder together with such persons, owned 25% or more of the issued shares of any class of the capital stock of the Corporation; and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (a) real or immovable property situated in Canada; (b) "Canadian resources properties" (as defined in the Tax Act); (c) "timber resource properties" (as defined in the Tax Act); and (d) options in respect of, or interests in or for civil law rights in, property described in (a) to (c), whether or not such property exists. Notwithstanding the foregoing, in certain circumstances Common Shares, Warrant Shares or Warrants may otherwise be deemed to be taxable Canadian property to a Non-Canadian Holder for purposes of the Tax Act.

A Non-Canadian Holder contemplating a disposition of Common Shares, Warrants or Warrant Shares that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

In the event that a Common Share, Warrant or Warrant Share constitutes taxable Canadian property of a Non-Canadian Holder and any capital gain that would be realized on the disposition thereof is not exempt from tax under the Tax Act or pursuant to an applicable income tax convention, the income tax consequences discussed above for Canadian Holders under "*Taxation of Capital Gains and Capital Losses*" will generally apply to the Non-Canadian Holder.

Dividends

Any dividends paid or credited, or deemed to be paid or credited, on the Common Shares or Warrant Shares to a Non-Canadian Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax convention between Canada and the Non-Canadian Holder's country of residence. For instance, where the Non-Canadian Holder is a resident of the United States that is entitled to full benefits under the *Canada-United States Income Tax Convention (1980)* as amended, and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15%. Non-Canadian Holders should consult their own tax advisors in this regard.

AUDIT COMMITTEE

Audit Committee Charter

The Audit Committee provides assistance to the Board in fulfilling its obligations relating to the integrity of the internal financial controls and financial reporting of the Corporation. The external auditors of the Corporation report directly to the Audit Committee. The Audit Committee's primary duties and responsibilities include: (i) reviewing and reporting to the Board on the annual audited financial statements (including the auditor's report thereon) and unaudited interim financial statements and any related management's discussion and analysis, if any, and other financial disclosure related thereto that may be required to be reviewed by the Audit Committee pursuant to applicable legal and regulatory requirements; (ii) reviewing material changes in accounting policies and significant changes in accounting practices and their impact on the financial statements; (iii) overseeing the audit function, including engaging in required discussions with the Corporation's external auditor and reviewing a summary of the annual audit plan at least annually, overseeing the independence of the Corporation's external auditor, overseeing the Corporation's internal auditor, and pre-approving any non-audit services to the Corporation; (iv) reviewing at least annually, the Corporation's policies for risk assessment and risk management; (v) reviewing with management and the Corporation's external auditors, at least annually, the integrity of the internal controls over financial reporting and disclosure; (vi) reviewing management reports related to legal or compliance matters that may have a material impact on the Corporation and the effectiveness of the Corporation's compliance policies; and (vii) establishing whistleblowing procedures and investigating any complaints or concerns it deems necessary. The Corporation's Audit Committee is governed by its charter that is attached as Schedule D to this prospectus.

Composition of the Audit Committee

Pursuant to section 6.1.1 of NI 52-110, an audit committee of a venture issuer must be composed of at least three members, each of whom must be a director of the issuer. The majority of the members must not be executive officers, employees or control persons of the venture issuer or of an affiliate of the venture issuer. The Corporation's Audit Committee is composed of three directors, being Peter W. J. Miller, Keith Stein (Chairman), and William Stocks. Both Keith Stein and William Stocks are not executive officers, employees or control persons of the Corporation or of an affiliate of the Corporation. Under NI 52-110, an independent director is one who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a director's exercise of independent judgment. The Board has determined that Peter W. J. Miller is not considered independent, while Keith Stein and William Stocks are independent directors within the meaning of NI 52-110.

Each member of the Audit Committee is considered financially literate, as they each have a good command of IFRS and the ability to understand a set of financial statements that presents a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements and the internal controls and procedures for financial reporting. See: "*Directors and Officers - Biographies*" for a brief summary of the education and experience of each Audit Committee member that will be relevant to his performance as a member of the Audit Committee.

Relevant Education and Experience

The education and experience of each member of the Audit Committee relevant to the performance of his duties as a member of the Audit Committee can be found under the heading "*Directors and Officers - Biographies*".

Audit Committee Oversight

At no time since incorporation of the Corporation was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since incorporation has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Exemption for Venture Issuers

The Corporation is a "venture issuer" as defined in NI 52-110 and is relying on Part 5 (Reporting Obligations) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has authority to engage and communicate with advisors and professionals for non-audit services.

External Auditors Service Fees

The aggregate fees billed by the Corporation's external auditors since incorporation are as follows:

Audit fees[(1)]	$171,200
Audit-related fees[(2)]	$0
Tax fees[(3)]	$0
All other fees[(4)]	$10,700

Notes:

(1) Audit fees consist of fees for the audit of our annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.
(2) Audit-related fees are fees for assurance and related services related to the performance of the audit or review of the annual financial statements that are not reported under "Audit Fees". These include due diligence for business acquisitions, audit and accounting consultations regarding business acquisitions, and other attest services not required by statute.
(3) Tax fees, tax planning, tax advice and various taxation matters.
(4) All other fees include the aggregate fees billed for products and services provided by the Corporation's external auditor, other than "Audit fees", "Audit-related fees" and "Tax fees" above.

CORPORATE GOVERNANCE

NP 58-201 establishes corporate governance guidelines which apply to all public companies. The Corporation has reviewed its own corporate governance practices in light of these guidelines. NI 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

Board of Directors

The Board of Directors consists of seven (7) members of whom the Corporation believes four (4) to be independent based upon the tests set forth in NI 52-110. Colin Baden, Keith Stein, William Stocks, and Olaf van Tulder are independent directors. Whereas, Peter W. J. Miller, William Levy and Chris Driessen are not independent directors, as they also serve as Chief Executive Officer of the Corporation, President of the Corporation and President of NCG, respectively.

NP 58-201 suggests that the board of directors of reporting issuers should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who has no direct or indirect material relationship with the Corporation. A material relationship is a relationship that could, in the view of the board of directors, reasonably interfere with the exercise of a director's independent judgment. In addition, the independent judgment of the Board in carrying out its responsibilities is the responsibility of all directors. Having an independent member of the Board serve as Chairman may be positive for some issuers, however the separation of the two roles is not unambiguously positive in all cases. While Mr. Miller, Chairman of the Board, is not an independent director, the Corporation believes that having Mr. Miller act as Chairman of the Board results in more efficient decision-making. Additionally, the Board believes that Mr. Miller has been effective in serving in this dual role. The Board will continue to monitor the situation and is prepared to make changes to its governance structure whenever it may be in the best interest of the Corporation. Further, the Board facilitates independent supervision of management through meetings of the Board and at each meeting of the Board, the independent directors will typically hold an *in camera* session without non-independent directors and management present. The Board also has access to the Corporation's external auditors, legal counsel and to any of the Corporation's officers.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Corporation, provide leadership and direction to management, evaluate management, set policies appropriate for the business of the Corporation and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Corporation is delegated by the Board to the senior officers of the Corporation. The Board will give direction and guidance through the Chief Executive Officer to management and will keep management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

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

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

The mandate of the Board is to provide governance and stewardship to SLANG and its business. The mandate sets out the Board's responsibility for, among other things, (i) participating in the development of and approving a strategic plan for SLANG; (ii) supervising the activities and managing the investments and affairs of SLANG; (iii) approving major decisions regarding SLANG; (iv) defining the roles and responsibilities of management and delegating management authority to the President and the Chief Executive Officer; (v) approving related party transactions; (vi) reviewing and approving the business and

investment objectives to be met by management; (vii) assessing the performance of and overseeing management; (viii) reviewing SLANG's debt strategy; (ix) identifying and managing risk exposure; (x) ensuring the integrity and adequacy of SLANG's internal controls and management information systems; (xi) succession planning; (xii) establishing committees of the Board, where required or prudent, and defining their mandate; (xiii) maintaining records and providing reports to shareholders; (xiv) ensuring effective communication with shareholders, other stakeholders and the public; (xv) determining the amount and timing of distributions to shareholders; and (xvi) monitoring the social responsibility, integrity and ethics of SLANG.

The Board will adopt a written position description for the chairman of the Board which will set out the chairman's key responsibilities, including, as applicable, duties relating to setting Board meeting agendas, chairing Board and shareholders meetings, director development and communicating with shareholders and regulators. The Board will also adopt a written position description for each of the committee chairs which will set out each of the committee chair's key responsibilities, including duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee.

The activities of the executive officers are subject to the overriding supervision and direction of the Board. The responsibilities of the executive officers of SLANG will include, but is not limited to, the following: (i) providing the Board with information and advice relating to the operation of SLANG's properties, acquisitions, dispositions, developments and financings; (ii) establishing, at least on an annual basis, investment and operating plans for the ensuing period, as approved by the Board, and implementing such plans and monitoring the financial performance of SLANG; (iii) conducting and supervising the due diligence required in connection with proposed acquisitions and completing any acquisitions or dispositions, as approved by the Board; (iv) maintaining the books and financial records of SLANG; (v) determining and preparing designations, elections and determinations to be made in connection with the income and capital gains of SLANG for tax and accounting purposes, as approved by the Board; (vi) preparing reports and other information required to be sent to shareholders and other disclosure documents, as approved by the Board; (vii) calculating all distributions, as approved by the Board; (viii) communicating with shareholders and other persons, including investment dealers, lenders, investors, and professionals; (ix) administering or supervising the administration, on behalf of the Board, of the payment of distributions by SLANG; and (x) ensuring SLANG is in compliance with internal policies and regulatory and legal requirements.

The Board has adopted a written position description for the President and the Chief Executive Officer which sets out the key responsibilities of each position. The primary functions of the Chief Executive Officer will be to lead the management of the business and affairs of SLANG, to lead the implementation of the resolutions and the policies of the Board, to supervise day to day management and to communicate with shareholders and regulators. Whereas, the Board considers that the role and responsibilities of the President are to develop the Corporation's strategic plans and policies, recommend such plans and policies to the Board, report relevant matters to the Board, facilitate communications between the Board and Management, provide executive leadership and identify business risks and opportunities and manage them accordingly. The mandates of each of the President and Chief Executive Officer will be considered by the Board for approval at least annually.

Since the date of incorporation the directors have not received any board or committee fees but have been granted options under the Stock Option Plan. The Board has adopted a director compensation framework which will become effective following the satisfaction of the Escrow Release Conditions. Once effective, the Corporation will grant to each director, who is not an officer of the Corporation or a

subsidiary thereof, 166,472 options, pursuant to the Stock Option Plan, at an exercise price of $1.50 per option and expiring in 10 years. In addition, each director, who is not an officer of the Corporation or a subsidiary thereof, will receive an annual retainer in the amount of $40,000 per year, paid on a quarterly basis at the end of each quarter. All directors are reimbursed for their respective out of pocket expenses in relation to their attendance at Board meetings and committee meetings.

Participation of Directors in Other Reporting Issuers

The following directors of the Corporation currently hold directorships in the following reporting issuers (or equivalent in a foreign jurisdiction):

Name	Name of Reporting Issuer
William Stocks	Cineplex Inc., TSX
Keith Stein	Organic Garage Inc., TSXV
	Everton Resources Inc., TSXV
	Invictus MD Strategies Corp., TSXV

The Board has determined that these inter-locking directorships do not adversely impact the effectiveness of these directors on the Board or create any potential conflicts of interest.

Orientation and Continuing Education

While the Corporation does not have formal orientation and training programs, orientation of new members of the Board is conducted by informal meetings with members of the Board, briefings by management, and the provision of copies of or access to the Corporation's documents.

The Corporation has not adopted formal policies respecting continuing education for Board members. Board members are encouraged to communicate with management, legal counsel, auditors and consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance, and to attend related industry seminars and visit the Corporation's operations. Board members have full access to the Corporation's records.

Ethical Business Conduct

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

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, if a director of the Corporation also serves as a director or officer of another company engaged in similar business activities to the Corporation, that director must comply with the conflict of interest provisions of the CBCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any

interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors that evoke such a conflict.

Nomination of Directors

The Corporation does not have a stand-alone nomination committee. The full Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the industry are consulted for possible candidates. Closing of the Organa Brands Acquisition is conditional upon the entering into of the Investor Rights Agreement which provides the NCG Holders with certain director nomination rights as more particularly set out in "*The Acquisitions – The Organa Brands Acquisition".*

Compensation

The Compensation Committee initially consists of four independent directors and is charged with reviewing, overseeing and evaluating the compensation policies. The Compensation Committee is comprised of William Stock, who acts as chair of this committee, Colin Baden, Keith Stein and Olaf van Tulder. As present or former leaders of large business enterprises, each of these members hold experience with respect to oversight on compensation or executive compensation matters. For additional details regarding the relevant education and experience of each member of the Compensation Committee, including the direct experience that is relevant to each committee member's responsibilities, see "*Directors and Officers - Biographies*". For information regarding the steps taken to determine compensation for the directors and the executive officers, see "*Executive Compensation*" herein.

No member of the Compensation Committee will be one of the officers, and as such, the Board believes that the Compensation Committee will be able to conduct its activities in an objective manner.

The Board has adopted a written charter setting forth the purpose, composition, authority and responsibility of the Compensation Committee. The Compensation Committee's purpose is to assist the Board in:

- the appointment, performance, evaluation and compensation of our senior executives;
- the recruitment, development and retention of our senior executives;
- maintaining talent management and succession planning systems and processes relating to our senior management;
- developing compensation structure for our senior executives including salaries, annual and long-term incentive plans including plans involving share issuances and other share-based awards;
- establishing policies and procedures designed to identify and mitigate risks associated with our compensation policies and practices;
- assessing the compensation of our directors;
- developing benefit retirement and savings plans; and
- administering the Corporation's share compensation arrangements.

Other Board Committees

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

Assessments

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

Insider Trading Policy

The Board has adopted an insider trading policy to set forth basic guidelines for trading in the Corporation's securities (including, without limitation, its common stock) and to preserve its confidential information so as to avoid any situation that might have the potential to damage the Corporation's reputation or which could constitute a violation of federal or state securities law by the Corporation, its officers, directors, or employees.

Under this policy, “insiders” (i.e., officers, members of the Board and other individuals having access to material non-public information) are prohibited from trading in Common Shares and other securities on the basis of such material non-public information until after the information has been disclosed to the public. All matters regarding the “materiality” or “non-public” nature of any information shall be determined by the chairman or legal counsel of the Corporation.

The obligation not to trade on inside information applies not only to the Corporation and insiders, but also to persons who obtain such information from insiders and use it to their advantage. Thus, liability may be imposed upon the Corporation, its insiders and also outsiders who are the source of leaks of material information not yet disclosed to the public and the leaks coincide with purchases or sales of the Corporation's securities (i) by such insiders or outsiders, (ii) by the Corporation itself, or (iii) by “tippees” (including relatives, friends, investment analysts, etc.).

Material non-public information shall not be disseminated to any person outside the Corporation and must be distributed within the Corporation only on a strict “need to know” basis. Violation of any of the securities laws described in this policy may result in the institution of a prosecution or an enforcement proceeding against the individual and the Corporation, or both.

In order to provide a degree of certainty as to when insider trading is permissible with respect to the timing of quarterly and annual releases of financial information, the Corporation has established recurring “quiet periods” relative to such releases. Directors, all officers and employees with access to financial results, are not permitted to buy or sell Corporation stock during the periods commencing on the first day of each fiscal quarter and ending at the close of business on the second working day after quarterly or annual earnings are released to the public. Trading in Corporation stock at other times may be permissible, but all transactions in Corporation stock by directors, officers and other identified employees must be approved in advance by the chairman and must be reported to the legal counsel after consummating the transaction.

The Corporation may impose additional quiet periods during which trading will not be allowed when there are developments which give rise to the need for public disclosure. Affected stockholders will be advised by memorandum from the chairman when these additional quiet periods are in effect. All directors and officers and other specifically identified employees of the Corporation must (i) clear through the chairman each and every proposed transaction in Corporation stock before consummating the transaction and (ii) promptly report to the legal counsel the consummation of any transactions, whenever consummated.

The insider trading policy also outlines the Corporation's reporting obligations for changes in Common Shares owned by insiders

Disclosure Policy

The Board has adopted a disclosure policy, which aims to promote consistent disclosure practices by the Corporation in connection with the timely disclosure of material information about the Corporation to the market. The disclosure policy applies to all directors, officers, spokespersons and employees of the Corporation and its subsidiaries and covers all methods used by the Corporation to communicate to its shareholders, the media and members of the investment community, including: press releases, written statements made in annual and quarterly reports, communications to shareholders, documents filed with the securities regulatory authorities, communications made during investor conferences, speeches made by senior management, oral statements made in the course of meetings or calls with securities markets professionals, shareholders, media or other external audiences and website and social media communications (including through corporate blogs, chat boards, Twitter, Facebook, LinkedIn, YouTube and other non-traditional means of communication). The Board is responsible for the administration and implementation of this disclosure policy.

The disclosure policy sets out a non-exhaustive list of examples of the types of events or information that may be material for the purposes of issuing news releases. Material information will be publicly disclosed promptly by news release. The only exceptions will occur in restricted circumstances where applicable securities laws and stock exchange policies permit the maintenance of confidentiality and regulatory filings on a confidential basis.

The Corporation may provide forward-looking information in appropriate circumstances to enable evaluation of the Corporation's operations and prospects for performance. Forward-looking information may include statements about future or anticipated growth, operating results and performance of the Corporation and business prospects and opportunities.

To the extent that forward-looking information is provided by the Corporation in a disclosure document, news release or statement by a spokesperson, it will be accompanied by: cautionary language to warn of the risk that material factors could cause actual results to differ materially from statements made in the forward-looking information and a statement of material factors or assumptions that were applied in the preparation of the forward-looking information.

The Corporation will also disclaim any intention to update or revise the forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

The disclosure policy also sets out how the Corporation plans to respond to rumours, when to hold conference calls for quarterly and annual financial results, sets out procedures for contact with analysts,

investors and the media and includes guidelines for the Corporation's website, use of social media, public presentations and speeches.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

None of the Corporation's directors or officers or any of their respective associates is indebted to the Corporation or has been subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation.

RISK FACTORS

The following information is only a summary of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this prospectus. These risks and uncertainties are not the only ones the Corporation is facing. Additional risks and uncertainties not presently known to the Corporation, or that it currently deems immaterial, may also impair its operations. If any such risks actually occur, the business, financial condition, liquidity and results of the Corporation's operations could be materially adversely affected. The risk factors described below should be carefully considered by readers, including investors considering a purchase of securities of the Corporation, along with all other information set forth in this prospectus.

Risks Specifically Related to the United States Regulatory System

Cannabis Continues to be a Controlled Substance under the United States Federal Controlled Substances Act

None of the Corporation, its subsidiaries, NCG or Firefly are directly or indirectly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis. However, the Corporation's customers *are* directly or indirectly engaged in the medical and recreational cannabis industry in the United States where local state law permits such activities. **However, the distribution, possession, and consumption of cannabis remains illegal under U.S. Federal Law.** It is possible that the Corporation could be found to be violating laws relating to cannabis.

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of cannabis under the Cannabis Act, investors are cautioned that in the United States, cannabis is largely regulated at the state level. To date, a total of 33 states, plus the District of Columbia, have legalized cannabis in some form.

Notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a Schedule 1 controlled substance under the CSA in the United States and as such, remains illegal under federal law in the United States. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in August 2013 when then Deputy Attorney General, James Cole, authored the Cole Memorandum addressed to all United States district attorneys acknowledging that, notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several states had enacted laws relating to cannabis for medical purposes.

The Cole Memorandum outlined the priorities for the DOJ relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing

cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the DOJ never provided specific guidelines for what regulatory and enforcement systems it deemed sufficient under the Cole Memorandum standard. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority.

In March 2017, then newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit. However, on January 4, 2018, Mr. Sessions issued the Sessions Memorandum that rescinded and superseded the Cole Memorandum effective immediately. The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime", and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to marijuana activities. The inconsistency between federal and state laws and regulations is a major risk factor. On November 7, 2018, Mr. Sessions tendered his resignation as Attorney General at the request of President Donald Trump. Following Mr. Sessions' resignation, Matthew Whitaker began serving as Acting United States Attorney General. It is unclear what impact, if any, Mr. Sessions' resignation will have on U.S. federal government enforcement policy on marijuana in the United States.

As a result of the Sessions Memorandum, federal prosecutors will now be free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how active federal prosecutors will be in relation to such activities. Furthermore, the Sessions Memorandum did not discuss the treatment of medical cannabis by federal prosecutors. Medical cannabis is currently protected against enforcement by enacted legislation from United States Congress in the form of the Rohrabacher-Leahy Amendment to H.R.1625 – a vehicle for the Consolidated Appropriations Act of 2018 which similarly prevents federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to Congress restoring such funding. In the event Congress fails to renew this federal law in the next budget bill, the foregoing protection for medical cannabis operators will be void. Due to the ambiguity of the Sessions Memorandum, there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law.

Notwithstanding the foregoing, in March 2018, as part of the Congressional omnibus spending bill, Congress renewed, through the end of September 2018, the Rohrabacher-Leahy Amendment which prohibits the DOJ from expending any funds for the prosecution of medical cannabis businesses operating in compliance with state and local laws. Congress passed the Continuing Appropriations Act, 2019 in September 2018, which extends the deadline of the March 2018 omnibus spending bill until December 21, 2018. On December 22, 2018, the U.S. Congress failed to pass an omnibus appropriations bill for fiscal year 2019, causing a shutdown of the federal government. Currently, the Rohrabacher-Leahy Amendment is no longer in effect. At this time, there can be no assurance that the federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state law. Further, while the Rohrabacher-Leahy Amendment is currently included in both the House version (referred to therein as the Joyce Amendment) and the Senate version (referred to therein as the Leahy Amendment) of the 2019 omnibus appropriations bill, there can be no assurances that it will be

included in final appropriations package. Such proceedings could have a material adverse effect on the Corporation's business, revenues, operating results and financial condition as well as the Corporation's reputation, even if such proceedings were concluded successfully in favour of the Corporation.

Federal law pre-empts state law in these circumstances, so that the federal government can assert criminal violations of federal law despite state law. The level of prosecutions of state-legal cannabis operations is entirely unknown, nonetheless the stated position of the current administration is hostile to legal cannabis, and furthermore may be changed at any time by the DOJ, to become even more aggressive. The Sessions Memorandum lays the groundwork for United States Attorneys to take their cues on enforcement priority directly from former Attorney General Jeff Sessions by referencing federal law enforcement priorities set by former Attorney General Jeff Sessions. If the DOJ pursues prosecutions, then the Corporation could face: (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries; (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis; or (iii) barring employees, directors, officers, managers and investors who are not U.S. citizens from entry into the United States for life. Further, on October 9, 2018, CBP released a policy statement indicating that Canadian citizens working in or facilitating the proliferation of the legal cannabis industry in Canada, entering into the U.S. for reasons related to the cannabis industry may be deemed inadmissible. See: "*Risk Factors – Risks Specifically Related to United States Regulatory System – Constraints on Cross-border Travel into the United States for the Corporation's Directors, Officers and Employees*".

With the repeal of the Cole Memorandum by former Attorney General Jeff Sessions, the DOJ could allege that the Corporation and its Board and, potentially its shareholders, "aided and abetted" violations of federal law by providing finances and services to its portfolio cannabis companies. Under these circumstances, it is possible that the federal prosecutor would seek to seize the assets of the Corporation, and to recover the "illicit profits" previously distributed to shareholders resulting from any of the foregoing financing or services. In these circumstances, the Corporation's operations would cease, shareholders may lose their entire investment and directors, officers and/or shareholders may be left to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison. On October 9, 2018, CBP released an additional policy statement indicating that Canadian citizens working in or facilitating the proliferation of the legal cannabis industry in Canada, travelling to the U.S. for reasons unrelated to the marijuana industry will generally be admissible. However, if the traveler is found to be entering into the U.S. for reasons related to the cannabis industry, they may be deemed inadmissible. Ultimately, travel restrictions imposed on the Corporation's directors, officers and employees could impair the Corporation's ability to conduct business and to freely explore new strategic relationships.

Additionally, there can be no assurance as to the position any new administration may take on marijuana and a new administration could decide to enforce the federal laws strongly. Any enforcement of current federal laws could cause significant financial damage to the Corporation and its shareholders. Further, future presidential administrations may want to treat marijuana differently and potentially enforce the federal laws more aggressively.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Corporation, including its reputation and ability to conduct business, its involvement with cannabis license

holders in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded common shares. In addition, it is difficult to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

The Corporation's funding, leasing and servicing of the activities of businesses involved in the medical and recreational cannabis industry through strategic deployment of debt and equity or other forms of investment, consulting and brand licensing, may be illegal under the applicable federal laws of the United States and other applicable law. There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Corporation. The consequences of such enforcement would likely be materially detrimental to the Corporation, including to its reputation and ability to conduct business.

This prospectus involves entities that derive most of its revenue from their ancillary involvement with the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. While the Corporation's business activities are compliant in applicable state and local laws, such activities remains illegal under United States federal law. The enforcement of relevant laws is a significant risk.

There is uncertainty surrounding the Trump Administration and the United States Attorney General and their influence and policies in opposition to the cannabis industry as a whole

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

In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority. On January 4, 2018, former U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded the Cole Memorandum. With the Cole Memorandum rescinded, U.S. federal prosecutors can exercise their discretion in determining whether to prosecute compliant state law cannabis-related operations as violations of U.S. federal law throughout the United States. The potential impact of the decision to rescind the Cole Memorandum is unknown and may have a material adverse effect on the Corporation's business and results of operations. Through to December 7, 2018, the DOJ appropriations prohibit use of funds for enforcement actions against medical marijuana, and similar language is included

in the U.S. 2019 Appropriations bills H.R. 5952 and S. 3072. See "*Risk Factors - Cannabis Continues to be a Controlled Substance under the United States Federal Controlled Substances Act*".

The Corporation's business interests and investments in the United States include the provision of branding, marketing, leasing and financing services to customers who may be directly or indirectly involved in the cannabis industry. The Corporation is not aware of any non-compliance with the applicable licensing requirements or regulatory framework enacted in the states in which Corporation's customers or partners are operating.

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

Corporation May Be Subject to Certain U.S. Federal regulations relating to cash reporting

The U.S. Bank Secrecy Act, enforced by FinCEN, a division of the U.S. Department of Treasury, requires a party in trade or business to file with the U.S. Internal Revenue Service Form 8300 report within 15 days of receiving a cash payment of over $10,000. While we receive few cash payments for the products we sell, if we fail to comply with these laws and regulations, the imposition of a substantial penalty could have a material adverse effect on our business, results of operations and financial condition.

Corporation May Have Limited Access to Banks and Financial Services

The Corporation may have difficulty accessing the services of banks, which may make it difficult for the Corporation to operate. Since the use of cannabis is illegal under U.S. Federal Law, and in light of concerns in the banking industry regarding money laundering and other federal financial crime related to cannabis, U.S. banks have been reluctant to accept deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. Likewise, cannabis businesses have limited, if any, access to credit card processing services. As a result, cannabis businesses in the U.S. are largely cash-only. This complicates the implementation of financial controls and increases security issues. The inability to open or maintain bank accounts or take credit cards may make it difficult for the Corporation to operate.

The lack of banking and financial services presents unique and significant challenges to businesses in the cannabis industry. The potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of cheques and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented by the unavailability of traditional banking and financial services.

The Corporation has historically had access to equity and debt financing from the prospectus-exempt (private placement) markets in Canada, and anticipates that these financing options will continue to be available. Further, upon listing, the Corporation anticipates that it will also have access to public capital.

Nevertheless, there can be no assurance that additional financing will be available to us when needed or on terms which are acceptable. The Corporation's inability to complete financings to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. See: "*Risk Factors – Additional Financing and Risk of Dilution*".

Constraints on Cross-border Travel into the United States for the Corporation's Directors, Officers and Employees

Because cannabis remains illegal under United States federal law, those employed at or investing in legal and licensed Canadian cannabis companies could face detention, denial of entry or lifetime bans from the United States for their business associations with cannabis businesses. Entry happens at the sole discretion of CBP officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by United States federal laws, could mean denial of entry to the United States. Business or financial involvement in the legal cannabis industry in Canada or in the United States could also be reason enough for United States border guards to deny entry. On September 21, 2018, CBP released a statement outlining its current position with respect to enforcement of the laws of the United States. It stated that Canada's legalization of cannabis will not change CBP enforcement of United States laws regarding controlled substances and because cannabis continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal marijuana industry in U.S. states where it is deemed legal or Canada may affect admissibility to the United States. As a result, CBP has affirmed that, employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in the United States or Canada (such as the Corporation), who are not United States citizens face the risk of being barred from entry into the United States for life. On October 9, 2018, CBP released an additional policy statement indicating that Canadian citizens working in or facilitating the proliferation of the legal cannabis industry in Canada, travelling to the U.S. for reasons unrelated to the marijuana industry will generally be admissible. However, if the traveler is found to be entering into the U.S. for reasons related to the cannabis industry, they may be deemed inadmissible. Ultimately, travel restrictions imposed on the Corporation's directors, officers and employees could impair the Corporation's ability to conduct business and to freely explore new strategic relationships.

The Corporation Will Not be Able to Deduct Many Normal Business Expenses

Under Section 280E of the Internal Revenue Code ("**Section 280E**"), many normal business expenses incurred in the trafficking of marijuana and its derivatives are not deductible in calculating federal income tax liability. A result of Section 280E is that an otherwise profitable business may in fact operate at a loss, after taking into account its income tax expenses. The application of Section 280E likely will have a material adverse effect on businesses that the Corporation provides financing, consulting services and brand licensing to and may, in turn, have a material adverse effect on the Corporation.

Limited Trademark Protection

The Corporation will not be able to register any U.S. federal trademarks for its cannabis-related vaporizers. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is a crime under the CSA, and the Corporation's marks are being used (or intended to be used) in connection with goods that are illegal under the CSA, the actual lawful use of the marks in association with the vaporizers was impossible. Moreover, the CSA provides that equipment primarily intended to introduce cannabis into the human body is unlawful drug paraphernalia. As a result, the Corporation likely

will be unable to protect its cannabis-related product trademarks beyond the geographic areas in which it conducts business. The use of its trademarks outside the states in which it operates by one or more other persons could have a material adverse effect on the value of such trademarks.

Lack of Access to U.S. Bankruptcy Protections

Because the use of cannabis is illegal under U.S. federal law, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If the Corporation were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available to the Corporation, which would have a material adverse effect.

Legality of Contracts

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

Business Impact of Legal Uncertainty in the United States

Continued development of the cannabis industry is dependent upon continued legislative authorization of cannabis at the state level, as well as the U.S. government's continued non-enforcement of federal cannabis laws against state law compliant cannabis businesses. Any number of factors could slow or halt progress in this area. Further, progress, while generally expected, is not assured. Some industry observers believe that well-funded interests, including businesses in the alcohol beverage and the pharmaceutical industries, may have a strong economic opposition to the continued legalization of cannabis. The pharmaceutical industry, for example, is well funded with a strong and experienced lobby that eclipses the funding of the medical and adult-use cannabis movement. Any inroads legalization opponents could make in halting the impending cannabis industry could have a detrimental impact on our business. While there may be ample public support for legislative action, numerous factors impact the legislative process. Any one of those factors could slow or halt the continued legalization and use of cannabis, which would negatively impact our business.

As we do business with consumers and businesses involved in the cannabis industry, we cannot guarantee that we will not face any legal enforcement even though we have faced none yet.

Our sales into the cannabis industry could in the future trigger legal enforcement if the laws or the federal and state enforcement priorities or choices change. Although the U.S. government has not recently prosecuted any entity or person for sales into the cannabis industry or for selling cannabis paraphernalia, and while NCG and Firefly have been involved in their respective businesses for several years without facing any actual or threatened legal action under the CSA, we can make no promises about the future.

Under U.S. Code Title 21 Section 863, the term "drug paraphernalia" means "any equipment, product or material of any kind which is primarily intended or designed for use in manufacturing, compounding, converting, concealing, producing, processing, preparing, injecting, ingesting, inhaling, or otherwise introducing into the human body a controlled substance." Any drug paraphernalia involved in any violation of Section 863 can be subject to seizure and forfeiture upon the conviction of a person for such violation. While Section 863(f) contains an exemption for any person authorized by local, state or federal law to manufacture, possess, or distribute such items, and various state cannabis legalization laws expressly or

implicitly authorize cannabis paraphernalia, any legal action could force us to cease operations and our investors could lose their entire investment. We believe, however, that such risks are relatively low. We are unaware of such a broad application of the CSA by U.S. federal authorities recently, and we believe that such an attempted application would be uncustomary.

If the U.S. federal government were to change its practices, or were to expend its resources investigating and prosecuting providers of equipment that is used by participants in the medical or adult-use cannabis industry, such action could have a materially adverse effect on our operations, our customers, or the sales of our products.

In addition, laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over our activities, including the power to limit or restrict business activities as well as impose additional disclosure requirements on our products and services.

While we endeavor to comply with all relevant laws, regulations and guidelines and, to our knowledge, we are in compliance and continue to monitor and assess compliance with all such laws, regulations and guidelines, any failure to comply with the regulatory requirements applicable to our operations may lead to possible sanctions including: the suspension or expulsion from a particular market or jurisdiction or of our key personnel; the imposition of additional or more stringent inspection, testing and reporting requirements; and the imposition of fines and censures. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations, increase compliance costs or give rise to material liabilities or a revocation of our licenses and other permits, which could have a material adverse effect on our business, results of operations and financial condition. Furthermore, governmental authorities may change their administration, application or enforcement procedures at any time, which may adversely impact our ongoing costs relating to regulatory compliance.

Risks Related to the Regulatory Environment

The Corporation's Business is Heavily Regulated

The activities of the Corporation's customers and subsidiaries are, and will continue to be, regulated as applicable laws continue to change and develop. Achievement of the Corporation's business objectives are contingent, in part, upon compliance with necessary and applicable regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals necessary. Regulatory compliance and the process of obtaining regulatory approval can be costly and time consuming. No assurance can be given that the Corporation's clients and portfolio companies will be able to maintain the requisite licenses, permits, or authorizations to operate its business. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of the Corporation's plans and could have a material adverse effect on the business, results of operations and financial condition of the Corporation. Further, the Corporation cannot predict what kind of regulatory requirements the business will be subject to in the future.

Regulatory Scrutiny of the Corporation's Interests in the United States

For the reasons set forth herein, the Corporation's interests in the United States cannabis market, and future commercial arrangements or acquisitions, may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in the United States and in Canada. As a result, the Corporation may be subject to significant direct and indirect interaction with public

officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Corporation's ability to carry on its business in the United States.

Given the heightened risk profile associated with cannabis in the United States, CDS may implement procedures or protocols that would prohibit or significantly curtail the ability of CDS to settle trades for cannabis companies that have cannabis businesses or assets in the United States. Although the TMX MOU has confirmed that there is currently no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange. While there can be no assurance that this would occur, and while it would be subject to regulatory approval, a third party has publicly expressed interest in providing clearing services should CDS decide not to do so.

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. A negative shift in the public's perception of medical and adult-use cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical and adult-use cannabis, thereby limiting the number of new state jurisdictions into which the Corporation could expand. Any inability to fully implement the Corporation's expansion strategy may have a material adverse effect on the Corporation's business, financial condition and results of operations.

There is a Substantial Risk of Regulatory or Political Change

The implementation of the Corporation's business plan is subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of cannabis and also laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines due to matters beyond the control of the Corporation may cause adverse effects to the Corporation. There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Similarly, in Canada, provincial laws and regulation may change in a way that is unfavorable to the Corporation's business. Local and city ordinances may decide to strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the US federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, the Corporation's investments in such businesses would be materially and adversely affected notwithstanding the fact that the Corporation is not directly engaged in the sale or distribution of cannabis. Federal actions against any individual or entity engaged in the cannabis industry or a substantial repeal of cannabis related legislation could adversely affect the Corporation, its business and its investments.

The success of the business strategy of the Corporation depends on the legality of the cannabis industry. The political environment surrounding the cannabis industry in general can be volatile and the regulatory framework remains in flux. The medical and recreational cannabis industry is subject to significant regulatory change at both the state and federal level. If the Corporation and its subsidiaries are unable to respond appropriately to changing federal and state regulations, it may not be successful in capturing significant market share. The inability of the Corporation to respond to the changing regulatory landscape

could harm its business. Although many states have implemented legislation to legalize and regulate the cultivation, sale, possession and use of cannabis, and additional states have pending legislation regarding the same, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the industry as a whole, adversely impacting the Corporation's ability to successfully invest and/or participate in the selected business opportunities.

Further, delays in enactment of new state or federal regulations could restrict the ability of the Corporation to reach strategic growth targets and lower return on investor capital. The strategic growth strategy of the Corporation may be impacted by certain federal and state regulations being enacted to facilitate the legalization of medical and recreational cannabis. If such regulations are not enacted, or enacted but subsequently repealed or amended, or enacted with prolonged phase-in periods, the growth targets of the Corporation, and thus, the effect on the return of investor capital, could be negatively impacted. The Corporation is unable to predict with certainty when and how the outcome of these complex, legal, regulatory, and legislative proceedings will affect its business and growth.

Furthermore, there may be unknown additional regulatory fees and taxes that may be assessed in the future. The Corporation is aware that multiple states are considering special taxes or fees on businesses in the cannabis industry. It is a potential yet unknown risk at this time that other states are in the process of reviewing such additional fees and taxation. This could change the net income and return on the Corporation's investments and/or participation in the selected business opportunities.

Constraints on Marketing Products

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

Anti-money Laundering Laws and Regulations

The Corporation is subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada. In the event that any of the Corporation's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Corporation to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

Uncertainty Related to the Regulation of Vaporization Products and Certain Other Consumption Accessories

United States

Firefly and NCG are both engaged in developing, manufacturing and distributing vaporizer hardware and cannabis-related accessories. However, there is uncertainty regarding whether, in what circumstances, how and when the FDA will seek to enforce regulations under the *Tobacco Control Act* relative to vaporizer hardware and accessories that can be used to vaporize cannabis and other material, including electronic cigarettes, rolling papers and glassware, in light of the potential for dual use with tobacco.

The *Tobacco Control Act*, enacted in 2009, established, by statute, that the FDA has oversight over specific types of tobacco products (cigarettes, cigarette tobacco, roll-your-own tobacco, and smokeless tobacco) and granted the FDA the authority to "deem" other types of tobacco products as subject to the statutory requirements. In addition to establishing authority, defining key terminology, and setting adulteration and misbranding standards, the Tobacco Control Act established authority over tobacco products in a number of areas such as: submission of health information to the FDA; registration with the FDA; requirements prior to marketing products; good manufacturing practice requirements; tobacco product standards; notification, recall, corrections, and removals; records and reports; marketing considerations and restrictions; post-market surveillance and studies; labeling and warnings; and recordkeeping and tracking.

In December 2010, the U.S. Court of Appeals for the D.C. Circuit held that the FDA is permitted to regulate vaporizer devices containing tobacco-derived nicotine as "tobacco products" under the Tobacco Control Act.

In a final rule effective August 8, 2016, the FDA "deemed" all products that meet the Tobacco Control Act's definition of "tobacco product," including components and parts but excluding accessories of the newly deemed products, to be subjected to the tobacco control requirements of the Food, Drug, and Cosmetic Act and the FDA's implementing regulations. This includes among other things: products such as electronic cigarettes, electronic cigars, electronic hookahs, vape pens, vaporizers and e-liquids and their components or parts (such as tanks, coils and batteries) (hereinafter, referred to as "**Electronic Nicotine Delivery Systems**").

The FDA's interpretation of components and parts of a tobacco product includes any assembly of materials intended or reasonably expected to be used with or for the human consumption of a tobacco product.

In a 2017 decision of the D.C. Circuit, the court upheld the FDA's authority to regulate Electronic Nicotine Delivery Systems even though they do not actually contain tobacco, and even if the products could be used with nicotine-free e-liquids. The Tobacco Control Act and implementing regulations restrict the way tobacco product manufacturers, retailers, and distributors can advertise and promote tobacco products, including a prohibition against free samples or the use of vending machines, requirements for presentation of warning information, and age verification of purchasers.

In light of the laws noted above, we anticipate that authorizations will be necessary in order for us to continue our distribution of certain vaporizer hardware and accessories that can be used to vaporize cannabis and other material. Tobacco Control Act compliance dates vary depending upon type of application submitted, but all newly-deemed products that were marketed before August 8, 2016 will

require an application no later than August 8, 2021, for “combustible” products (e.g. cigar and pipe) and August 8, 2022, for “non-combustible” products (e.g. vapor products) with the exception of “grandfathered” products (products in commerce as of February 15, 2007) that are already authorized, unless the FDA grants extensions to these compliance periods. Since there were virtually no e-liquid, e-cigarettes or other vaping products on the market as of February 15, 2007, there is no way to utilize the less onerous substantial equivalence or substantial equivalence exemption pathways that traditional tobacco corporations can utilize. Products entering the market after August 8, 2016 are not covered by the FDA compliance policy described above, and will be subject to enforcement if marketed without authorization.

We expect our suppliers to timely file for the appropriate authorizations to allow us to sell their products in the U.S. We have no assurances that the outcome of such processes will result in these products receiving marketing authorizations from the FDA. If the FDA establishes regulatory processes that our suppliers are unable or unwilling to comply with, our business, results of operations, financial condition and prospects could be adversely affected.

The anticipated costs to our suppliers of complying with future FDA regulations will be dependent on the rules issued by the FDA, the timing and clarity of any new rules or guidance documents, incorporating these rules, the reliability and simplicity (or complexity) of the electronic systems utilized by the FDA for information and reports to be submitted, and the details required by the FDA for such information and reports with respect to each regulated product (which have yet to be issued by the FDA). Any failure to comply with existing or new FDA regulatory requirements could result in significant financial penalties to us or our suppliers, which could ultimately have a material adverse effect on our business, results of operations, financial condition and ability to market and sell our products. Compliance and related costs could be substantial and could significantly increase the costs of operating in the vaporization products and certain other consumption accessories markets.

In addition, failure to comply with the Tobacco Control Act and with FDA regulatory requirements could result in litigation, criminal convictions or significant financial penalties and could impair our ability to market and sell some of our vaporizer products. At present, we are not able to predict whether the Tobacco Control Act will impact our business to a greater degree than competitors in the industry, thus affecting our competitive position.

There has also been increasing activity on the state local levels with respect to scrutiny of vaporizer products. State and local governmental bodies across the U.S. have indicated that vaporization products and certain other consumption accessories may become subject to new laws and regulations at the state and local levels. For example, in January 2015, the California Department of Health declared electronic cigarettes and certain other vaporizer products a health threat that should be strictly regulated like tobacco products. Further, some states and cities, including the State of Iowa, have enacted regulations that require retailers to obtain a tobacco retail license in order to sell electronic cigarettes and vaporizer products. Many states and cities have passed laws restricting the sale of electronic cigarettes and certain other vaporizer products. If one or more states from which we generate or anticipate generating significant sales of vaporizer products move to regulate the sale of vaporizer products such that we are required obtain certain licenses, approvals or permits, and if we are not able to obtain the necessary licenses, approvals or permits for financial reasons or otherwise and/or any such license, approval or permit is determined to be overly burdensome to us, then we may be required to cease sales and distribution of our products to those states, which could have a material adverse effect on our business, results of operations and financial condition.

Certain states and cities have already restricted the use of electronic cigarettes and vaporizer products in smoke-free venues. Additional city, state and federal regulators may enact rules and regulations restricting the use of electronic cigarettes and vaporizer products in those same places where cigarettes cannot be smoked. Because of these restrictions, our customers may reduce or otherwise cease using our vaporization products or certain other consumption accessories, which could have a material adverse effect on our business, results of operations and financial condition.

It has not been conclusively determined whether the *Prevent All Cigarette Trafficking Act* or the Federal *Cigarette Labeling and Advertising Act* currently apply to vaporization products and certain other consumption accessories. At the state level, over 25 states have implemented statewide regulations that prohibit vaping in public places. Some cities have also implemented more restrictive measures than their state counterparts, such as San Francisco, which in June 2018, approved a new ban on the sale of flavored tobacco products, including vaping liquids and menthol cigarettes. There may, in the future, also be increased regulation of additives in smokeless products and internet sales of vaporization products and certain other consumption accessories. The application of either or both of these federal laws, and of any new laws or regulations which may be adopted in the future at a state, provincial or local level, to vaporization products, consumption accessories or such additives could result in additional expenses and require us to change our advertising and labeling, and methods of marketing and distribution of our products, any of which could have a material adverse effect on our business, results of operations and financial condition.

Canada

On May 23, 2018, the *Tobacco and Vaping Products Act* ("**TVPA**") became effective, and now governs the manufacture, sale, labeling and promotion of vaping products sold in Canada. The TVPA replaced the former *Tobacco Act* (Canada) and establishes a legislative framework that applies to vaping products, whether or not they contain nicotine. While the TVPA prescribes high-level requirements in relation to vaping products, the Government of Canada has yet to implement regulations that will ultimately address the standards, testing methods, reporting requirements, packaging and labeling requirements, and other obligations with which vaping products will be required to comply. Accordingly, absent any such regulations, there is a lack of visibility as to the specific compliance regime that will apply to vaping products in the future. As such, there can be no assurance that we will initially be in total compliance, remain competitive, or financially able to meet future requirements administered pursuant to the TVPA.

Prior to the TVPA becoming effective, Health Canada had taken the position that electronic smoking products (i.e., electronic products for the vaporization and administration of inhaled doses of nicotine, including electronic cigarettes, cigars, cigarillos and pipes, as well as cartridges of nicotine solutions and related products) fell within the scope of the Food and Drugs Act. On this basis, Health Canada has advised that all of these products require market authorization prior to being imported, advertised or sold in Canada. Market authorization is generally granted by Health Canada following successful review of scientific evidence demonstrating safety, quality and efficacy with respect to the intended purpose of the health product. To date, no electronic smoking product with nicotine has been authorized for sale by Health Canada. According to Health Canada regulations, it is not permissible to import, advertise or sell electronic smoking products without the appropriate authorizations, and persons who violate these regulations are subject to enforcement repercussions, including but not limited to seizure of the products.

It is not presently clear what implications the enactment of the TVPA will have for Health Canada's role in authorizing vaping products, or on the degree to which it will remain subject to the provisions of Food and Drugs Act. Currently, vaping products with therapeutic or health-related claims are subject to the Food

and Drugs Act and related regulations. Until regulations are published and enacted pursuant to the TVPA, a significant degree of uncertainty will remain with respect to compliance landscape for vaping products.

Certain provinces of Canada have also passed or propose to pass legislation which will restrict the extent to which e-cigarettes, e-liquid and other vaping products may be displayed or sold. The *Electronic Cigarettes Act* (Ontario), for example, restricts the sale of e-cigarettes, e-liquid and other vaping products in stores that sell tobacco products. Additionally, the *Electronic Cigarettes Act* (Ontario) restricts the display of e-cigarettes, e-liquid and other vaping products from outside a place in which such products are sold. These regulations and future regulations could have a material adverse effect on our business, results of operations and financial condition.

If our vaporizer products become subject to increased taxes it could adversely affect our business

Supply to our customers is sensitive to increased sales taxes and economic conditions affecting their disposable income. Discretionary consumer purchases, such as of vaporization products and consumption accessories, may decline during recessionary periods or at other times when disposable income is lower and taxes may be higher.

Presently, the sale of vaporization products and certain other consumption accessories is, in certain jurisdictions, subject to federal, state, provincial and local excise taxes like the sale of conventional cigarettes or other tobacco products, all of which generally have high tax rates and have faced significant increases in the amount of taxes collected on their sales. Other jurisdictions are contemplating similar legislation and other restrictions on electronic cigarettes and certain other vaporizer products. Should federal, state, provincial and local governments and/or other taxing authorities begin or continue to impose excise taxes similar to those levied against conventional cigarettes and tobacco products on vaporization products or consumption accessories, it may have a material adverse effect on the demand for those products, as consumers may be unwilling to pay the increased costs, which in turn could have a material adverse effect on our business, results of operations and financial condition.

We may become involved in regulatory or agency proceedings, investigations and audits

Our business, and the business of the suppliers from which we acquire the products we sell, requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject us or such suppliers to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. We or such suppliers 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 our reputation or the reputations of the brands that we sell, require us to take, or refrain from taking, actions that could harm our operations or require us to pay substantial amounts of money, harming our 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 our business, financial condition and results of operations.

Risks Related to Securing Agreements with Licensed Producers

The Corporation, namely Purple Org, relies on securing a tenancy agreement with licensed producers who have been able to obtain a license with the appropriate regulatory authorities. Failure of a licensed producer to comply with the requirements of their license or any failure to maintain their license would have a material adverse impact on the business, financial condition and operating results of Purple Org

Should the regulatory authorities not grant a license or grant a license on unfavourable terms to the licensed producer as tenant, and should Purple Org be unable to secure an alternative licensed producer, the business, financial condition and results of the operation of Purple Org could be materially adversely affected.

If the U.S federal government changes its approach to enforcement of laws relating to the cultivation of marijuana, the Corporation would need to seek to replace those tenants with non-marijuana involved tenants, who would likely pay lower rents. It is likely that the Corporation would realize an economic loss on its capital acquisitions and improvements made to its capital assets specific to the marijuana industry, and the Corporation would likely lose all or substantially all of its investments in the markets affected by such regulatory changes.

Environmental, Health and Safety Laws

The Corporation is subject to environmental, health and safety laws and regulations in each jurisdiction in which the Corporation operates in. Such regulations govern, among other things, emissions of pollutants into the air, wastewater discharges, waste disposal, the investigation and remediation of soil and groundwater contamination, and the health and safety of the Corporation's employees. The Corporation may be required to obtain environmental permits from governmental authorities for certain of its current or proposed operations. If the Corporation should violate or fail to comply with these regulations or permits, the Corporation could be fined or otherwise sanctioned by regulators.

As with other companies engaged in similar activities or that own or operate real property, the Corporation faces inherent risks of environmental liability at its current properties. Certain environmental laws impose strict and, in certain circumstances, joint and several liability of current or previous owners or operations of real property for the cost of the investigation, removal or remediation of hazardous substances as well as liability for related damages to natural resources. In addition, the Corporation may discover new facts or conditions that may change its expectations or be faced with changes in environmental laws or their enforcement that would increase its liabilities. Furthermore, its costs of complying with current and future environmental and health and safety laws, or the Corporation's liabilities arising from past or future releases of, or exposure to, regulated materials, may have a material adverse effect on its business, financial condition and results of operations.

Risks Related to the Corporation's Business and Industry

Risks Related to Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as malfunctioning hardware, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Corporation's products are recalled due to an alleged product defect or for any other reason, the Corporation could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Corporation may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Recall of products could lead to adverse publicity, decreased demand for the Corporation's products and could have significant reputational and brand damage. Although the Corporation has detailed procedures in place for testing its products, there can be no assurance that any quality problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. A recall for any of the foregoing reasons could lead to decreased demand for the Corporation's products and could have a material

adverse effect on the results of operations and financial condition of the Corporation. Additionally, product recalls may lead to increased scrutiny of the Corporation's operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Product Liability Risks

The Corporation's cannabis-related hardware products will be sold directly to end consumers, in addition to wholesaling**,** and therefore there is an inherent risk of exposure to product liability claims, regulatory action and litigation if the products are alleged to have caused loss or injury. In addition, the production and sale of the products involves the risk of injury to end users due to tampering by unauthorized third parties. The Corporation may be subject to various product liability claims, including, among others, that its products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning safe operation of devices and hardware. A product liability claim or regulatory action against the Corporation could result in increased costs, could adversely affect the Corporation's reputation, and could have a material adverse effect on its business and operational results.

Risks Related to Product Returns

Product returns are a customary part of the Corporation's business. Products may be returned for various reasons, including lack of sufficient sales volume. Any increase in product returns could reduce the Corporation's results of operations.

The Corporation May Not Realize Satisfactory Returns on Money Lent to New and Existing Customers

The Corporation intends to enter into agreements to provide financing to companies operating in the legal cannabis industry. Under these agreements, the Corporation will provide loans or other sources of financing. These activities may result in unforeseen operating difficulties, financial risks, or required expenditures that could adversely affect the Corporation's liquidity. In connection with one or more of these transactions, and to obtain the necessary funds to enter into these agreements, the Corporation may need to extend secured and unsecured credit to potential or existing partners that may not be repaid, incur debt on terms unfavorable to the Corporation or that the Corporation is unable to repay, or incur other contingent liabilities. The failure to maintain controls and processes related to billing and collecting accounts receivable or the deterioration of the financial condition of the Corporation's customers could negatively impact the Corporation's business.

Risk of Limited Number of Investments; Limitation on Participation in Investments

If the Corporation participates in a limited number of investments, the aggregate return to the Corporation may be materially and adversely affected by the unfavourable performance of a single investment. Although the Corporation intends to make investments in cannabis and cannabis related businesses in the United States, it has no established limits or constraints with respect to geographic regions, property types or product types. Lack of geographic diversification across the portfolio may increase exposure to adverse market conditions in a given region. In addition, the diversification of investments could be further limited to the extent the Corporation invests a significant portion of its capital in one or a small number of transactions.

Risk of Unspecified Investments

There can be no assurance that the Corporation will acquire favourable investment opportunities or that any such investments will generate revenues or profits. Failure to successfully manage the acquisition of investments could harm the Corporation's business, strategy and operating results in a material way. The Corporation's inability to implement its financing strategy successfully could adversely affect its profitability and its ability to satisfy its financial obligations. The transactions and their success may be exposed to a number of risks, including the risks that the Corporation may not be able to identify viable opportunities or, if it does identify viable opportunities, effect the transaction and that the investment may fail to perform.

There is a Risk of High Bonding and Insurance Costs

Although it will vary from state to state in the U.S., there is risk that some or all of the state regulatory agencies will begin requiring entities and individuals engaged in certain aspects of the business or industry of legal cannabis to post a bond when applying for a dispensary license or renewal as a guarantee of payment of sales and franchise tax. However, this risk may not be relevant to all aspects of the business or industry of legal cannabis. Given that this industry is relatively new, the Corporation does not have definitive information or enough information to date to completely quantify what such a figure could or would be. It remains an unknown cost that could have a negative impact on the ultimate success of the Corporation and/or the Corporation's participation in the business opportunities ultimately selected.

Insurance and Uninsured Risk

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

Although the Corporation intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

Reliance on Third Party Suppliers, Manufacturers and Contractors

The Corporation intends to maintain a full supply chain for the provision of products and services to the regulated cannabis industry. Due to the uncertain regulatory landscape for regulating cannabis in Canada and the United States, the Corporation's third party suppliers, manufacturers and contractors may elect, at any time, to decline or withdraw services necessary for the Corporation's operations. Loss of its suppliers, service providers or distributors would have a material adverse effect on the Corporation's business and operational results. Disruption of operations at the facilities could adversely affect inventory supplies and the Corporation's ability to meet product delivery deadlines. However, as the Corporation is not directly or indirectly involved in the cannabis-industry, it does not anticipate any decline or withdrawal of third-party services or supplies to occur owing to regulatory changes.

Risks Associated with Outsourcing

NCG outsources its warehousing and fulfillment functions to a third party fulfillment center. Outsourcing such functions involves risk that third parties may not perform to the Corporation's standards, may not maintain adequate inventory or may fail to perform in general. In addition, the use of third parties potentially requires the Corporation to disclose confidential information, which could increase the risk that this information being misappropriated. To mitigate risks, the third party obtains a Statement on Standards for Attestation Engagements (SSAE) No. 16 annually. Though NCG will continue to carefully manage their relationships with the third party fulfillment center, there can be no assurance that challenges in the future will not have a material adverse impact on the Corporation's business, financial condition and prospects.

Inability to Renew Material Leases

The Corporation may be unable to renew or maintain its leases (commercial, real property or farmland) on commercially acceptable terms or at all. An inability to renew its leases, or a renewal of its leases with a rental rate higher than the prevailing rate under the applicable lease prior to expiration, may have an adverse impact on the Corporation's operations, including disruption of its operations or an increase in its cost of operations. In addition, in the event of non-renewal of any of the Corporation's leases, the Corporation may be unable to locate suitable replacement properties for its facilities or it may experience delays in relocation that could lead to a disruption in its operations. Any disruption in the Corporation's operations could have an adverse effect on its financial condition and results of operations.

Transportation Risk

In order for customers of the Corporation to receive their product, the Corporation relies on third party transportation services. This can cause logistical problems with, and delays in, end users obtaining their orders which the Corporation has no control over. Any delay by third party transportation services may adversely affect the Corporation's financial performance. Moreover, transportation to and from the Corporation's facilities is critical. A breach of security during transport could have material adverse effects on the Corporation's business, financials and prospects. Any such breach could impact the Corporation's operations and financial performance.

Industry Competition

The regulated cannabis market is rapidly evolving and competitive. In particular, the Corporation faces strong competition from both existing and emerging companies that offer similar products. Some of its current and potential competitors may have longer operating histories, greater financial, marketing and other resources and larger customer bases than the Corporation has. Given the rapid changes affecting the global, national, and regional economies generally and the industry, in particular, the Corporation may not be able to create and maintain a competitive advantage in the marketplace. The Corporation's success will depend on its ability to keep pace with any changes in such markets, especially in light of legal and regulatory changes. Its success will depend on the Corporation's ability to respond to, among other things, changes in the economy, market conditions, and competitive pressures. For instance, to become and remain competitive, the Corporation will require research and development of new products and technology, marketing and brand strategy, sales and support. Any failure by the Corporation to anticipate or respond adequately to such changes could have a material adverse effect on its financial condition, operating results, liquidity, cash flow and operational performance. See "*Risk Factors – Research and Market Development*".

Intra-Industry Competition

The number of competitors in the Corporation's market segment is expected to increase, both nationally and internationally, which could negatively impact the Corporation's market share and demand for products. The introduction of a recreational model for marijuana production and distribution in various jurisdictions may cause producers in those jurisdictions to expand beyond the medical marijuana market and compete with the Corporation's products. The impact of this potential development may be negative for the Corporation and could result in increased levels of competition in its existing market and/or the entry of new competitors in the overall cannabis market in which the Corporation operates. There is potential that the Corporation will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Corporation. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Corporation. The Corporation also faces competition from producers who may not comply with applicable regulations. As a result, such producers may have lower operating costs, make impermissible claims and utilize other competitive advantages based on circumvention of regulatory requirements. To remain competitive, the Corporation will require continued significant investment in research and development of new products and technology, marketing and brand strategy, sales and support. As well, the legal landscape for the Corporation's products is changing internationally. More countries have passed laws that allow for the production and distribution of cannabis in some form or another. Increased international competition might lower the demand for the Corporation's products on a global scale.

Research and Market Development

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

The Corporation must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry domestically in Canada and in other international jurisdictions.

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

Conflicts of Interest

The Corporation has been and is subject to various potential conflicts of interest because some of its officers and directors are engaged in a range of business activities. Please see: "*Directors and Officers – Biographies*". In addition, the Corporation's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Corporation. For example, Peter W. J. Miller is the CEO of Agripharm. In some cases, the Corporation's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Corporation's business and affairs and that could adversely affect the Corporation's operations. These business interests could require significant time and attention of the Corporation's executive officers and directors. For a detailed look at all conflicts of interests declared by the directors and officers of the Corporation, please see: "*Directors and Officers – Conflicts of Interest*".

In addition, the Corporation may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the Corporation may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Corporation. In addition, from time to time, these persons may be competing with the Corporation for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Corporation's directors, a director who has such a conflict will abstain from voting for or against the approval of such. In addition, the Board would hold an *in camera* session without the conflicted director to consider the merits of such transaction. In accordance with applicable laws, the directors of the Corporation are required to act honestly, in good faith and in the best interests of the Corporation.

Changing Consumer Preferences and Customer Retention

As a result of changing consumer preferences, many dietary supplements and other innovative products attain financial success for a limited period of time. Even if the Corporation's products find retail success, there can be no assurance that any of its products will continue to see extended financial success. The Corporation's success will be significantly dependent upon its ability to develop new and improved product lines. Even if it is successful in introducing new products or developing its current products, a failure to gain consumer acceptance or to update products with compelling content could cause a decline in its products' popularity that could reduce revenues and harm the Corporation's business, operating results and financial condition. Failure to introduce new features and product lines and to achieve and sustain market acceptance could result in the Corporation being unable to meet consumer preferences and generate revenue which would have a material adverse effect on its profitability and financial results from operations.

The Corporation's success depends on its ability to attract and retain customers. There are many factors which could impact the Corporation's ability to attract and retain customers, including but not limited to the Corporation's ability to continually produce desirable and effective products, the successful implementation of the Corporation's customer acquisition plan and the continued growth in the aggregate number of potential customers. The Corporation's failure to acquire and retain customers could have a material adverse effect on the Corporation's business, operating results and financial position.

A Positive Return on an Investment in the Corporation is Not Guaranteed

There is no guarantee that an investment in the Corporation will earn any positive return in the short term or long term. An investment in the Corporation involves a high degree of risk and should be undertaken only by purchasers 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 Corporation is appropriate only for purchasers who have the capacity to absorb a loss of some or all of their investment.

Maintaining and Promoting the Corporation's Brand

Management believes that maintaining and promoting the Corporation's brand is critical to expanding its customer base. Maintaining and promoting the Corporation's brand will depend largely on its ability to continue to provide quality, reliable and innovative products, which it may not do successfully. The Corporation may introduce new products or services that its customers do not like, which may negatively affect its brand and reputation. Maintaining and enhancing the Corporation's brand may require it to make substantial investments, and these investments may not achieve the desired goals. If the Corporation fails to successfully promote and maintain its brand or if it incurs excessive expenses in this effort, its business and financial results from operations could be materially adversely affected.

Unfavourable Publicity or Consumer Perception

The Corporation believes its industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of its products and perceptions of regulatory compliance. Consumer perception of the Corporation's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity. 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 demand for the Corporation's products and the business, results of operations, financial condition and cash flows of the Corporation. In particular, vaporizers, electronic cigarettes and related products have only recently been developed and the long-term effects have yet to be examined. Currently, there is no way of knowing whether these products are safe for their intended use. If the scientific community were to determine conclusively that use of any or all of these products poses long-term health risks, market demand for these product and their use could materially decline.

The Corporation'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 Corporation, the demand for products, and the business, results of operations, financial condition and cash flows of the Corporation. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis-related products in general, or the Corporation's products specifically, or associating the consumption of cannabis-related products with illness or other negative effects or events, could have such a material adverse effect.

Inability to Sustain Pricing Models

Significant price fluctuations or shortages of materials may increase the Corporation's cost of goods sold and cause its results of operations and financial condition to suffer. If the Corporation is unable to secure materials at a reasonable price, it may have to alter or discontinue selling some of its products or attempt to pass along the cost to its customers, any of which could adversely affect its results of operations and financial condition. Additionally, increasing costs of labour, freight and energy could increase its and its suppliers' cost of goods. If its suppliers are affected by increases in their costs of labour, freight and energy, they may attempt to pass these cost increases on to the Corporation. If the Corporation pays such increases, it may not be able to offset them through increases in its pricing, which could adversely affect its results of operations and financial condition.

Limited Operating History

As a high growth enterprise, the Corporation does not have a history of profitability. The Corporation is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Corporation 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.

History of Net Losses

The Corporation incurred net losses from the inception of its business until the date of this prospectus. The Corporation cannot assure that it will become profitable or avoid net losses in the future or that there will not be any earnings or revenue declines for any future quarterly or other periods. The Corporation expects that its operating expenses will increase as it grows its business. As a result, any decrease or delay in generating revenues could result in material operating losses.

Risks Associated with Impairment and Credit Losses

The Corporation has experienced credit losses with some of its previous related party transactions. Any future transactions (including those with related parties) may also lead to receivables with a potential risk of collection. Additionally, as the Corporation continues to acquire assets there may be a discrepancy between the timing of acquisitions and being able to monetize the assets acquired, which can potentially result in impairment in a given period.

The Corporation has identified risk of impairment with respect to the Pine River Note and rental income. With respect to the rental income, the Corporation believes that the actual risk of non-payment is low and this risk has been described in detail and in accordance with financial reporting requirements in the management's discussion and analysis of the Corporation for the eight-month period ended August 31, 2018 in Schedule "A". With respect to the Pine River Note, the Corporation identified in Note 6 of the August 2018 Financial Statements in Schedule "A" that an expected credit loss of $192,240 was recognized for the initial $750,000 loan. IFRS stipulates that if interest is not collected on time and loan terms are extended, an impairment charge is required. Management made an estimate of potential impairment to comply with IFRS reporting standards. Copies of bank statements were provided by Pine River to the Corporation in order to demonstrate debt servicing ability. As such, no further impairment charges were provided for. The Corporation has reviewed Pine River's plan for repayment of the debt, evaluated its expected cash inflows, and reviewed its free cash available and has concluded that there is

no credit risk. To date, interest of $26,000 has been paid to the Corporation and there has been no principal repayment by Pine River.

Management of Growth

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Reliance on Management

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

Currency Fluctuations

Due to the Corporation’s present operations in the United States, the Corporation is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. The Corporation does not have currency hedging arrangements in place. Fluctuations in the exchange rate between the US dollar and the Canadian dollar, may have a material adverse effect on the Corporation’s business, financial position or results of operations.

Additional Financing and Risk of Dilution

The Corporation will require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. The Corporation has a history of private financing options, and anticipates that these financing options will continue to be available. Further, upon listing, the Corporation anticipates that it will also have access to public capital. There can be no assurance that additional financing will be available to us when needed or on terms which are acceptable. Our inability to raise financing to fund working capital, particularly, inventory, capital expenditures or acquisitions, could limit our growth and may have a material adverse effect upon our future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. 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 Corporation to obtain additional capital and to pursue business opportunities.

Risks Related to Acquiring Companies

The Corporation maintains an option to purchase equity in ACG and NSH. Further, NCG holds a 20% ownership share in Agripharm. Both ACG and Agripharm are considered to be "plant-touching" businesses. In the event that the Corporation elects to exercise the ACG Option, the Corporation would be exposed to significantly more regulatory risks and must comply with obligations specific to indirect involvement with cultivation or distribution marijuana-related businesses, including CSA Notice 51-352. The exercise of the ACG Option remains an improbable event as the Corporation does not intend to exercise this option for the foreseeable future.

The Corporation may also acquire other companies in the future and there are risks inherent in any such acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of such companies for which the Corporation is not sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Corporation's financial performance and results of operations. The Corporation could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits from such acquisitions. All of these factors could cause dilution to the Corporation'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 Corporation's securities. The Corporation may not be able to successfully integrate and combine the operations, personnel and technology infrastructure of any such acquired company with its existing operations. If integration is not managed successfully by the Corporation's management, the Corporation 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 Corporation's business, financial condition and results of operations. The Corporation may experience difficulties in combining corporate cultures, maintaining employee morale and retaining key employees. The integration of any such acquired companies may also impose substantial demands on the Management. There is no assurance that these acquisitions will be successfully integrated in a timely manner.

Inability to Protect Intellectual Property

The Corporation may have certain proprietary intellectual property, including but not limited to brands, trademarks, trade names, patents and proprietary processes. The Corporation relies upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information that is considered important to the development of the business. The Corporation relies on various methods to protect its proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. There can be no assurances that the steps taken by the Corporation to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the Corporation's intangible property, technology or processes. It is likely that other companies can duplicate a production process similar to the Corporation's. Other companies may also be able to materially duplicate the Corporation's proprietary products. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the Corporation may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The Corporation's ability to successfully implement its business plan depends in part on its ability to obtain, maintain and build brand recognition using its trademarks, service marks, trade dress, domain names and other intellectual property rights, including the Corporation's names and logos. If the Corporation's efforts to protect its intellectual property are unsuccessful or inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its brands may be harmed, which could have a material adverse effect on the Corporation's business and might prevent its brands from achieving or maintaining market acceptance.

The Corporation may be unable to obtain registrations for its intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. This could harm its image, brand or competitive position and cause the Corporation to incur significant penalties and costs. See also: *Risks Specifically Related to the United States Regulatory System – Limited Trademark Protection*.

Intellectual Property Claims

Companies in the retail and wholesale industries frequently own trademarks and trade secrets and often enter into litigation based on allegations of infringement or other violations of intangible property rights. The Corporation may be subject to intangible property rights claims in the future and its products may not be able to withstand any third-party claims or rights against their use. Any intangible property claims, with or without merit, could be time consuming, expensive to litigate or settle and could divert Management resources and attention. An adverse determination also could prevent the Corporation from offering its products to others and may require that the Corporation procure substitute products or services.

With respect to any intangible property rights claim, the Corporation may have to pay damages or stop using intangible property found to be in violation of a third party's rights. The Corporation may have to seek a license for the intangible property, which may not be available on reasonable terms and may significantly increase operating expenses. The technology also may not be available for license at all. As a result, the Corporation may also be required to pursue alternative options, which could require significant effort and expense. If the Corporation cannot license or obtain an alternative for the infringing aspects of its business, it may be forced to limit product offerings and may be unable to compete effectively. Any of these results could harm the Corporation's brand and prevent it from generating sufficient revenue or achieving profitability.

Litigation

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

Trade Secrets may be Difficult to Protect

The Corporation's success depends upon the skills, knowledge and experience of its scientific and technical personnel, consultants and advisors, as well as contractors. Because the Corporation operates in a highly competitive industry, it relies in part on trade secrets to protect its proprietary products and processes. However, trade secrets are difficult to protect. The Corporation enters into confidentiality or non-disclosure agreements with its corporate partners, employees, consultants, outside scientific collaborators, developers and other advisors. These agreements generally require that the receiving party keep confidential, and not disclose to third parties, confidential information developed by the receiving party or made known to the receiving party by the Corporation during the course of the receiving party's relationship with the Corporation. These agreements also generally provide that inventions conceived by the receiving party in the course of rendering services to the Corporation will be its exclusive property, and the Corporation enters into assignment agreements to perfect its rights.

These confidentiality, inventions and assignment agreements, where in place, may be breached and may not effectively assign intellectual property rights to the Corporation. The Corporation's trade secrets also could be independently discovered by competitors, in which case the Corporation would not be able to prevent the use of such trade secrets by its competitors. The enforcement of a claim alleging that a party illegally obtained and was using the Corporation's trade secrets could be difficult, expensive and time consuming and the outcome could be unpredictable. The failure to obtain or maintain meaningful trade secret protection could adversely affect the Corporation's competitive position.

Information Systems Security Threats

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

Cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks could result in any person gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, including personally identifiable information, corrupting data, or causing operational disruption. Cyber-attacks could also result in important remediation costs, increased cyber security costs, lost revenues due to a disruption of activities, litigation and reputational harm affecting customer and investor confidence, which could materially adversely affect our business and financial results.

The Corporation has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Corporation will not incur such losses in the future which could be in excess of any available insurance, and could materially adversely affect our business and financial results. The Corporation'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 Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Internal Controls

Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's consolidated financial statements and materially adversely affect the trading price of the Common Shares.

Risks Related to the Transaction

Forward-Looking Information

The forward-looking information included in this prospectus relating to, among other things, the Corporation's future results, performance, achievements, prospects, targets, intentions or opportunities or the markets in which we operate (including, in particular, the information contained in *"Summary", "Description of the Business", "Use of Available Funds", "Consolidated Capitalization",* and *"Plan of Distribution")* is based on opinions, assumptions and estimates made by the Corporation's management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Corporation believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. The Corporation's actual results in the future may vary significantly from the historical and estimated results and those variations may be material. We make no representation that its actual results in the future will be the same, in whole or in part, as those included in this prospectus.

Possible Failure to Realize Anticipated Benefits of the Acquisitions

The Corporation is proposing to complete the Acquisitions to strengthen its brand scope within the cannabis industry and to create the opportunity to realize certain benefits. Achieving the benefits of the Acquisitions depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from integrating NCG and Firefly's assets into its existing portfolio. The integration of NCG and Firefly requires the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the Corporation's ability to achieve the anticipated benefits of the Acquisitions. See: "*The Acquisitions*".

Possible Failure to Complete the Acquisitions

The Acquisitions are subject to completion of the conditions described herein and normal commercial risk that the Acquisitions may not be completed on the terms negotiated or at all. If closing of the Acquisitions do not take place by the Escrow Release Deadline, Odyssey (and the Corporation to the extent of any shortfall in the Escrowed Funds) will repay to holders of Subscription Receipts, commencing on or before the second Business Day following the Escrow Release Deadline, an amount equal to the aggregate Offering Price paid by the purchasers plus their pro rata share of the interest earned on the Escrowed Funds. In that case, the total return on investment that a purchaser of Subscription Receipts would be entitled to receive would be limited to the purchaser's pro rata share of interest earned on the aggregate Offering Price for such purchaser's Subscription Receipts. The purchaser would not be entitled to participate in any growth in the trading price of the Common Shares. See: "*The Acquisitions*" and "*Plan of Distribution*".

Potential Undisclosed Liabilities Associated with the Acquisitions and Limited Recourse

In connection with the Acquisitions, there may be liabilities that the Corporation failed to discover or were unable to quantify in their due diligence which was conducted prior to the execution of the NCG SPA and NWT MPA and we may not be indemnified for some or all of these liabilities. Additionally, the total exposure to liability in both Acquisitions has been capped and in the case of the Organa Brands Acquisition is limited to only 5% of the securities issued under the transaction. If the Corporation is not able to get representation and warranty insurance in connection with the Organa Brands Acquisition it will have limited recourse against the NCG Holders for damages to the Corporation attributable to breaches of representations or warranties in the NCG SPA. The inability to recover fully any significant liabilities incurred with respect to breaches of representations and warranties under the NCG SPA and NWT MPA may have adverse effects on the financial position of the Corporation. Further, investors in the Corporation will not have a direct statutory right or any other rights against the NCG Holders and Firefly vendors.

In addition, the NCG Holders and Firefly vendors have not made any representation to the Corporation, as to the disclosure in this prospectus constituting full, true and plain disclosure of all material facts related to the Acquisitions, or that this prospectus does not contain a misrepresentation with respect to NCG or Firefly, respectively. Accordingly, the Corporation will have all of the liability if the disclosure in this prospectus relating to NCG or Firefly does not meet such standard or contains a misrepresentation.

Limited Market for Securities

The securities of the Corporation are not currently listed on any stock exchange and there is no assurance that the securities of the Corporation will be listed or if listed, will provide a liquid market for the securities of the Corporation. Until the securities are listed on a stock exchange, holders of the Common Shares may not be able to sell their securities of the Corporation. Even if a listing is obtained, there can be no assurance that an active public market for the Corporation's securities will develop or be sustained after this Offering.

The Market Price of the Common Shares May be Subject to Wide Price Fluctuations

The market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Corporation and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in

the business prospects for the Corporation and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Corporation's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Common Shares.

Sales of Substantial Amounts of the Common Shares

Sales of substantial amounts of the Common Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Common Shares. A decline in the market prices of the Common Shares could impair the Corporation's ability to raise additional capital through the sale of securities should it desire to do so.

Securities or Industry Analysts

The trading market for Common Shares could be influenced by the research and reports that industry and/or securities analysts may publish about the Corporation, its business, the market or competitors. If any of the analysts who may cover the Corporation's business change their recommendation regarding the Common Shares adversely, or provide more favourable relative recommendations about its competitors, the share price would likely decline. If any analyst who may cover the Corporation's business were to cease coverage or fail to regularly publish reports on the Corporation, it could lose visibility in the financial markets, which in turn could cause the share price or trading volume to decline.

Going-Concern Risk

The financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Corporation's future operations are dependent upon the identification and successful completion of equity or debt or other financing and the achievement of profitable operations with respect to consulting and brand licensing services at an indeterminate time in the future. There can be no assurances that the Corporation will be successful in achieving profitability.

The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Corporation be unable to continue as a going concern.

Holding Company Structure

We are a holding company. Our subsidiaries conduct all of our operations and own substantially all of our tangible assets. Consequently, our cash flow and our ability to meet our obligations or to make other distributions in the future will depend on the cash flow of our subsidiaries and our subsidiaries' payment of funds to us in the form of distributions, dividends, tax sharing payments or otherwise.

The ability of our subsidiaries to make any payments to us will depend on their earnings and cash flow, the terms of their current and future indebtedness, tax considerations and legal and contractual restrictions on their ability to make distributions.

Our subsidiaries are separate and distinct legal entities. Any right that we have to receive any assets of or distributions from any of our subsidiaries upon the bankruptcy, dissolution, liquidation or reorganization,

or to realize proceeds from the sale of their assets, will be inferior to the claims of that subsidiary's creditors, including trade creditors and holders of debt that the subsidiary issued.

Public Corporation Expenses

Prior to the filing of this prospectus, the Corporation was not subject to the continuous and timely disclosure requirements of Canadian securities laws and the rules, regulations and policies of any stock exchange. As a public corporation, it will incur increased legal, accounting and other costs not incurred as a private corporation. The Corporation will be subject to, among other things, the rules and regulations of the applicable securities regulators. Management expects that compliance with these requirements will increase the Corporation's legal and financial compliance costs and will make some activities more time consuming and costly. In addition, there is an expectation that Management and other Corporation personnel will need to divert attention from operational and other business matters to devote substantial time to these public corporation requirements. The Corporation has made, and will continue to make, changes to its financial management control systems and other areas to manage its obligations as a public corporation, including corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. However, there is no assurance that these and other measures taken will be sufficient to allow the Corporation to satisfy its obligations as a public corporation on a timely basis.

Immediate Dilution

The Corporation will be issuing approximately 95 million Common Shares and approximately 17.5 million Restricted Shares upon satisfaction of the Escrow Release Conditions and the closing of the Acquisitions. This will be an immediate dilution to the holders of the Common Shares.

Additionally, the Corporation may sell additional equity securities in subsequent offerings (including through the sale of securities convertible into Common Shares) and may issue additional equity securities to finance the Corporation's operations, development, acquisitions or other projects. The Corporation cannot predict the size of future sales and issuances or equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Common Shares. Sales and issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer a dilution of their voting power and may experience a dilution in the Corporation's earnings per share.

Discretion in the Use of Proceeds

Provided the Escrow Release Conditions are met, Management will have broad discretion concerning the use of the balance of the proceeds of the Private Placement, as well as the timing of their expenditure. See: "*Use of Available Funds*". As a result, investors will be relying on the judgment of Management for the application of the balance of the proceeds of the Private Placement. Management may use the net proceeds of the Private Placement in ways that purchasers may not consider desirable. The results and the effectiveness of the application of the net proceeds are uncertain. If the proceeds are not applied effectively, the results of the Corporation's operations may suffer. Management currently intends to allocate the net proceeds received from the Private Placement as described under "*Use of Available Funds*", however, Management may elect to allocate the net proceeds differently from that described under "*Use of Available Funds*" if it believes it would be in the Corporation's best interest to do so.

Shareholders may not agree with the manner in which Management chooses to allocate and spend the net proceeds of the Private Placement.

PROMOTERS

Peter W. J. Miller, the Chief Executive Officer of the Corporation has been a promoter of the Corporation since its incorporation. As of the date of this prospectus, Peter W. J. Miller beneficially owns, controls, or directs, directly or indirectly 21,500,000 Common Shares representing 23.33% of the issued and outstanding Common Shares on a non-diluted basis. Since the incorporation of the Corporation, Mr. Miller has received an aggregate sum of $237,500 in consulting fees. See also "*Executive Compensation*".

William Levy, the President of the Corporation has been a promoter of the Corporation since its incorporation. As of the date of this prospectus, Mr. Levy beneficially owns, or has control over, directly or indirectly, 2,250,000 Common Shares representing 2.44% of the issued and outstanding Common Shares on a non-diluted basis. Since the incorporation of the Corporation, Mr. Levy has received an aggregate sum of USD$170,000 in consulting fees. See also "*Executive Compensation*".

Joel Leetzow has been a promoter of the Corporation since its incorporation. As of the date of this prospectus, Mr. Leetzow beneficially owns, or has control over, directly or indirectly, 100,000 Common Shares representing 0.11% of the issued and outstanding Common Shares on a non-diluted basis. See also "*Executive Compensation - Stock Options and Other Compensation Securities*".

Mihalis Belantis has been a promoter of the Corporation since its incorporation. As of the date of this prospectus, Mr. Belantis beneficially owns, or has control over, directly or indirectly, 4,700,000 Common Shares representing 5.10% of the issued and outstanding Common Shares on a non-diluted basis. Since the incorporation of the Corporation, Mr. Belantis has received an aggregate sum of $305,215.49 in finder's fees and $78,515.65 in consulting fees.

Keith Stein has been a promoter of the Corporation since its incorporation. As of the date of this prospectus, Mr. Stein beneficially owns, or has control over, directly or indirectly, 1,500,000 Common Shares representing 1.63% of the issued and outstanding Common Shares on a non-diluted basis. See also "*Executive Compensation*".

Mario Boscarino has been a promoter of the Corporation since its incorporation. As of the date of this prospectus, Mr. Boscarino beneficially owns, or has control over, directly or indirectly, 2,200,000 Common Shares representing 2.39% of the issued and outstanding Common Shares on a non-diluted basis.

On April 1, 2013, the British Columbia Securities Commission issued a cease trade order in respect of Monarca Minerals Inc. (formerly, Oremex Silver Inc.), a company which Keith Stein was a director of, for failure to file its financial statements and accompanying management's discussion and analysis for the period ended November 30, 2013. On June 3, 2014, the British Columbia Securities Commission issued a further cease trade order in respect of Monarca Minerals Inc. for failure to file its financial statements and accompanying management's discussion and analysis for the period ended February 28, 2014. Additionally, the Alberta Securities Commission issued a cease trade order on September 2, 2014 in respect of the foregoing and in respect to Monarca Minerals Inc.'s subsequent failure to file its financial statements and accompanying management's discussion and analysis for the period ended May 31, 2014. The cease trade orders were lifted on February 9, 2016. No other promoter of the Corporation has, within 10 years prior to the date of this prospectus, been a director, chief executive officer, or chief financial officer of any person or company, that was subject to an order that was issued while the

promoter was acting in such capacity, or was subject to an order that was issued after the promoter ceased to act in such capacity and which resulted from an event that occurred while the promoter was acting in such capacity.

No promoter of the Corporation is, as at the date of this prospectus, or has been within the 10 years prior to the date of this prospectus, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No promoter of the Corporation has, within the 10 years prior to the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS MATTERS

Legal Proceedings

The Corporation is from time to time involved in legal proceedings of a nature considered normal to its business. There are no legal proceedings the Corporation is or was a party to, or that any of its property is or was the subject of, since the beginning of the most recently completed financial year for which financial statements of the Corporation are included in this prospectus.

Regulatory Actions

There have not been any penalties or sanctions imposed against the Corporation by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Corporation, and the Corporation has not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described herein with respect to the acquisition of Purple Org, the Pine River Note, the Green House Transaction and the Organa Brands Acquisition (including NCG's investment in Agripharm), no insider, director or executive officer of the Corporation and no associate of any director, executive officer, or insider has any material interest, direct or indirect, in any transaction within the three years before the date of this prospectus that has materially affected or is reasonably expected to materially affect the Corporation. See: “*Executive Compensation*” and “*Description of the Business*”.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Auditors

The Corporation's auditor is MNP LLP of 111 Richmond Street West, Suite 300, Toronto, Ontario, M5H 2G4.

Transfer Agent and Registrar

The transfer agent and registrar for the Corporation's securities is Odyssey Trust Company at its principal office located at Stock Exchange Tower, 350-300 5th Avenue SW, Calgary, Alberta, T2P 3C4.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

In an offering of Subscription Receipts (including Common Shares and Warrants upon the satisfaction or waiver of the Escrow Release Conditions), investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the Subscription Receipts were offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

CONTRACTUAL RIGHT OF ACTION FOR RESCISSION

The Corporation has granted to each holder of a Subscription Receipt a contractual right of rescission of the prospectus-exempt transaction under which the Subscription Receipt was initially acquired. The contractual right of rescission provides that if a holder of a Subscription Receipt who acquires Common Shares and Warrants upon the satisfaction or waiver of the Escrow Release Conditions as provided for in the prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the prospectus or an amendment to the prospectus containing a misrepresentation: (a) the holder is entitled to rescission of its Subscription Receipt; (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Agents or Corporation, as the case may be, on the acquisition of the Subscription Receipt; and (c) if the holder is a permitted assignee of the interest of the original Subscription Receipt subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

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

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Corporation to the date hereof which are currently in effect and considered to be material.

1. NCG SPA.
2. NWT MPA.
3. The Agency Agreement.
4. The Subscription Receipt Agreement.
5. The Warrant Indenture.
6. The February Warrant Indenture.
7. The rights agreement between the Corporation and Green House dated July 9, 2018.
8. The standard cultivation and processing license issued, in accordance with the Cannabis Act and Regulations, to Agripharm by Health Canada (with an effective date of November 10, 2018 and expiry of December 13, 2019).

Copies of the above material contracts can be inspected at our head office during regular business hours for a period of 30 days after a final receipt is issued for this prospectus.

EXPERTS

No person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named in this prospectus as having prepared or certified a part of this prospectus, or a report, valuation, statement or opinion described in this prospectus, has received or shall receive a direct or indirect interest in any securities or other property of the Corporation or any associate or affiliate of the Corporation.

MNP LLP has confirmed that it is independent of the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

Certain legal matters in connection with this prospectus will be passed upon by Dentons Canada LLP. As at the date hereof, the partners, counsels, associates of Dentons Canada LLP, as a group, beneficially own, directly or indirectly, 1,600,000 Common Shares representing 1.74% of the outstanding securities of the Corporation.

SCHEDULE “A”
SLANG FINANCIAL STATEMENTS AND MD&A

(see attached)

SLANG WORLDWIDE INC.
(formerly Fire Cannabis Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS FOR THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE EIGHT MONTHS PERIOD ENDED AUGUST 31, 2018 AND FROM THE DATE OF INCORPORATION, MAY 29, 2017 TO DECEMBER 31, 2017

Dated January 17, 2019

FIRE CANNABIS INC.

Management Discussion and Analysis

The following Management Discussion and Analysis ("**MD&A**") should be read in conjunction with Slang Worldwide Inc.'s (formerly Fire Cannabis Inc.) (the "**Company**" or "**Slang**") consolidated financial statements and notes for the eight months period ended August 31, 2018 and from the date of incorporation, May 29, 2017 to December 31, 2017 (the "**Financial Statements**"). This MD&A was prepared with reference to the MD&A disclosure requirements set out by the National Instrument 51-102 – Continuous Disclosure Obligations ("**NI 51-102**"). The Financial Statements, together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. Results are reported in Canadian dollars, unless otherwise noted. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Information contained herein is presented as at January 17, 2019 unless otherwise indicated.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain information that may constitute "forward-looking information" and "forward-looking statements" which are based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", or "anticipate", "potential", "proposed", "estimate" 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 estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements included in this MD&A are made only as of the date of this MD&A. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- regulatory risks;
- changes in laws, regulations and guidelines;
- market risks;
- concentration risks:
- limited operating history; and
- competition risks.

Certain of the forward-looking statements and forward-looking information and other information contained herein concerning the cannabis industry and the general expectations of Slang concerning the cannabis industry and concerning Slang are based on estimates prepared by Slang using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which Slang believes to be reasonable. While Slang is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors and Slang has not independently verified such third-party information.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. 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 MD&A under "Description of Business" as well as statements regarding the Company's objectives, plans and goals, including future operating results, and economic performance 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. See "Risk Factors" for further details. 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. Accordingly, readers should not place undue reliance on forward-looking statements contained in this MD&A. 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. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward looking statements, unless required by law.

Description of Business

The Company was incorporated on May 29, 2017 pursuant to the *Canada Business Corporations Act* as Fire Cannabis Inc. The registered head office of the Company is located at 77 King Street West, Suite 400, Toronto, ON, M5K 0A1, Canada.

The Company is a branding and marketing company focused on developing reputable brands and quality hardware products that are synergistic with the cannabis business sector. The Company is not currently a licenced distributor under the *Cannabis Act* and does not grow, manufacture, test, extract or distribute products that contain cannabis.

The Company commenced operations in May of 2017 with the goal of building the business from the ground up. The core management team of the Company has previously started and grown companies that have realized returns for investors.

Assuming successful completion of the Organa Brands Acquisition (as hereinafter defined) and the Firefly Acquisition (as hereinafter defined), the Company has the objective of building core operating areas with sufficient scale of revenue as well as organic and acquisition grown prospects to achieve operational efficiencies.

Management of the Company will provide operational, marketing and administrative expertise to all operating subsidiaries.

Significant and Subsequent Events

On May 29, 2017, the Company issued 10,000,000 common shares in the capital of the Company for gross proceeds of $50,000.00.

On August 4, 2017, the Company issued 28,300,000 common shares in the capital of the Company for gross proceeds of $1,415,000.

On October 1, 2017, the Company entered into an advisory services agreement with Powerone Management & Advisory Services Limited ("**PowerOne**") whereby PowerOne agreed to provide corporate and financial advisory services to the Company in exchange for 750,000 common shares at a deemed price

of $0.05 per common share. The common shares were issued to PowerOne in 2018, which were recorded at $0.56 in accordance with IFRS.

On November 8, 2017, the Company advanced a loan of seven hundred and fifty thousand dollars $750,000 to a Pine River Consulting Ltd., a Colorado corporation ("**Pine River**") pursuant to a demand promissory note with a principal amount not to exceed one million dollars ($1,000,000) (the "**Pine River Note**"). The interest rate on the Pine River Note is 15% per annum payable quarterly. The Pine River Note contained a covenant with respect to any additional indebtedness; until the outstanding amount under the Pine River Note is zero, Pine River must obtain the written consent of the Company to create, incur, assume, or permit to exist any new indebtedness (the "**Consent Clause**"). The purpose of the Consent Clause is to ensure that the Company has the opportunity to continue to provide additional financing to Pine River (at its option), if Pine River wishes to obtain additional financing. Pine River's business model is to loan money to licensed American cannabis businesses through a variety of financing mechanisms, including term loans, equipment leases, and lines of credit. Pine River and the Company subsequently amended and restated the original Pine River Note on July 31, 2018 (the "**First A&R Pine River Note**"), and again on October 15, 2019 (the "**Second A&R Pine River Note**"). During the current reporting period the Company advanced an additional $179,471 to Pine River. Subsequent to August 31, 2018 an additional $564,657 was advanced to Pine River. The maturity of the loan was extended to November 8, 2020 at 15% interest for up to $1,500,000.

On December 15, 2017, the Company issued a warrant (the "**Canopy Warrant**") to Canopy Growth Corporation ("**Canopy**"). The Canopy Warrant becomes exercisable by Canopy at any time following the day that cannabis and cannabis-related products are legalized under applicable federal laws in the United States and the Company and Canopy enter into a collaboration agreement. The Canopy Warrant, if and when exercisable, shall be exercisable at exercise prices varying from a nominal amount to $1.50 per common share for approximately 32 million common shares (subject to adjustment). The Canopy Warrant expires on the earlier of: (i) December 15, 2032; and (ii) two years from the day that that cannabis and cannabis-related products are legalized under applicable federal laws in the United States.

On January 8, 2018, the Company appointed XIB Consulting Inc. ("**XIB**") to act as consultants with respect to capital markets strategy and private and public transactions for a term of six months (the "**Consulting Agreement**"). Throughout the term of this engagement, the Company issued 750,000 common shares and 3,275,000 common share purchase warrants to XIB. The common shares were issued to XIB in 2018 which were recorded at $0.56 in accordance with IFRS. The warrants issued to XIB (on March 1, 2018) entitle it to acquire one common share at an exercise price of $0.75 until the later of: (i) September 30, 2020 or (ii) the date that is 24 months from the date of the listing of the common shares on a Canadian stock exchange, or a transaction that provides holders of common shares comparable liquidity. This consulting agreement has expired. The warrants are valued at $928,930 and have been recorded as share-based compensation.

On February 20, 2018, National Concessions Group, Inc. ("**NCG**") and the Company entered into a share exchange agreement, where NCG agreed to transfer 500,000 (50%) of the shares of Slang Organa Brands Inc. (the "**JV Co**") to the Company in exchange for the issuance by the Company to NCG of 3,000,000 common shares which were recorded at $0.56 per share, in accordance with IFRS. The strategic relationship agreement between NCG, the Company and the JV Co dated February 20, 2018 currently governs the rights and obligations of NCG and the Company in relation to brand acquisitions by the Company and JV Co and the distribution of branded products by NCG and their network of licensees. The JV Co currently holds no assets or conducts any business.

On February 21, 2018 the Company completed a private placement of 22,393,366 special warrants at a price of $0.75 per special warrant for gross proceeds of approximately $16,800,000. The special warrants automatically converted into 26,872,028 common shares and 13,436,014 share purchase warrants

("**February Warrants**") on July 21, 2018. Each February warrant entitles the holder thereof to acquire one common share at an exercise price of $1.15 for a period of two years following the date that the common shares commence trading on a recognized stock exchange. The February Warrants also contain an acceleration provisions applicable in the event that, at any time during the term of the February Warrants, the closing trading price of the common shares on a recognized exchange is greater than $1.75 for 20 consecutive trading days.

On March 20, 2018, the Company completed an investment in each of NCG, NS Holdings, Inc. ("**NSH**"), Allied Concessions Group, Inc. ("**ACG**") through the purchase of 339,930 shares of common stock of NCG, a warrant to purchase 339,930 shares of common stock of NSH and a warrant to purchase 327,601 shares of common stock of the ACG, respectively, for an aggregate purchase price of USD $4,500,000 in cash and 2,000,000 common shares at a deemed price of $0.75 per common share (the "**OB Stock Purchase**"). The issued 2,000,000 common shares were recorded at $0.56 per share, in accordance with IFRS.

On April 3, 2018, the Company and Purple Company Inc. (the "**Purple Co.**"), an Ontario corporation, entered into an amended and restated share purchase agreement pursuant to which, the Company agreed to purchase, all of the issued and outstanding shares of common stock in the capital of the Purple Organization, Inc. ("**Purple Org**") from Purple Co. The acquisition by the Company of all of the shares of common stock of Purple Org. (the "**Purple Acquisition**") closed on April 30, 2018.

The Purple Org provides consulting and infrastructure to state-licensed greenhouse and outdoor cultivation operations in Carbondale, Colorado. The Purple Org owns and leases roughly 6,900 square-feet of greenhouse space and roughly 36 acres of farmland. The property includes four greenhouses and five acres of farmland intended for outdoor cannabis cultivation. This space is currently leased to Pleasant Valley Ranch Inc. and the lease is set to expire on December 31, 2020. The Purple Co. is owned by Peter Miller Enterprises, which is owned and controlled by Peter W. J. Miller, the Chief Executive Officer of the Company.

As purchase consideration for the shares of Purple Org, the Company issued The Purple Co. 10,000,000 common shares at deemed price of $0.05 per common share which were recorded at $0.56 in accordance with IFRS. Additionally, the Company refinanced two existing debts of Purple Org, specifically: (i) the amount payable by the Company at the closing time of the acquisition to the existing holder of a deed of trust over the farm property in Carbondale, Colorado, in exchange for an unsecured promissory demand note with an annual interest rate of fifteen percent (15%) with interest payments payable quarterly; and (ii) intercompany debt due from Purple Org to The Purple Co in exchange for a 4 year, 4% unsecured convertible promissory note in the amount of USD $1,843,030.76 (the "**Purple Note**") that is secured by a deed of trust. The Company has the right to prepay all or a portion of the amount due under the Purple Note any time and from time to time. The Purple Co. has the right to convert the principal amount outstanding under the Purple Note into common shares, at a deemed price of $0.20 per common share, on thirty (30) days' written notice.

On July 6, 2018, the Company issued the following options to advisors:

- 150,000 options to Monarch Partners, LLC at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 50,000 options to Taillight Pictures LLC at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 50,000 options to Phillip Charles Leeds at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 125,000 options to Terrence Thornton at an exercise price of $0.75 per option with an expiry date of July 6, 2023;

- 100,000 options to SP2 Holdings, LLC at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 35,000 options to Kingdom Entertainment Group, LLC at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 25,000 options to Alex Kirshbaum at an exercise price of $0.75 per option with an expiry date of July 6, 2023; and
- 25,000 options to Jesse Kirshbaum at an exercise price of $0.75 per option with an expiry date of July 6, 2023.

On July 6, 2018, the Company issued the following options to employees and contractors of the Company:

- 150,000 options to Mike Rutherford at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 150,000 options to Ramon Gamble at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 100,000 options to Tracy Oliver at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 100,000 options to Mike Moutrey at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 100,000 options to Riley Murray at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 50,000 options to Kelly Ehler at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 150,000 options to WDJ Creative Thinking at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 25,000 options to Rohan Joseph at an exercise price of $0.75 per option with an expiry date of July 6, 2023; and
- 25,000 options to Alexa Roland at an exercise price of $0.75 per option with an expiry date of July 6, 2023.

On July 9, 2018, the Company entered into a rights agreement with Green House Holdings North American Inc. ("**GHNA**"), pursuant to which the Company has the right to license certain intellectual property of GHNA for use in certain territories. In consideration of the grant of rights, the Company is obligated to pay GHNA USD$2,000,000 and issue 10,000,000 common shares. The common shares were issued on August 3, 2018 which were recorded at an estimated value of $0.56 per share in accordance with IFRS and the Company anticipates paying the cash portion of the purchase price following the satisfaction of the Escrow Release Conditions (as hereinafter defined).

On July 11, 2018, the Company entered into a letter of intent with Agripharm Corp. ("**Agripharm**") a licenced producer located in Creemore, Ontario, pursuant to which the Company agreed to license brand-related intellectual property to Agripharm with the intent that Agripharm shall use commercially reasonable efforts to market, sell, and distribute its licensed products. The agreement provides the Company access to Agripharm's distribution channels in Canada. The Company and Agripharm are currently in the advanced stages of negotiations to secure a definitive licensing and distribution agreement. The parties expect to finalize the agreement in the first quarter of 2019.

The acquisition of NCG is to be satisfied with USD $20,000,000 in cash, 65,000,000 common shares and 17,500,000 restricted shares (with both the common shares and the restricted shares at a deemed price of CAD $0.75 per share). The Company has the option to acquire ACG for 33,000,000 common shares and NS for 49,500,000 common shares. As of the date of this MD&A, the acquisition of NCG has not closed.

On July 16, 2018, the Company issued the following options to advisors:

- 150,000 options to Heiko F Hampsink at an exercise price of $0.75 per option with an expiry date of July 16, 2023;
- 150,000 options to Joachim Alexander Helms at an exercise price of $0.75 per option with an expiry date of July 16, 2023;
- 150,000 options to Mariam Gaougaou at an exercise price of $0.75 per option with an expiry date of July 16, 2023; and
- 100,000 options to Adam Schoenfeld at an exercise price of $0.75 per option with an expiry date of July 16, 2023.

On July 16, 2018, the Company entered into a letter of intent with Greenlane Holdings, LLC ("**Greenlane**") regarding a strategic partnership between the companies. The letter contemplates such matters as Canadian retail locations, packaging, product development, and distribution. The Company and Greenlane are currently in the advanced stages of negotiations to secure a definitive agreement. The parties expect to finalize the agreement in the first quarter of 2019.

On July 17, 2018, Canaccord Genuity Group Inc. as lead agent together with Clarus Securities Inc. as co-lead agent on behalf of a syndicate of agents was engaged to raise $50,000,000 by way of a private placement of subscription receipts ("**Subscription Receipts**") on a best efforts basis (the "**Subscription Receipt Offering**"). The Subscription Receipts were sold at a price of $1.50 per Subscription Receipt. Each receipt entitles the holder to receive one unit of the Company upon satisfaction of the escrow requirements. Each Subscription Receipt will entitle the holder thereof to receive, upon satisfaction or waiver of the escrow release conditions prior to the escrow release deadline and without payment of additional consideration or further action, one unit (the "**Unit**") of the Company. Each Unit will be comprised of one common share in the capital of the Company (a "**Unit Share**") and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to purchase one common share of the Company (each, a "**Warrant Share**") at an exercise price of $2.25 for a period of twenty-four (24) months from the date the common shares of the Company are listed for trading on the Canadian Securities Exchange. The warrants will be subject to an accelerated expiry in the event that the closing price of the common shares of the Company is above $3.50 for ten (10) consecutive trading days. On September 26, 2018, the Company closed the Subscription Receipt Offering and issued 43,998,590 Subscription Receipts for total gross proceeds to the Company of approximately $65,997,885. Funds from the Subscription Receipt Offering will be used by the Company to complete the acquisitions described above and for working capital purposes.

On July 30, 2018, the Company entered into a $750,000 promissory note and security agreement (the "**Firefly Loan**") with NWT Holdings Ltd ("**Firefly**"), which was subsequently amended and restated on September 25, 2018. The Loan has an interest rate of 12% per annum, with interest which shall accrue and shall be added to the principal for the first 12 months. After July 30, 2019, interest will be required to be paid on a monthly basis. The principal together with all outstanding interest, fees and expenses is required to be paid in full by Firefly on the earliest of any of the following dates (the "**Firefly Maturity Date**") (i) July 30, 2020; (ii) an Insolvency Default (as such term is defined in the Firefly Loan); and (iii) upon demand from the Company following an Event of Default (as such term is defined in the Firefly Loan).

On October 3, 2018, the Company entered into a USD $1,500,000 promissory note and security agreement with NCG (the "**OB Loan**"). The OB Loan has an interest rate of 12% per annum, with interest accrued and payable on a monthly basis commencing October 31, 2018. The principal together with all outstanding interest, fees and expenses is required to be paid in full by NCG on the earliest of any of the following dates (the "**Maturity Date**") (i) September 30, 2020; (ii) an Insolvency Default (as such term is defined in the OB Loan); and (iii) upon demand from the Company following an Event of Default (as such term is defined in the OB Loan).

On November 29, 2018, the Company entered into a Unit and Membership Interest Purchase Agreement with Mark Williams, Sasha Robinson, and Mid Atlantic Holdings, LLC to acquire 100% of the equity of NWT Holdings LLC (the "**Firefly Acquisition**"). The aggregate purchase price of the Firefly Acquisition is USD $16,000,000, which is comprised of USD $8,000,000 cash and common shares in the capital of the Company equivalent in value to USD $8,000,000. As of the date of this MD&A, the Firefly Acquisition has not closed.

On November 29, 2018, the Company entered into a share purchase agreement with the shareholders of NCG to acquire 92.5% of the equity of NCG (the Company acquired 7.5% of the equity of NCG on March 20, 2018) and to acquire option to purchase 100% of the equity of ACG and NSH (collectively referred to as the "**Organa Brands Acquisition**").

Overall Performance

The Company is engaged in acquiring operating entities, entering into joint ventures, strategic alliances and licensing or royalty arrangements. To do so requires raising funds from third party investors and / or using its share capital to assist with its investments. From an operating performance this means issuing shares, warrants, options and various vendor financing structures. The company, as outlined herein has been very active during the reporting period. The acquisitions and proposed acquisitions are primarily US based. As such, there is considerable cost associated with executing the strategic plan. The overall focus is international, with the initial round of acquisitions and alliances being US focused. From an operating performance perspective, the results are not that of a traditional operating entity. Our results involve significant valuation analysis and reporting as well as currency translation. The time frame from the date the various agreements were entered into to the time of closing run several months to upwards of a year. In a market such as ours, valuations have changed rapidly and materially. The financial reporting rules are market value based and complex. When a transaction is closed using share capital our investment is recorded at the share value at the time of closing, not the date of the transaction. Balance sheet and income statement accounts impacted are goodwill, marketing expense and potential impairment charges. The Company records the transaction at the share fair market value at the time of closing and then assesses whether the resulting value can be supported by the expected operations of the particular investment. Financing in the industry is characterized by the use of special warrant financings, issuing warrants as compensation, and issuing stock options. Each of these derivatives have to be evaluated as to whether they are equity or compensation related. These financial instruments are then valued and recorded.

The strategic and marketing alliances along with the acquisitions completed and proposed as outlined herein, has positioned the Company to realize upon the strategy communicated to shareholders and the board.

During the eight month period ending August 31, 2018, the Company completed financing transactions and closed investments and acquisitions. Starting with a special warrant offering in February, the Company raised gross proceeds of $16,800,000. The funds have been deployed via the acquisition of the Purple Org, an investment in the OB Stock Purchase, and marketing arrangements with GHNA. Details of each of these transactions are described below in greater detail. The financings and investments entailed utilizing a number of derivative equity instruments. At the end of the reporting period, cash on hand was $3,742,796. Funds were utilized to make the investments noted above as well as to progress the current financing, described below. The impact of utilizing equity instruments in our operations was the primary reason the Company incurred a loss of $23,297,600. Of this loss $17,696,572 related to non-cash marketing, goodwill adjustments and derivative adjustments. Derivative and goodwill expense categories arose from timing differences between agreement date and closing date wherein IFRS fair values at transaction closing vs. negotiated values. Marketing was a non-cash share based payment. Details of the adjustments and investments are described below in detail.

The Company earns revenue from investment property rental income, loan interest and interest on deposits. Revenue accrues consistently throughout the reporting period.

Interest income was earned from three sources. Deposits held by the Company which were raised in the special warrant offering, interest from loans to Pine River and interest on the loan to Firefly. In the prior year, sales were generated from consulting fees. There are no current plans to provide consulting services.

In connection with the equity financings and investments made, the Company issued shares and warrants as compensation or consideration. Where the financial rules require, the associated cost is detailed in the income statement as share based compensation or in the shareholder equity section. With the exception of costs directly associated with the financing costs, all other payments are reflected under consultants and subcontractors.

As noted above, at the time of closing, any common shares issued in connection the purchase of an investment are valued at fair market value. This had a direct impact on each closing. Investments, net of impairment ($7,689,874 detailed below) totals $7,148,092 (nil – 2017). As detailed in the audited financial statements, the primary investments making up this balance include ACG, NSH, NCG, the Purple Org and GHNA. The investment property relates to the real estate assets of the Purple Org. A related party loan to Pine River initially made in 2017 now has a balance of $1,429,471 at the date of this MD&A (2017 - $802,679). Interest on this loan was paid subsequent to August 31, and is current. However, as the interest payment was not made on time, a credit provision of $192,241 was recorded.

Investments at fair value of $7,148,092 are almost exclusively represented by NCG, ACG, and NSH. When the Company closed the OB Stock Purchase, it obtained 339,930 shares of common stock of NCG, representing 7.5% ownership interest in NCG, a warrant to purchase 339,930 shares of common stock of NSH and a warrant to purchase 327,601 shares of common stock of ACG. Such warrants are exercisable at USD $0.001 per share until March 20, 2028. As at August 31, 2018 the Company owns 7.5% of outstanding common shares of NCG. If the ACG and NSH warrants had been exercised on or before August 31, 2018, the Company would have owned 7.5% outstanding common shares of ACG and NSH respectively. The OB Stock Purchase closed March 2018.

The primary liabilities are vendor financings, $2,611,000 (2017 – nil) associated with the GHNA arrangement and $2,364,848 (2017 – nil) convertible note issued in the purchase of the Purple Org. All other investments were paid by way of cash and / or common shares.

Future reporting periods may be materially impacted as each investment will be valued. The potential impact is gains or losses on investments of a non-cash nature.

Revenue

	2018	**2017**
Rental income	$1,998,751	-
Interest income	$116,252	$16,596
Consulting income	-	$43,636
Total	$2,115,003	$60,232

Rental income earned in the period was from property owned by Purple Org., which in turn leases the property to a third party. Rental income covers the period from May 1, 2018 to August 31, 2018. There was no rental income in 2017, as the Purple Acquisition occurred in 2018. Recorded rent is solely from the Purple Acquisition and is a combination of a fixed monthly rent, a seasonal crop rent, and interest and penalties thereon. Rent is accrued monthly in accordance with the lease terms. The seasonal crop rent was

negotiated based on expected yields. The tenant's revenue is dependent on crop yields and sale of the crop into the marketplace. When the annual crop is sold by the tenant (which is expected in Q1 2019), the tenant is expected to make a lump sum rental payment.

Purple Org. collects rent on an annual basis; under IFRS reporting standards, the level of risk requires credit provisions. For example, under IFRS impairment analysis, factors to consider are timing of collection, past payments, and estimated future collections. Given that the rental payments are crop dependent and periodic, IFRS deems the rent collectability to be in a higher risk category. Accordingly, a provision is required per IFRS which we have accounted for in arriving at our net revenue and receivable figures. Notwithstanding the provisions, the Company considers the rent collectible. In total the Company provided for $1,821,707 leaving a receivable balance of $544,592 which is the estimated net collectible amount.

Interest income is interest from deposits held at financial institutions and from loans made to a related party (Pine River Consulting Ltd) and a third party (Firefly) which totaled $116,252 in the reporting period ($16,596 – 2017). In 2017, interest income primarily related to the loan made to Pine River

In 2017, consulting revenues were earned as noted above and are non-recurring.

Revenue will occur and accrue consistently throughout the fiscal year. Collection of rental income, however, will be an annual event. Given that rental income is dependent on crop quality and the ability of the tenant to sell the crop to the market, there is an increased risk of not being able to collect the full amount payable. As such, a conservative valuation position has been maintained.

Expenses

In summary, expenses for the eight month period ending August 31, 2018 totaled $14,161,252 ($909,098 - December 31, 2017). Expenses for the current reporting period and for the 2017 financial year relate primarily to professional and marketing costs in the startup phase of the Company's business. This includes professional fees related to the share issuances and for expenses associated with future financings, public listing strategies, strategic alliance agreements and acquisition activity. Additional costs in all categories will continue to be incurred in as the Company completes the process of becoming a listed entity, closes the acquisitions and executes its growth plans.

Operating Expenses

	2018	**2017**
Consulting and subcontractors	$1,230,981	$727,941
Marketing	8,211,000	-
Expected credit losses	2,013,947	-
General and Administrative	274,436	$175,825
Share-based payments	1,736,463	$5,332
Professional fees	592,246	-
Depreciation	102,179	-

The increase in consulting, subcontractor, professional fees reflects the investing activities and related costs associated with increased operating activity. The 2018 period also covers eight months, while the 2017 period covers only seven months. In 2018, more professionals were engaged to assist with financings, acquisitions, and day to day operations.

The marketing charge was for the rights obtained in the agreement with GHNA. There was no comparable marketing expense in 2017. The cash portion of the purchase price for the grant of these rights is

USD$2,000,000 ($2,611,000 CDN) and the issuance of 10,000,000 common shares from treasury to GHNA. The cash portion will be paid upon release of the escrowed funds. GHNA is 50% owned by Peter Miller Enterprises Inc. which is partially owned and fully controlled by Peter Miller, the Company's CEO. As the investment had not met the criteria of an asset and an economic benefit could not be measured the cost was expensed as marketing.

Expected credit losses of $2,013,947 (2017 – NIL) with $1,821,707 (2017 – NIL) attributable to rent receivable in the books of Purple Org (as discussed above). The balance of expected credit losses, $192,240 (2017 – NIL) relates to funds loaned to Pine River The Company expects to recover this amount, however, IFRS evaluation criteria stipulates that if interest is not collected on time and loan terms are extended, an impairment charge is required. The Issuer's management made an estimate of potential impairment to comply with IFRS reporting standards. Copies of bank statements were provided by Pine River to the Issuer in order to demonstrate debt servicing ability. As such, no further impairment charges were provided for. The Issuer has reviewed Pine River's plan for repayment of the debt, evaluated its expected cash inflows, and reviewed its free cash available; the Issuer has concluded that there is no credit risk.

Share based payments of $1,736,463 (2017 – 5,332) includes stock options for advisors and management. Certain third party advisors were also issued equity compensation in connection with the Company's financings, certain acquisitions, and other business activities. The Company undertook more activities in 2018, which partially accounts for the increase in cost. As well, certain agreements that contemplated the issuance of share based payments at the conclusion of the agreement were entered into in 2017, but not concluded until 2018.

Professional fees of $592,246 (2017 – NIL) were incurred in 2018 as the Company completed multiple substantive transactions during the period as well as requiring general corporate and securities advice. Tax planning and audit costs increased in connection with these substantive transactions as well. In 2017, there was no comparable activity.

Depreciation expense is based on the fair market value of the depreciable assets converted to the reporting currency, the Canadian dollar. The expense relates solely to the Purple Org.

Other charges:

	2018	**2017**
Impairment	$7,689,874	-
Financing cost and FV adjustment	$3,561,477	-

Details of the impairment charge are as follows;

Investment in Slang Organa Brands, Inc.	$1,680,000
Goodwill	$6,009,874
Total	**$7,689,874**

The impairment of $1,680,000 relates to common shares issued in connection with the joint venture investment in a new entity called Slang Organa Brands, Inc. The original intent was for the Issuer and NCG to utilize this joint venture to jointly create and market products. Following the entering into of the joint venture, the Issuer proposed to acquire all of NCG. Once the Organa Brands Acquisition is completed, the joint venture legal entity will become dormant. The issuance of the common shares in relation to the joint

venture investment required that they be initially recorded at fair market value which was then written off to reflect the change in plans. There were no investments in 2017 and as such, no goodwill or fair value adjustments.

Goodwill impairment of $6,009,874 relates to 10,000,000 common shares issued in the acquisition of the Purple Org At the time the shares were issued, the reported accounting value was $5,600,000 and the Purple Organization, Inc. had a negative net asset value of $409,874.when the acquisition was first approved, the value of the 10,000,000 common shares would have been $500,000 CDN which was more reflective of net value. However, at the time of closing the Purple Acquisition, the value of the Company's common shares had appreciated significantly. Consequently, the full amount of the goodwill was impaired.

Part of the consideration issued by the Company in connection with the Purple Acquisition was a 4 year, 4% unsecured convertible promissory note in the amount of USD $1,843,030.76 which is convertible at a deemed price of CDN $0.20 per common share. This is considered to be a derivative liability for financial reporting purposes. The fair value of the derivative liability was estimated using the Monte Carlo valuation model based on the following assumptions:

Share price	$0.56
Stock price volatility	110.23%- 110.93%
Expected life of the derivative liability	3.7- 4 years
Risk free rate	2.05%- 2.13%

The face value of the convertible promissory note is $2,364,849. Once it was revalued as a derivative liability to $5,424,517 at the date of closing the Purple Acquisition, the difference became a loss for accounting purposes. This loss on extinguishment totaled $3,059,668. For the period from May 1, 2018 to August 31, 2018 the derivative liability was revalued for the reporting period. This resulted in a fair value adjustment of derivative liability of $416,030 and the interest on convertible note of $32,034 was recorded in the consolidated statements of loss and comprehensive loss. The total financing cost and fair value adjustment was $3,561,477.

Liquidity

As at August 31, 2018 working capital was $2,426,741 (2017 – 942,767) including cash of $3,742,796 (2017 - $165,340). Rental income and future contributions from operating subsidiaries will be the Company's primary sources of cash flow to service operating expenses. In addition, pursuant to the September 26, 2018 Subscription Receipt Offering, upon the Escrow Release Conditions (as hereinafter defined) being satisfied, net proceeds of the Offering will be released to the Company and this will help the Company to meet its operating needs and to ensure sufficient liquidity of resources. The Company intends to maintain sufficient cash on hand to fund expenses and to mitigate any risks.

Capital Resources

The Company will have adequate funding to carry out its business plans from the funds raised from the February 21, 2018 financing and if the escrowed funds from the September 26, 2018 Subscription Receipt Offering escrowed funds are released if the Escrow Release Conditions (as hereinafter defined) are satisfied.

As set out under the heading "*Significant and Subsequent Events*" above, the Company completed a special warrant financing on February 21, 2018 for gross proceeds of approximately $16,800,000 and completed the Subscription Receipt Offering on September 26, 2018 for gross proceeds of approximately

$65,997,885. The funds raised in the Subscription Receipt Offering have been deposited in escrow with Odyssey Trust Company in its capacity as subscription receipt agent in respect of the Subscription Receipts. Each Subscription Receipt will be deemed exchanged, without payment of any additional consideration and without any further action by the holder and subject to adjustment, for one (1) one common share in the capital of the Company and one-half of one common share purchase warrant on the satisfaction of the following escrow release conditions:

(i) the Company obtaining a receipt for the prospectus from the securities regulatory authorities in each of the Canadian jurisdictions in which the Subscription Receipts have been sold;

(ii) the satisfaction or waiver of all conditions precedent to the:

(a) Organa Brands Acquisition; and

(b) Firefly Acquisition,

other than the closing of such transaction, each of which closing will be completed forthwith upon release of the escrowed funds and in each case in accordance with the definitive agreement governing such transactions and, to the satisfaction of the Canaccord Genuity Group Inc. as lead agent;

(iii) the receipt of all required shareholder and regulatory approvals in connection with the liquidity event, including, without limitation, the conditional approval of the Canadian Securities Exchange for the listing of the Company's common shares and the relevant listing documents having been accepted for filing with the Canadian Securities Exchange; and

(iv) the Company and the Canaccord Genuity Group Inc. as lead agent having delivered a joint notice and direction to the escrow agent, confirming that the conditions set forth in (i) to (iii) above have been met or waived (the foregoing being the "**Escrow Release Conditions**").

If the Escrow Release Conditions are not satisfied on or before the escrow release deadline or prior to the escrow release deadline the Company advises Canaccord Genuity Group Inc. as lead agent or announces to the public that it does not intend to satisfy the Escrow Release Conditions, the escrowed funds (plus accrued interest earned thereon) shall be returned to the holders of the Subscription Receipts on a pro rata basis and the Subscription Receipts will be cancelled without any further action on the part of the holders. To the extent that the escrowed funds (plus accrued interest) are not sufficient to refund the aggregate price paid by the holders of the Subscription Receipts, the Company shall be responsible and liable to contribute such amounts as are necessary to satisfy any shortfall.

In addition, the proposed acquisitions set out under the heading "*Significant and Subsequent Events*" that have not yet been completed are also conditional on the Company obtaining the stock exchange listing.

Related Party Transactions

The aggregate value of transactions and outstanding balances relating to the eight months ended August 31, 2018 and the period May 29, 2017 to December 31, 2017 and the eight-month period ended at August 31, 2018 were as follows:

Related party balances	August 31, 2018	December 31, 2017
Pine River	$768,819	$766,336
Agripharm	-	$30,906

Peter Miller Enterprises	-	$5,437

Pine River is an entity controlled by the Chief Executive Officer of the Company, Peter Miller. The promissory note advanced to Pine River which is described under the heading "*Significant and Subsequent Events*". The loan was renewed and now matures on November 8, 2020. Renewal was on the same terms and conditions are the original loan. The interest rate of the loan is 15% per annum which is considered the market rate given the demand nature and general security agreement Pine River in turn funds other businesses.

Agripharm loans receivable were collected by the Company and it is not anticipated there will be future funding to Agripharm. Peter Miller indirectly owns 20% of Agripharm.

Peter Miller Enterprises ("**PME**") is the parent company for the entities which Peter Miller has invested in. PME provides advisory and executive services to the Company. PME will continue to provide such services in the future. Any charges by PME to the Company are customary for the services rendered and totaled $122,393 for the eight month period ending August 31, 2018.

On April 30, 2018, the Company issued a 4 year, 4% unsecured convertible promissory note to Purple Co., which is a company controlled by the Company's Chief Executive Officer, Peter Miller. The Purple Note was in the amount of USD $1,843,031 (CAD $2,364,849) (the "**Purple Note**") to exchange an existing loan to Purple Org. The expiry date of the Purple Note is April 30, 2022. The transaction met the definition of extinguishment, and the Company recognized a loss on extinguishment in its consolidated statements of loss and compressive loss. The Company has the right to prepay all or a portion of the amount due under the Purple Note any time and from time to time. The Purple Co. has the right to convert the principal amount outstanding under the Purple Note into common shares in the capital of the Company, at a conversion price of CAD$0.20 per share, on thirty (30) days' written notice. The Purple Note was issued in connection with the Purple Acquisition, which is described in greater detail in both the "Significant and Subsequent Events" and "Operating Expenses" sections herein.

Management and marketing services are provided by The WPPD Initiative Group, LLC, a company controlled by the President, William Levy. Charges to the Company are customary and totaled $335,878 for the eight month period ending August 31, 2018.

Financial executive services are provided through the Purple Co. Charges to the Company are customary and totaled $64,183 for the eight month period ending August 31, 2018.

As noted above, on July 9, 2018, the Company entered into a rights agreement with GHNA, pursuant to which the Company obtained the right to license certain intellectual property from GHNA for use in certain territories. The purchase price for the grant of these rights is USD$2,000,000 and the issuance of 10,000,000 common shares from treasury to GHNA. GHNA is 50% owned by Peter Miller Enterprises Inc. which is partially owned and fully controlled by Peter Miller, the Company's CEO.

As noted above, on October 3, 2018, the Company advanced USD $1,500,000 to NCG pursuant to a promissory note and security agreement with NCG (the "**OB Loan**"). The OB Loan has an interest rate of 12% per annum, with interest accrued and payable on a monthly basis commencing on October 31, 2018. Chris Driessen, a director of the Company, is a shareholder and officer of NCG.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that would potentially affect current or future

operations or the financial condition of the Company.

Proposed Transactions

Apart from the proposed acquisitions as set out under the heading "*Significant and Subsequent Events*" above, the Company has not committed to any other proposed transactions. Discussions on other potential alliances and acquisitions are a regular part of the business. The Company maintains an open dialogue with numerous individuals and entities that might fit with the Company's strategy and vision.

Disclosure of Outstanding Share Data

Description	Authorized Capital of the Company	Outstanding as at the date of this MD&A
Common Shares	Unlimited	92,172,028
Non-Voting Common Shares	Unlimited	Nil
Preferred Shares	Unlimited	Nil
Subscription Receipts	Unlimited	43,998,590
Warrants		16,711,005
Compensation Options		3,854,092
Stock options	Up to 10%	3,710,000

Risks and Uncertainties

Overview

There are a number of risk factors that could cause future results to differ materially from those described herein. The following sets out the principal risks faced by the Company. Additional risks and uncertainties, including those that the Company does not know about or that it currently deems immaterial, could also adversely impact the Company's business and results of operations.

Key Personnel Risks. The Company's efforts are dependent on the skills of the founders. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, due to departure or other reasons, this could have a material adverse outcome on the Company and its securities. Key personnel employment contracts will be entered into prior to the closing of the subscription receipt deal and public offering.

Regulatory Risks. The Company operates in a new industry, which is highly regulated and is in a market which is very competitive and evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements.

As the Company is focused on the US market there is the potential for further regulatory requirements. While cannabis has become legal for recreational use in Canada, cannabis remains illegal under US federal law.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Financing Risks. Access to traditional banking and trade arrangements remain restricted, particularly for companies involved in the cannabis industry. The U.S., in particular, maintains such restrictions for accessing the U.S. marketplace.

Market Risks. Commodity Price Risks. Cannabis and other herbal alternatives are part of a developing market, likely subject to volatile and possibly declining prices year over year, as a result of increased competition. Because cannabis is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. The Company operates in the sector not requiring regulatory approval or licensing. The company is "non-plant touching". As such the Company does not directly handle, process, manufacture, cultivate or distribute cannabis products. The Company's vaporizers and accessories are in support of the products the licensed operators produce.

Competitive Product Risks. The market is characterized by a growing number of new market entrants competing in the same product categories as the Company. As such there is considerable competition in the market place.

Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of Fire Cannabis Inc.

To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

To succeed in the marketplace the Company needs to differentiate itself which it has done via innovative design and technology

Brand Perception. Fire Cannabis Inc. is a new entrant in the marketplace with no prior history. This is partially mitigated by the targeted acquisitions of companies with market acceptance and by the experience of the founders.

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 its securities 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.

There is no certainty that the Company will continue to produce revenue, operate profitably or provide a return on investment in the future.

Financial Instruments & Other Instruments

The Company's financial instruments consist of cash, accounts receivable, loans receivable, investments, accounts payable and accrued derivative liabilities. Cash, investments and derivative liabilities are classified as fair value through profit or loss. Accounts receivables, accounts payable and accrued liabilities are classified as financial assets or financial liabilities, which are measured at amortized cost or amortized cost less any impairment losses related to accounts receivable. The fair value of cash, accounts payable and accrued liabilities are equal to their carrying value due to their short-term maturity. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of arms-length financial instruments approximates their carrying value due to the relatively short-term to maturity.

Critical accounting estimates

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statements of financial position date, could result in a material adjustment to the carry amounts of assets or liabilities. In the event that actual results differ from the assumptions made, relate to, but are not limited to the following:

Share-based payments

The Company operates equity settled share-based remuneration plans for its eligible directors, officers, employees and consultants. All goods and services received in exchange for the grant of any share-based payments are measured at their fair value unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employees and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted.

Equity settled share-based payments under share-based payments plans are ultimately recognized as an expense in profit or loss with a corresponding credit to reserve for share-based payments, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from the previous estimate. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its Cash Generating Unit ("**CGU**") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Early adoption of IFRS 9

The Company elected to early-adopt IFRS 9 for the periods reported.

IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model

Early adoption of IFRS 15

The Company elected to early-adopt IFRS 15 for the periods reported.

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation

New accounting standards and interpretations not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's Financial Statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the Financial Statements to be material.

- IFRS 16, 'Leases' - effective for annual periods beginning on or after January 1, 2019, adoption of IFRS 16 will result in substantially all lessee leases being recorded on the balance sheet as an asset with a corresponding liability with both current and long-term portions.

Other MD&A Requirements

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.

Additional information related to the Company can be found on SEDAR at www.sedar.com.

Fire Cannabis Inc.

Consolidated Financial Statements
For the eight months period ended August 31, 2018 and from the date of incorporation, May 29, 2017 to December 31, 2017

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Independent Auditors' Report

To the Shareholders of Fire Cannabis Inc.:

We have audited the accompanying consolidated financial statements of Fire Cannabis Inc., which comprise the consolidated statements of financial position as at August 31, 2018 and December 31, 2017, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the period from January 1, 2018 to August 31, 2018 and from the date of incorporation, May 29, 2017, to December 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Fire Cannabis Inc. as at August 31, 2018 and December 31, 2017, and its financial performance and its cash flows for the period from January 1, 2018 to August 31, 2018 and from the date of incorporation, May 29, 2017, to December 31, 2017, in accordance with International Financial Reporting Standards.

Toronto, Ontario
January 17, 2019

Chartered Professional Accountants
Licensed Public Accountants

MNP

Fire Cannabis Inc.

Consolidated Statements of Financial Position

As at August 31, 2018 and December 31, 2017

(Prepared in Canadian dollars)

	Notes	2018	2017
Assets			
Current			
Cash		**$ 3,742,796**	$ 165,340
Accounts receivable	**5**	**544,592**	62,367
Other receivables		**518,340**	60,899
Prepaids		**283,158**	96,462
Loans and notes receivable	**6**	**831,889**	802,679
Total current		**5,920,775**	1,187,747
Investments, at fair value	**7**	**7,148,092**	-
Notes receivable	**10**	**989,587**	-
Investment properties	**11**	**4,154,487**	-
Property, plant and equipment	**12**	**162,848**	-
Total assets		**$ 18,375,789**	1,187,747
Liabilities and Equity			
Current			
Accounts payable and accrued liabilities		**$ 863,623**	$ 244,981
Loan payable	**18**	**2,611,000**	-
Dues to related party	**17**	**19,411**	-
Total current		**3,494,034**	244,981
Derivative Liability	**13**	**5,840,545**	-
Total liabilities		**9,334,579**	244,981
Equity			
Share capital	**14**	**29,298,297**	1,366,300
Shares to be issued	**14**	**-**	420,000
Contributed surplus		**1,625,258**	5,332
Warrants	**14**	**2,173,464**	-
Foreign currency translation reserve		**90,657**	-
Deficit		**(24,146,466)**	(848,866)
Total shareholders' equity		**9,041,210**	942,766
Total liabilities and shareholders' equity		**$ 18,375,789**	$ 1,187,747
Commitments	**18**		
Subsequent Events	**22**		

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

Fire Cannabis Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the eight months period ended August 31, 2018 and from the date of incorporation, May 29, 2017 to December 31, 2017
(Prepared in Canadian dollars)

	Notes	2018	2017
Revenue			
Rental income		**$ 1,998,751**	$ -
Interest income		**116,252**	16,596
Consulting income		**-**	43,636
		2,115,003	60,232
Expenses			
Consulting and subcontractors		**1,230,981**	727,941
Marketing	**18**	**8,211,000**	-
Expected credit losses	**5,6,20**	**2,013,947**	-
Professional fees		**592,246**	-
General and administrative		**274,436**	175,825
Depreciation	**12**	**102,179**	-
Share based payments	**14**	**1,736,463**	5,332
Loss from operation		**14,161,252**	909,098
Impairment	**9**	**7,689,874**	-
Financing cost and FV adjustment	**16**	**3,561,477**	-
Loss before income taxes		**(23,297,600)**	(848,866)
Income tax	**21**	**-**	-
Net loss for the year		**(23,297,600)**	(848,866)
Other comprehensive loss for the year			
Exchange differences on translation of foreign operations		**90,657**	-
Total comprehensive loss for the year		**$ (23,206,943)**	$ (848,866)
Earnings per common share based on net loss for the year			
Basic		**$ (0.34)**	$ (0.03)
Diluted		**$ (0.34)**	$ (0.03)
Weighted average number of common shares outstanding			
Basic		**69,019,381**	28,455,556
Diluted		**69,019,381**	28,455,556

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

Fire Cannabis Inc.

Consolidated Statements of Changes in Equity

For the eight months period ended August 31, 2018 and from the date of incorporation, May 29, 2017 to December 31, 2017
(Prepared in Canadian dollars)

	Notes	Share capital	Shares to be issued	Warrants	Contributed surplus	Foreign currency translation reserve	Deficit	Total equity
Balance as at May 29, 2017								
Net loss for the year		$ -	$ -	$ -	$ -	$ -	$ (848,866)	$ (848,866)
Stock-based compensation expense	**14**	-	-	-	5,332	-	-	5,332
Issued pursuant to private placements, net	**14**	1,366,300	-	-	-	-	-	1,366,300
Shares to be issued	**14**	-	420,000	-	-	-	-	420,000
Balance as at December 31, 2017		$ 1,366,300	$ 420,000	$ -	$ 5,332	$ -	$ (848,866)	$ 942,766
Net loss for the year		**-**	**-**	**-**	**-**	**-**	**(23,297,600)**	**(23,297,600)**
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**90,657**	**-**	**90,657**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**90,657**	**(23,297,600)**	**(23,206,943)**
Stock-based compensation expense	**14**	**-**	**-**	**-**	**1,036,463**	**-**	**-**	**1,036,463**
Issued pursuant to services	**14**	**1,120,000**	**(420,000)**	**-**	**-**	**-**	**-**	**700,000**
Issued pursuant to investments	**14**	**14,000,000**	**-**	**-**	**-**	**-**	**-**	**14,000,000**
Issued pursuant to private placements, net	**14**	**-**	**-**	**14,985,461**	**583,463**	**-**	**-**	**15,568,924**
Conversion of special warrants to common shares	**14**	**12,811,997**	**-**	**(12,811,997)**	**-**	**-**	**-**	**-**
Balance as at August 31, 2018		**$ 29,298,297**	**$ -**	**$ 2,173,464**	**$ 1,625,258**	**$ 90,657**	**$ (24,146,466)**	**$ 9,041,210**

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

Fire Cannabis Inc.

Consolidated Statements of Cash Flows

For the eight months period ended August 31, 2018 and from the date of incorporation, May 29, 2017 to December 31, 2017
(Prepared in Canadian dollars)

	Notes	2018	2017
Cash flows used in operating activities			
Net loss for the year		**$ (23,297,600)**	$ (848,866)
Items not affecting cash			
Expected credit losses	**5,6**	**2,013,947**	-
Interest not paid/recieved in cash		**(56,735)**	-
Impairment	**9**	**7,689,874**	-
Marketing	**18**	**8,211,000**	
Depreciation	**11,12**	**102,178**	-
Fair value adjustment	**13**	**416,030**	-
Loss on extinguishment of convertible debt	**13**	**3,059,668**	-
Realised exchange loss	**16**	**53,745**	5,332
Share-based payment	**14**	**1,736,463**	-
		(71,430)	(843,534)
Changes in non-cash working capital balances			
Increase in accounts receivable		**(1,969,605)**	(62,367)
Increase in other receivables		**(457,441)**	(60,899)
Increase in prepaids and receivables		**(186,696)**	(96,462)
Increase in accounts payable and accrued liabilities		**516,010**	664,981
		(2,169,162)	(398,281)
Cash flows from financing activities			
Repayment of note payable	**8**	**(2,177,350)**	-
Advances from related party		**19,411**	-
Proceeds pursuant to issuance of special waarants, net	**14**	**15,568,924**	-
Proceeds pursuant to private placement financing, net	**14**	**-**	1,366,300
		13,410,985	1,366,300
Cash flows from (used in) investing activities			
Advances to loans receivable		**(1,159,279)**	(802,679)
Repayment of loan receivable		**30,646**	-
Investments		**(6,028,092)**	-
Purchase of property, plant and equipment	**11,12**	**(474,246)**	-
Cash acquiered through business combination	**8**	**16,241**	-
		(7,614,730)	(802,679)
Net increase (decrease) in cash during the year		**3,627,093**	165,340
Exchange rate changes on foreign currency cash balances		**(49,637)**	-
Cash, beginning of year		**165,340**	-
Cash, end of year		**$ 3,742,796**	$ 165,340
Supplemental cash flow information			
Income taxes paid		**$ 130,550**	$ -
Interest expense paid		**-**	-

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

1. Nature of operations

Fire Cannabis Inc. (the "Company") was incorporated in May 29, 2017 under the laws of Canada Business Corporations Act.

The address of the Company's registered office is 77 King Street West, Suite 400, Toronto, Ontario, Canada.

The Company invests and operates in the cannabis industry. The Company invests in companies that have a consumer centric product portfolio with best in class brands that have widespread distribution.

The consolidated financial statements were approved by the Company's Board of Directors on January 17, 2019.

2. Basis of presentation

2.1 Statement of compliance

The Company's consolidated financial statements have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") as issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the periods ended August 31, 2018 and December 31, 2017.

2.2 Basis of measurement

The Company's consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets.

2.3 Basis of consolidation

The consolidated financial statements for the eight months period ended August 31, 2018 include the accounts of the Company and its wholly-owned subsidiary- The Purple Organisation, Inc. on a consolidated basis after elimination of intercompany transactions and balances.
The subsidiary is an entity controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are fully consolidated from the date that control commences and de-consolidated from the date control ceases.

The functional currency of the Company is Canadian Dollar which is also the presentation currency of the consolidated financial statements. The functional currency of The Purple Organisation, Inc. is the US dollar.

2.4 Adoption of new and revised standards and interpretations

New standards and interpretations

At the date of authorization of these consolidated financial statements, the IASB and the IFRS Interpretations Committee ("IFRIC") has issued certain new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods; however, the Company has early adopted IFRS 15 and IFRS 9 from the date of incorporation as detailed below. The Company is currently assessing the remaining standards and what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

Early Adoption of IFRS 15 – Revenue from Contracts with Customers

As permitted, the Company elected to early-adopt IFRS 15 for the periods reported.

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

Early Adoption of IFRS 9 – Financial Instruments

As permitted, the Company elected to early-adopt IFRS 9 for the periods reported.

IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

2.4 Adoption of new and revised standards and interpretations (continued)

Financial assets at fair value through comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.
Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

2.4 Adoption of new and revised standards and interpretations (continued)

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Summary of the Company's classification and measurements of financial assets and liabilities

	IFRS 9	
	Classification	**Measurement**
Cash and cash equivalents	FVTPL	Fair value
Trade & other receivables	Amortized cost	Amortized cost
Loans and notes receivable	Amortised cost	Amortised cost
Investments	FVTPL	Fair value
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Loan payable	Amortised cost	Amortised cost
Derivative liability	FVTPL	Fair value

2.4 Adoption of new and revised standards and interpretations (continued)

- IFRS 16, Leases, was issued in January 2016 and is intended to replace International Accounting Standard (IAS) 17, Leases, and related IFRIC's. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is assessing the impact of adoption of the standard.

- IFRS 2 'Share-based Payments'. In June 2016, the IASB issued final amendments to this standard. IFRS 2 clarifies the classification and measurement of share-based payments transactions. These amendments deal with variations in the final settlement arrangements including: (a) accounting for cash settled share-based payment transactions that include a performance condition; (b) classification of share-based payment transactions with net settlement features; and (c) accounting for modifications of share-based payment transactions from cash settled to equity. IFRS 2 is effective for annual periods beginning on or after January 2018, with early adoption permitted. The Company has assessed this standard and will account for share-based payments on this basis as they occur. The Company does not expect any significant impact from the adoption of these amendments on its consolidated financial statements.

- IAS 12 'Income taxes'. The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealized losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets This statement is effective for periods beginning on or after 1 January 2017. The Company does not believe the statement will have a significant impact, given that this is a clarification to the existing standard; there is no change in the underlying principles for the recognition of deferred tax assets.

3. Summary of significant accounting policies

The significant account policies used in the preparation of these financial statements are described below.

Revenue

Revenue is derived from, interest income on deposits, rental income and advisory fees.

Interest income is recognized based on the number of days the investment was held during the year using the effective interest rate method.

Rental income is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Foreign currency translation

Monetary assets and liabilities denominated in currencies other than functional currencies are translated into functional currencies at the rate of exchange in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at the historical rates. Revenues and expenses are translated at the transaction date exchange rate. Foreign currency gains and losses resulting from translation are reflected in net comprehensive loss for the period.
The assets and liabilities of entities with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate on the statement of the financial position date;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions) for the year or period presented;
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as reserve for foreign currency translation.

3. Summary of significant accounting policies (continued)

Accounts Receivable and Expected Credit Loss

Accounts receivable are recorded at the invoiced amount and do not bear interest except rent receivable which bears interest based on the terms of lease agreement. Expected credit loss reflect the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability or unwillingness to pay. Collectability of trade receivables is reviewed on an ongoing basis. The expected credit loss is determined based on a combination of factors, including the Company's risk assessment regarding the credit worthiness of its customers, historical collection experience and length of time the receivables are past due. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered.

Investment properties

Investment properties include properties held to earn rental income. Investment property is measured using the cost model under IAS 40. The property is recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. Investment properties comprise non-owner occupied properties held to earn rentals and for capital appreciation.

Depreciation is provided for at the following rates and method:

Building 4%

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to bring the asset to the location and condition necessary for its use in operation.
Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in the consolidated statement of loss and comprehensive loss.
The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.
Depreciation is computed using a percentage of asset or the declining balance based on the following percentages:

	Percentage
Vehicles	25%
Office equipment	20%
Equipment and machinery	20%

3. Summary of significant accounting policies (continued)

Business combinations, goodwill and intangible assets

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the date of acquisition. Acquisition related transaction costs are expensed as incurred. Identifiable assets and liabilities, including intangible assets, of acquired businesses are recorded at their fair value at the date of acquisition. When the Company acquires control of a business, any previously held equity interest also is re-measured to fair value. The excess of the purchase consideration and any previously held equity interest over the fair value of identifiable net assets acquired is goodwill. If the fair value of identifiable net assets acquired exceeds the purchase consideration and any previously held equity interest, the difference is recognized in the consolidated statements of loss and comprehensive loss immediately as a gain or loss on acquisition.

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its Cash Generating Unit ("CGU") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

3. Summary of significant accounting policies (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized on the statements of financial position at the time the Company becomes a party to the contractual provisions of the financial instruments.

i) Initial measurement of financial assets and financial liabilities

Financial assets and liabilities are recognized at fair value upon initial recognition plus any directly attributable transaction costs when not subsequently measured at fair value through profit or loss.

ii) Subsequent measurement

Measurement in subsequent periods is dependent on the classification of the financial instrument. The Company's financial assets include loans, accounts and other receivable and investments.

The Company classifies its financial liabilities as financial liabilities at amortised cost or fair value.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company’s loans and receivables comprise cash and trade receivables and are included in current assets as they are expected to be settled within 12 months due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to their fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Investments

Equity investments are measured at FVTPL. Changes in fair value are recognised in the consolidated statements of loss and comprehensive loss for equity instruments measured at FVTPL.

3. Summary of significant accounting policies (continued)

Impairment of financial assets carried at amortized cost

At each statement of financial position date, the Company assesses whether there is objective evidence a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognized in the statements of loss and comprehensive loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For practical reasons, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

Financial liabilities at amortized cost

Financial liabilities at amortized cost include accounts payable and accrued liabilities. Financial liabilities are initially recognized at fair value net of any transaction costs and subsequently at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within 12 months or they are due on demand. Otherwise, financial liabilities are reported at amortized cost.

Financial liabilities at FVTPL

The company's derivative financial liabilities are stated at fair value with changes recognised in the consolidated statements of loss and comprehensive loss.

Convertible promissory note

The convertible promissory note is considered to contain an embedded derivative relating to the conversion feature. The conversion feature was measured at fair value upon initial recognition using the Monte Carlo valuation model and was separated from the debt component of the note. The debt component of the note was measured at residual value upon initial recognition. Subsequent to initial recognition, the embedded derivative component is re-measured at fair value at each reporting date while the debt component is accreted to the face value of the note using the effective interest rate through periodic charges to finance expense over the term of the note.

3. Summary of significant accounting policies (continued)

Share-based payments

The Company operates equity settled share-based remuneration plans for its eligible directors, officers, employees and consultants. All goods and services received in exchange for the grant of any share-based payments are measured at their fair value unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employees and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted.

Equity settled share-based payments under share-based payments plans are ultimately recognized as an expense in profit or loss with a corresponding credit to reserve for share-based payments, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from the previous estimate. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

Provisions and contingent liabilities

Provisions, where applicable, are recognized in other liabilities when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

3. Summary of significant accounting policies (continued)

Income taxes

Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in other comprehensive income or directly in equity.

i) Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

ii) Deferred tax

Deferred tax is recognized using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss except where they related to items that are recognized in other comprehensive income or directly in equity, in which case, related deferred tax is also recognized in other comprehensive income or equity, respectively.

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

3. Summary of significant accounting policies (continued)

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

Loss per share

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of common shares outstanding during each of the years presented. Contingently issuable shares (including shares held in escrow) are not considered outstanding Common Shares and consequently are not included in the loss per share calculations.

Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company has two categories of dilutive potential common shares: warrants and stock options. In order to determine diluted loss per share, it is assumed that any proceeds from the exercise of dilutive stock options would be used to repurchase common shares at the average market price during the period. The diluted loss per share calculation excludes any potential conversion of options that would increase earnings per share or decrease loss per share.

4. Significant accounting judgements and estimation uncertainties

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and revenue and expenses. The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements relate to, but are not limited to the following:

Expected credit loss

Management determines the expected credit loss by evaluating individual receivable balances and considering a member's financial condition and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All receivables are expected to be collected within one year of the statement of financial position date.

4. Significant accounting judgements and estimation uncertainties (continued)

Share-based payments

Valuation of stock-based compensation and warrants requires management to make estimates regarding the inputs for option pricing models, such as the expected life of the option, the volatility of the Company's stock price, the vesting period of the option and the risk-free interest rate are used. Actual results could differ from those estimates. The estimates are considered for each new grant of stock options or warrants.

Estimated useful lives and depreciation of property, plant and equipment

Depreciation of property, plant and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Fair value of financial instruments

The individual fair values attributed to the different components of a financing transaction, and/or derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Impairment of goodwill

The values associated with goodwill involve significant estimates and assumptions, including those with respect to the determination of cash generating units, future cash inflows and outflows, discount rates and asset lives. At least annually, the carrying amount of goodwill is reviewed for potential impairment. Among other things, this review considers the recoverable amounts of the CGUs based on the higher of value in use or fair value less costs of disposal using discounted estimated future cash flows. These significant estimates require considerable judgment which could affect the Company's future results if the current estimates of future performance and fair value change.

5. Accounts Receivable

	August 31, 2018	December 31, 2017
Accounts receivable	**$2,366,299**	$62,367
Expected credit losses (Note 20)	**(1,821,707)**	-
	$544,592	$62,367

6. Loans Receivable from Related Parties

On November 8, 2017 the Company loaned $750,000 to Pine River Consulting Ltd. (controlled by the Company's CEO) ("Original Promissory Note"). The loan was pursuant to a credit facility in the amount of $1,000,000. On July 30, 2018, the Company and Pine River Consulting Ltd. amended and restated the Original Promissory Note (the "Amended Promissory Note") to reflect additional amounts advanced by the Company. As at August 31, 2018 principal due is $961,024 ($755,445 – December 31, 2017). The amount is due the earlier of November 8, 2018 or on demand and bears interest at 15%. As at August 31, 2018, the Company estimated an expected credit loss of $192,240, the remaining balance of the loan is $768,784. Interest accrued to August 31, 2018 amounted to $63,105 (December 31, 2017 - $10,890). The loan remains outstanding at the date of these financial statements. On October 15, 2018, the Company and Pine River Consulting Ltd. amended and restated the Amended Promissory Note to include additional funds loaned subsequent to August 31, 2018.

On November 22, 2017 the Company loaned $30,646 (August 31, 2018 – Nil) to Agripharm Corp. in which the CEO has a significant equity interest and management control. The loan bears interest at 10%, was evidenced by a promissory note and was repaid in February 2018. Interest accrued to December 31, 2017 amounted to $260. The loan was repaid during the period ended August 31, 2018.

Advances were made to Peter Miller Enterprises (controlled by the Company's CEO) during the year. There were no specified terms of repayment. The amount receivable at August 31, 2018 is NIL, (December 31, 2017 - $5,437).

7. Investments

a. Slang Organa Brands, Inc.

On February 20th, 2018 the Company entered into a share exchange agreement with National Concessions Group, Inc. whereby the Company acquired 500,000 shares of Slang Organa Brands, Inc., a Delaware corporation, in exchange for 3,000,000 shares of the Company, which were estimated at $0.56 per share on the date of transaction. This resulted in a transaction value of $1,680,000. As Slang Organa Brands, Inc. will remain inactive given the pending acquisition of National Concessions Group, Inc, the investment has been fully impaired as at August 31, 2018.

b. National Concessions Group, Inc. (NCG), Allied Concessions Group, Inc. (ACG), NS Holdings, Inc. (NSH)

On March 20th, 2018 the Company entered into an agreement to acquire shares of NCG and obtained a warrant for ACG and NSH. The total investment and allocation was as follows;

Cash consideration	$5,861,330
Share consideration	$1,120,000
Total consideration	$6,981,330

The share consideration was 2,000,000 Company shares with an estimated value of $0.56 per share. If the estimated share price was lower (higher) by 10%, the value of the investment would decrease (increase) by $112,000.

7. Investments (continued)

The investment is allocated as follows;	
NCG common shares	$3,491,272
NSH warrant	$1,745,636
ACG warrant	$1,744,422
Total investment	$6,981,330

The NSH and ACG warrant entitle the Company to acquire 339,930 and 327,601 common shares of the respective entities once US regulatory hurdles permit investment in NSH and ACG. The warrants can be exercised at USD $0.001 until March 20, 2028.

As at August 31, 2018 the Company owns 7.5% of outstanding common shares of NCG. Had the ACG and NSH warrants been exercised before or on August 31, 2018, the Company would have owned 7.5% outstanding common shares of ACG and NSH respectively.

As at August 31, 2018 the Company estimated no change in the fair value of the investment in NCG, ACG and NSH.

c. On May 31, 2018, the Company entered into an investment agreement with Greenhouse Juice (10663522 Canada Inc.) whereby the Company acquired 1,111,111 shares of Greenhouse Juice, representing 10% ownership of Greenhouse Juice. The Company paid $166,746 in consideration of the shares. As at August 31, 2018 the Company estimated no change in the fair value of the investment in Greenhouse Juice.

8. Acquisitions – The Purple Organization, Inc.

The Company has determined that the below acquisition is a business combination under IFRS 3, Business Combinations. It is accounted for by applying the acquisition method, whereby the assets acquired, and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Operating results have been included in these Financial Statements from the date of the acquisition. Any goodwill recognized is attributed based on CGUs.

On April 3, 2018, the Company and The Purple Co., an Ontario corporation (the "**Vendor**") controlled by the Company's CEO, entered into an amended and restated share purchase agreement (the "**SPA**") amending, restating, superseding and replacing the share purchase agreement dated November 22, 2017. Pursuant to the SPA, the Company agreed to purchase from the Vendor 50 shares of common stock of the Purple Organization, Inc., a Delaware corporation (the "**Target**"), and, the ownership of which amounts to one hundred percent (100%) of the issued and outstanding shares of common stock in the capital of the Target (collectively, the "**Purple Shares**") after the redemption of 2 share of common stock of the Target from two previous shareholders.

As consideration for the Purple Shares, the Company issued 10,000,000 common shares, which were estimated at $0.56 per share on the date of transaction.

8. Acquisitions – Purple Organization Inc. (continued)

The acquisition by the Company of all of the shares of common stock of the Target closed on April 30, 2018.

Fair Value of Identifiable Net Assets	
Cash and cash equivalents	16,241
Accounts receivable	334,327
Property and equipment and investment property	3,852,355
Trade payables, accruals and loans	(70,598)
Note payable#1	(2,177,350)
Note payable#2 (Note 13)	(2,364,849)
Net liabilities acquired	**(409,874)**
Consideration paid	
Shares issued	5,600,000
Total consideration paid	**5,600,000**
Total goodwill	**6,009,874**

Had the above noted business combination occurred on January 1, 2018, the revenues and net loss for the period ended August 31, 2018 would have been $3,369,906 and $2,280,327, respectively. The Purple Organization, Inc.'s revenue and net loss for the period from the date of acquisition to August 31, 2018 are $1,998,750 and $237,856, respectively.

The recoverable amount of the Purple Organization, Inc. CGU was determined based on a value in use calculation which uses rent cash flow projections at a discount rate of 12% to 14% per annum.

The carrying value of Purple Organization, Inc CGU at August 31, 2018 exceeded its recoverable amount due to expectation for reduced rent receivables from current tenant and the Company recognized a full impairment of the goodwill in its consolidated statements of loss and comprehensive loss. Key assumptions the company used to calculate the value in use includes: market rental income of approximately USD$388,000 (CAD$507,000) per annum, cap rate of 12% to 14% per annum.

9. Impairment

A summary of impairment expense for the eight months period ended August 31, 2018 is as follows:

Investment in Slang Organa Brands, Inc (note 7(a))	$1,680,000
Goodwill (note 8)	6,009,874
Total	$7,689,874

10. Note receivable

On July 30, 2018 the Company loaned USD $750,000 (CAD $ 979,808) to NWT Holdings LLC. The amount is due the earlier of the following dates (i) July 30, 2020, (ii) on demand and (iii) an insolvency default. The loan bears interest at 12%. Interest accrued to August 31, 2018 amounted to $9,778 (December 31, 2017 - $nil). The loan remains outstanding at the date of these financial statements.

11. Investment Properties

	Building and Land Improvements	Land	**Total**
Cost - May 29, 2017	$ -	$ -	**$ -**
Cost - January 1, 2018	-	-	**-**
Cost - April 30, 2018	$ 1,848,161	$ 1,989,580	**$ 3,837,741**
Additions	305,289	-	**305,289**
Currency translation	31,532	61,131	**92,663**
Balance at August 31, 2018	$ 2,184,982	$ 2,050,711	**$ 4,235,693**
Accumulated depreciation	$ -	$ -	**$ -**
Depreciation expense	81,206	-	**81,206**
Balance at August 31, 2018	$ 81,206	$ -	**$ 81,206**
Net Book Value	$ 2,103,776	$ 2,050,711	**$ 4,154,487**
August 31, 2018	**$ 2,103,776**	**$ 2,050,711**	**$ 4,154,487**

The investment property is leased out on an operating lease with an arm lengths party. The current lease term is for ends December 31, 2020 with monthly rental amounts of US$40,000. In addition, annual rents of US$100,000 (2017), US$300,000 (2018) and US$500,000 (2019 and 2020) are due starting in 2017.
The fair value of the Company's main property assets is estimated based on replacement cost basis. Management used an external valuator with experience in the Cannabis industry to assist with the investment property valuation. As at August 31, 2018, the fair value of property was estimated to be between US$3,196,200 to US$3,897,000 (CAD4,172,639- CAD5,087,534). The major assumptions within the replacement cost basis include the replacement cost of US$120 to US$150 (CAD157- CAD196) per square foot of building area.

12. Property, Plant and Equipment

	Office Equipment	Equipment and Machinery	Vehicles	**Total**
Cost - May 29, 2017	$ -	$ -	$ -	**$ -**
Cost - January 1, 2018	-	-	-	**-**
Cost - April 30, 2018	$ 14,614	$ -	$ -	**$ 14,614**
Additions	-	131,142	37,815	**168,957**
Currency translation	249	-	-	**249**
Balance at August 31, 2018	$ 14,863	$ 131,142	$37,815	**$ 183,820**
Accumulated depreciation	$ -	$ -	$ -	**$ -**
Depreciation expense	2,969	13,276	4,727	**20,972**
Balance at August 31, 2018	$ 2,969	$ 13,276	$ 4,727	**$ 20,972**
Net Book Value	$ 11,894	$ 117,866	$33,088	**$ 162,848**
August 31, 2018	**$ 11,894**	**$ 117,866**	**$33,088**	**$ 162,848**

13. Derivative Liability

On April 30, 2018, the Company issued a 4 year, 4% unsecured convertible promissory note to The Purple Co. (controlled by the Company's CEO) in the amount of USD $1,843,031 (CAD $2,364,849) (the "**Purple Note**") to exchange an existing loan to Purple Organization, Inc. The expiry date of the Purple Note is April 30, 2022. The transaction met the definition of extinguishment, and the Company recognized a loss on extinguishment in its consolidated statements of loss and comprehensive loss. The Company has the right to prepay all or a portion of the amount due under the Purple Note any time and from time to time. The Purple Co. has the right to convert the principal amount outstanding under the Purple Note into common shares in the capital of the Company, at a conversion price of CAD$0.20 per share, on thirty (30) days' written notice.

The conversion option created an embedded derivative which meets the definition of a financial liability as it being denominated in a currency other than the Company's functional currency. Accordingly, it must be bifurcated and recorded at fair value on initial recognition and at the end of each reporting period. The host contract is a financial liability that is stated at amortized cost using the effective interest method.

13. Derivative Liability (continued)

The Company estimated the fair value of the derivative liability as $5,424,517 and $5,840,547 on April 30, 2018 and August 31, 2018 accordingly and assigned a nominal value to the host contract on April 30, 2018. The amortised cost of the host contract on August 31, 2018 is nominal. The loan is accreted uisng an effective interest rate of 428.94%.

The loss on extinguishment of $3,059,668, the fair value adjustment of derivative liability of $416,030 and the interest on convertible note of $32,034 was recorded in the consolidated statements of loss and comprehensive loss.

The fair value of the derivative liability was estimated using Monte Carlo valuation model based on the following assumptions:

Share price	$0.56
Stock price volatility	110.23%- 110.93%
Expected life of the derivative liability	3.7- 4 years
Risk free rate	2.05%- 2.13%

Inter-relationship between key unobservable inputs and fair value measurement:
If the share price was lower (higher) by 10%, the fair value would decrease (increase) by $764,386 ($680,885).
If the volatility was lower (higher) by 10%, the fair value would decrease (increase) by $169,297 ($156,748).

14. Share capital

Authorized

Unlimited number of Class A preferred shares

Unlimited number of common shares

There are no outstanding Class A preferred shares as at December 31, 2017 and August 31, 2018.

	Number of shares	Total $
Common shares - no par value		
Opening balance - May 29, 2017	-	-
Issued during the year	38,300,000	1,366,300
Balance - January 1, 2018	38,300,000	1,366,300
Issued during the reporting period	53,872,028	27,931,997
Balance - August 31, 2018	**92,172,028**	**29,298,297**

14. Share capital (continued)

2017

On May 29, 2017 10,000,000 common shares were issued in a private placement at $0.005 for gross proceeds of $50,000.

On August 4, 2017 17,000,000 common shares were issued in a private placement at $0.05 for gross proceeds of $850,000.

On August 11, 2017 8,600,000 common shares were issued in a private placement at $0.05 for gross proceeds of $430,000.

On October 6, 2017, 2,700,000 common shares were issued in a private placement at $0.05 for gross proceeds of $135,000.

Total share issuance cost from the date of incorporation, May 29, 2017 to December 31, 2017 is $98,700.

2018

The Company entered into an advisory services agreement with Powerone Management & Advisory Services Limited ("Powerone") whereby Powerone agreed to provide corporate and financial advisory services to the Company in exchange for 750,000 common shares. The common shares were issued during 2018 at estimated value of $0.56 per share.

A special warrant offering was announced on January 8th, 2018 and closed on February 21, 2018.
Transaction details were as follows:

Offering price of units was $0.75 per unit comprised of one common share and one-half common share purchase warrant. A total of 22,393,366 units were issued. On July 21, 2018 the units were converted to common shares and warrants. In total, 26,872,028 common shares were issued which included penalty shares for not meeting specific listing timelines.

In 2018, the Company appointed XIB Consulting Inc. ("XIB") and 1821 Capital Inc. to act as consultants with respect to capital markets strategy and private and public transactions. The Company issued XIB 750,000 common shares and 1821 Capital Inc. 500,000 common shares at estimated value of $0.56 per share.

Shares issued for investments:

On February 20, 2018 the company issued 3,000,000 shares at estimated value of $0.56 per share in connection with its investment in Slang Organa Brands, Inc (see note 7).

On March 20, 2018, the Company issued 2,000,000 shares at estimated value of $0.56 per share in connection with its investment in NCG, ACG and NSH. Cash consideration was $5,861,330 for this investment (see note 7).

14. Share capital (continued)

On April 30, 2018, the Company acquired The Purple Organization, Inc. As consideration for the Purple Shares, the Company issued 10,000,000 common shares at estimated value of $0.56 per share (see note 8).

On August 3, 2018, the Company issued 10,000,000 common shares at estimated value of $0.56 per share to GHNA and has a loan payable of USD $2,000,000 (CAD $2,611,000) in connection with the transaction (see note 18).

Share-based payments

During 2017, the shareholders of the Company approved the stock option plan (the Plan). Stock options granted under the Plan (options) are equity settled, will be non-transferable and will be exercisable for a period not to exceed ten years. Stock options vest evenly over the related service period between one to four years.

The following provides a summary of the status of the Plan as at August 31, 2018:

	Number of stock options	Weighted exercise price $	Exercise price $
Options outstanding - May 29, 2017	-		
granted	1,750,000	0.05	0.05
Options outstanding - December 31, 2017	1,750,000	0.05	0.05
granted	1,960,000	0.75	0.75
Options outstanding - August 31, 2018	**3,710,000**	**0.42**	**-**

Grant date	Expiry date	Exercise price	Number outstanding	Weighted average remaining contractual life	Number exercisable
Nov 2017	Nov 2027	$0.05	1,750,000	3.25	nil
July 2018	July 2023	$0.75	1,960,000	4.83	nil

The options granted in November 2017 vest over 4 years semi-annually. The options granted in July 2018 vest over the period between 1 and 4 years.

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 1.57%; volatility: 102%; Dividend yield: 0%; and expected life: four years for the 2017 grant and five years for the 2018 grant.

14. Share capital (continued)

Compensation expense is recognized over the years in which entitlement to the compensation vests. The expected volatility is based on the historical volatility of comparable companies, which may not necessarily be the actual outcome.

Compensation options

On February 21, 2018, pursuant to the terms of an agency agreement as between the Company and the Agents ("February Agency Agreement"), the Company issued 1,414,177 compensation options (the "February Compensation Options"). Each February Compensation Option entitles the holder thereof to purchase one (1) Compensation Unit an at exercise price of $0.75 per Compensation Unit until the date that is the earlier of (i) twenty-four (24) months following the Liquidity Date (as defined in the February Agency Agreement) and (ii) July 21, 2020. Each Compensation Unit issued upon exercise of the Compensation Option shall consist of oneCommon share and one-half of one Compensation Warrant. Each whole Compensation Warrant will entitle the holder thereof to purchase one common share at a price of $1.15 per Compensation Warrant Share.

Warrants issued

Warrants	# of warrants	Total $
Opening balance – May 29, 2017	-	$ -
Issued	-	-
Balance – January 1, 2018	-	-
Issued pursuant to the special warrants	13,436,005	2,173,464
Issued pursuant to XIB warrants	3,275,000	928,930
Outstanding, at August 31, 2018	**16,711,005**	**$ 3,102,394**

During the period ended August 31, 2018, the Company issued 3,275,000 units of share purchase warrants to XIB Consulting Inc. in exchange of services. The warrants are valued at $928,930 and are recorded as share-based compensation. The warrants can be exercised at a price of $0.75 per share until the date on the later of (i) September 30, 2020; or (ii) the date that is 24 months from the date of a Liquidity Event.

In December 2017 the Company issued a warrant certificate to a third-party to acquire up to 19.99% of the issued shares of the Company. The warrants meet the definition of a share-based payment under IFRS 2 and will be recognised as a service expenses with associated increase in equity. Since no service has been provided during the reporting period and terms of the warrant certificate for an exercise start date have not been met, the Company did not record any expenses related to these warrants. The expiry date of the warrants is the earlier of 15 years from issuance or 2 years after the trigger event, which is when cannabis can legally be sold in the US.

14. Share capital (continued)

On February 21, 2018, the Company completed a special warrant private placement (the "Special Warrants") offering for aggregate gross proceeds of approximately $16,800,000 (net $14,886,761 after closing costs and agents fees). A total of 22,393,366 Special Warrants were issued. Each Special Warrant was sold at a price of $0.75 per warrant. Each Special Warrant was comprised of one common share and one-half of one common share purchase warrant. Terms of the Special Warrant stated that they will automatically be exercised (without payment of any further consideration and subject to customary anti-dilution adjustments) into a unit (a "Unit") comprised of one common share (a "Unit Share") and one half (½) of one common share purchase warrant of the Company (each whole warrant, a "Warrant") on the date (the "Automatic Exercise Date") that is the earlier of: (i) the date that is three business days following the date on which the Company obtains a receipt from the applicable security regulatory authorities in Canada (the "Securities Commissions") for a (final) long form prospectus qualifying the distribution of the Units issuable upon exercise of the Special Warrants (the "Qualification Prospectus"), and (ii) the date that is 150 days following the Closing Date. The Automatic Exercise Date did not occur within 150 days following the Closing Date, thereby entitling the holder to receive 1.20 Units (comprised of 1.20 Unit Shares and 0.60 Warrants).

The Special Warrants were automatically converted on July 21, 2018. As a result, holders received an additional 4,478,662 common shares which added to the 22,393,366 original special warrants totaled 26,872,028. Holders also received an additional 2,209,331 warrants bringing the total issued to holders of 13,436,005. Each warrant holder is entitled to acquire one common share at an exercise price of $1.15 for a period of two years following the liquidity date, which is July 21, 2018. The terms of the warrants contain an acceleration provision, applicable in the event that, at any time during the term of the warrants, the closing price of the common shares of the Company is greater than $1.75 for 20 consecutive trading days.

15. Loss per share

Basic	**2018**	2017
Net loss attributable to shareholders	**$ (23,206,943)**	$ (848,866)
Basic and diluted loss per share	**$ (0.34)**	$ (0.03)
Weighted average number of shares	**69,019,381**	28,455,556

16. Financing cost and fair value adjustment

Loss on extinguishment (Note 11)	$ 3,059,668
Fair value adjustment (Note 11)	416,030
Foreign currency exchange gain	53,745
Interest on convertible note (Note 11)	32,034
Total	**$ 3,561,477**

17. Related party transactions

Key management includes the Company's directors and members of the management team.

Type of expense	2018	2017
Management fees and directors' expense	**$ 594,868**	$ 150,928
Stock-based compensation expense (Note 12)	**32,654**	5,332
	$ 627,522	$ 156,260

Included in the above, in the normal course of business expenses were incurred with the Purple Company Inc., a company controlled by a senior management member and director. The expense amounted to $64,183 (2017 - $84,750). Services provided were marketing and finance consulting.

Included in the above, in the normal course of business expenses were incurred with The Wppd Initiative, a company controlled by a board director and senior management member. The expense amounted to $237,932 (2017 - $75,928). Services provided were business consulting.

Included in the above, in the normal course of business expenses were incurred with Peter Miller Enterprise Inc., a company controlled by the CEO. The expense amounted to $292,753 (2017 - $75,000). Services provided were business consulting.

In connection with a rights agreement with Green House Holdings North America Inc. ("Green House"), a non-interest bearing advance of $66,424 was made. Green House is a company jointly controlled by the CEO.

As at August 31, 2018, included in accounts payable and accrued liabilities is $144,575 (2017 - nil) due to the related companies controlled by senior management members and directors.

Related party loans are disclosed in note 6.

18. Commitments

On July 9, 2018, the Company entered into a rights agreement with Green House Holdings North America Inc. ("**GHNA**") (a company partially owned by the Company's CEO), pursuant to which the Company has the right to license certain intellectual property of GHNA for use in certain territories. The Company and GHNA agreed on a future revenue share model based on a 60/40 split in favor of the Company, but subject to adjustment based on market conditions and potential opportunity for a particular territory. In consideration of the grant of rights, the Company owes GHNA USD $2,000,000 (CAD $2,611,000) and issued 10,000,000 common shares at estimated price of $0.56 per share. Terms of the cash due is non-interest bearing and due in one year, repayable at any time. The issuance of shares was ratified by the Company on August 3, 2018 and the Company recorded the full amount of $8,211,000 as marketing expense in the consolidated statement of loss and comprehensive loss.

On July 11, 2018, the Company entered into a letter of intent with Agripharm Corp. ("**Agripharm**"), a company with a common management team as the Company, pursuant to which the Company agreed to license certain intellectual property to Agripharm.

19. Segmented information

a. Geographical Information:

The Company operates in two geographical locations: Canada and USA. The following tables present the Company's revenues and non-current assets by location.

	For the period ended August 31, 2018	From the date of incorporation, May 29, 2017 to December 31, 2017
Revenue		
Canada	$ 116,252	$ 60,232
USA	1,998,751	-
Total	**$ 2,115,003**	$ 60,232

	August 31, 2018	December 31, 2017
Non-current assets		
Canada	$ 8,137,679	$ -
USA	4,317,335	-
Total	**$ 12,455,014**	$ -

b. Information about major customers:

The Company had one major customer in 2017 (Canada segment) which represented 72% of total revenues for 2017. In 2018 the Company had one major customer which represented 95% (USA segment) of total revenues. Approximately 96% (USA segment – 100%) of the Company's accounts receivable at August 31, 2018 was from one customer. While the Company is exposed to credit losses due to the non-performance of its counterparties, the Company considers this risk to be minimal. The Company estimates its maximum credit risk for accounts receivable as the amount recorded on the statements of financial position.

20. Financial instruments and capital management

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements for invested assets are categorized into levels within a fair value hierarchy based on the nature of valuation inputs (Level 1, 2 or 3).

The fair value of other financial assets and financial liabilities is considered to be the carrying value when they are of short duration or when the instrument's interest rate approximates current observable market rates.

Where other financial assets and financial liabilities are of longer duration, then fair value is determined using the discounted cash flow method using discount rates based on adjusted observable market rates.

The table below summarizes the assets and liabilities that are included at their fair values in the Company's statement of financial position as at August 31, 2018 and December 31, 2017. These assets and liabilities have been categorized into hierarchical levels, according to the significance and reliability of the inputs used in determining fair value measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices
Represents unadjusted quoted prices for identical instruments exchanged in active markets.

Level 2 – significant other observable inputs
Includes directly or indirectly observable inputs, other than quoted prices for identical instruments exchanged in active markets.

Level 3 – significant unobservable inputs
Includes inputs that are not based on observable market data. (See Note 7 and Note 13 for inter-relationship between key unobservable inputs and fair value measurement.)

As at August 31, 2018

	Level 1	Level 2	Level 3	Total
	$	$	$	
Cash and cash equivalents	$3,742,796	$ -	$ -	**$ 3,742,796**
Investments	-	-	7,148,092	**7,148,092**
Derivative liability	-	-	(5,840,545)	**(5,840,545)**
	$3,742,796	$ -	$ **1,307,547**	**$ 5,050,343**

20. Financial instruments and capital management (continued)

As at December 31, 2017

	Level 1	Level 2	Level 3	Total
	$	$	$	
Cash and cash equivalents	$ 165,340	$ -	$ -	**$ 165,340**
	$ 165,340	$ -	**$ -**	**$ 165,340**

Foreign currency risk

The operating results and financial position of the Company are reported in CAD. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the CAD. The results of the Company's operations are subject to currency transaction and translation risks. The Company holds cash in US dollars. The Company's main risk is associated with fluctuations in the US dollar. Assets and liabilities are translated based on the foreign currency translation policy described in Note 3. As at August 31, 2018 and December 31, 2017, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.
The Company has estimated that the effect of a 10% increase or decrease in the US dollar against the Company's functional currency (CAD) on the financial assets and liabilities, as at August 31, 2018, including cash, accounts receivable and accounts payable would result in an increase or decrease of approximately $45,000 (2017 - $Nil) in the net loss and comprehensive loss for the period ended August 31, 2018.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rates on the notes payable to shareholders and third parties are fixed.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company typically settles its financial obligations in cash. The ability to settle obligations in cash dependent on the Company raising financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at August 31, 2018 the Company had a cash balance of $3,742,796 (December 31, 2017- $165,340) and current liabilities of $3,494,034 (December 31, 2017- $244,981). All of the Company's current liabilities are expected to be settled within the next 12 months.

20. Financial instruments and capital management (continued)

Credit risk

The Company's financial instruments exposed to concentrations of credit risk consist primarily of cash and accounts receivable. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions. The Company's objective with regard to credit risk in its operating activities is to reduce its exposure to losses. As of August 31, 2018, the overdue accounts receivable balance is $544,591 (December 2017- Nil). The Company believes that the balance is collectable and that no additional allowance is required.

The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The loss allwance is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate. The provision metrix below shows the expected credit loss rate at each aging category of receivales.

	Current	Aged 1-30 days past due	Aged 31-60 days past due	Aged > 60 days past due
Expected loss rate	37.50%	57.45%	66.10%	80.66%
Gross carrying amount	$ 83,552	$ 122,717	$ 154,049	$ 2,005,981
Loss allowance provision, end of the period	$ 31,332	$ 70,497	$ 101,829	$ 1,618,049

Management of capital

The Company's objective of managing capital (comprising share capital) is to ensure its continued ability to operate as a going concern. The Company manages its capital structure and makes changes to it based on economic conditions. With approval from the board of directors, management will adjust its capital structure through the issue of new shares, convertible debentures, debt or other activities deemed appropriate under the specific circumstances. Management and the board of directors review the Company's capital management approach on an ongoing basis and believe this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and the Company's strategy with respect to capital risk management has not changed since the period ended August 31,2018.

21. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2017 - 26.5%) to the effective tax rate is as follows:

		2018		2017
Net loss before recovery of income taxes	**$**	**(23,297,600)**	$	(848,866)
Expected income tax (recovery) expense	**$**	**(6,173,860)**	$	(113,650)
Tax rate changes and other adjustments		**850**		-
Share issuance cost booked to equity		**(468,190)**		(26,160)
Share based compensation and non-deductible expenses		**657,970**		1,530
Loss on extinguishment of convertible debt		**810,810**		-
Goodwill Impairment		**1,592,620**		-
Change in tax benefits not recognized		**3,579,800**		138,280
Income tax expense	**$**	**-**	$	-

Deferred tax

The following table summarizes the components of deferred tax:

	2018		2017
Deferred Tax Assets			
Deductible reserves	**$**	**12,560**	$ -
Non-capital losses carried forward		**103,570**	-
Deferred Tax Assets			
Property, plant and equipment		**(116,130)**	-
Net deferred tax Asset	**$**	**-**	$ -

21. Income taxes (continued)

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

		2018		2017
Intangible assets	**$**	**8,005,730**	$	-
Investments		**1,680,000**		-
Share issuance costs		**1,670,680**		93,770
Non-capital losses carried forward		**3,855,030**		428,030
Reserves – US		**119,960**		-
Related party interest - US		**116,250**		-

The Canadian non-capital loss carry forwards expire as noted in the table below.

Share issue and financing costs will be fully amortized in 2023.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses and US net operating losses expire as follows:

		Canadian	US
2037	**$**	**848,000**	**-**
2038		**3,007,000**	**-**
Indefinitely		**-**	**420,020**
	$	**3,855,030**	**420,020**

22. Subsequent events

The Company evaluated subsequent events through to January 17, 2019, the date these financial statements were issued.

On September 26, 2018, the Company closed the Subscription Receipt Offering and issued 43,998,590 Subscription Receipts for total gross proceeds to the Company of approximately $65,997,885. Funds from the Subscription Receipt Offering will be used by the Company to complete the acquisitions described above and for working capital purposes.

On October 3, 2018 the Company agreed to loan National Concessions Group, Inc. ("NCG") USD $1,500,000 pursuant to a promissory note and security agreement. The loan matures the earlier of September 30, 2020 or in the event of default. Interest accrues at 12% and is calculated and payable monthly in arrears, in USD. Funds were advanced October 10th, at the CAD equivalent of $1,980,000. One of the Company's directors (Chris Driessen) is part of the ownership group and management team of NCG.

On November 29, 2018, the Company entered into a Unit and Membership Interest Purchase Agreement with shareholders of NWT Holdings LLC to acquire 100% of the equity of NWT Holdings LLC (the "Firefly Acquisition"). The aggregate purchase price of the Firefly Acquisition is USD $16,000,000, which is comprised of USD $8,000,000 cash and common shares in the capital of the Company equivalent in value to USD $8,000,000.

On November 29, 2018, the Company entered into a share purchase agreement with the shareholders of NCG to acquire 92.5% of the equity of NCG (the Company acquired 7.5% of the equity of NCG on March 20, 2018, see note 7(b)) ("NCG purchase") and an option to purchase 100% of the equity of Allied Concessions Group, Inc and NS Holdings Inc. The NCG purchase is to be satisfied with USD $20,000,000 cash and 65,000,000 common shares and 17,500,000 restricted shares of the Company.

SLANG WORLDWIDE INC.
(formerly Fire Cannabis Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS FOR THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTH PERIODs ENDED SEPTEMBER 30, 2018 AND 2017.

Dated January 17,2019

SLANG Worldwide Inc. (formerly FIRE CANNABIS INC.)

Management Discussion and Analysis

The following Management Discussion and Analysis ("**MD&A**") should be read in conjunction with Slang Worldwide Inc.'s (formerly Fire Cannabis Inc.) (the "**Company**" or "**Slang**") unaudited condensed interim consolidated financial statements and notes for the three and nine months ended September 30, 2018 and from the date of incorporation, May 29, 2017 to September 30, 2017 (the "**Financial Statements**"). This MD&A was prepared with reference to the MD&A disclosure requirements set out by the National Instrument 51-102 – Continuous Disclosure Obligations ("**NI 51-102**"). The Financial Statements, together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. Results are reported in Canadian dollars, unless otherwise noted. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Information contained herein is presented as at January 17, 2019**,** unless otherwise indicated.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain information that may constitute "forward-looking information" and "forward-looking statements" which are based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", or "anticipate", "potential", "proposed", "estimate" 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 estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements included in this MD&A are made only as of the date of this MD&A. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- regulatory risks;
- changes in laws, regulations and guidelines;
- market risks;
- concentration risks:
- limited operating history; and
- competition risks.

Certain of the forward-looking statements and forward-looking information and other information contained herein concerning the cannabis industry and the general expectations of Slang concerning the cannabis industry and concerning Slang are based on estimates prepared by Slang using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which Slang believes to be reasonable. While Slang is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors and Slang has not independently verified such third-party information.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. 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 MD&A under "Description of Business" as well as statements regarding the Company's objectives, plans and goals, including future operating results, and economic performance 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. See "Risk Factors" for further details. 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. Accordingly, readers should not place undue reliance on forward-looking statements contained in this MD&A. 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. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward looking statements, unless required by law.

Description of Business

The Company was incorporated on May 29, 2017 pursuant to the *Canada Business Corporations Act* as Fire Cannabis Inc. On November 26, 2018 the Company filed articles of amendment to change its name to SLANG Worldwide Inc. The registered head office of the Company is located at 77 King Street West, Suite 400, Toronto, ON, M5K 0A1, Canada.

The Company is a branding and marketing company focused on developing reputable brands and quality hardware products that are synergistic with the cannabis business sector. The Company is not currently a licenced distributor under the *Cannabis Act* and does not grow, manufacture, test, extract or distribute products that contain cannabis.

The Company commenced operations in May of 2017 with the goal of building the business from the ground up. The core management team of the Company has previously started and grown companies that have realized returns for investors.

Assuming successful completion of the Organa Brands Acquisition (as hereinafter defined) and the Firefly Acquisition (as hereinafter defined), the Company has the objective of building core operating areas with sufficient scale of revenue as well as organic and acquisition grown prospects to achieve operational efficiencies.

Management of the Company will provide operational, marketing and administrative expertise to all operating subsidiaries.

Significant and Subsequent Events

On May 29, 2017, the Company issued 10,000,000 common shares in the capital of the Company for gross proceeds of $50,000.00.

On August 4, 2017, the Company issued 28,300,000 common shares in the capital of the Company for gross proceeds of $1,415,000.

On October 1, 2017, the Company entered into an advisory services agreement with Powerone

Management & Advisory Services Limited ("**PowerOne**") whereby PowerOne agreed to provide corporate and financial advisory services to the Company in exchange for 750,000 common shares at a deemed price of $0.05 per common share. The common shares were issued to PowerOne in 2018, which were recorded at $0.56 in accordance with IFRS.

On November 8, 2017, the Company advanced a loan of seven hundred and fifty thousand dollars $750,000 to a Pine River Consulting Ltd., a Colorado corporation ("**Pine River**") pursuant to a demand promissory note with a principal amount not to exceed one million dollars ($1,000,000) (the "**Pine River Note**"). The interest rate on the Pine River Note is 15% per annum payable quarterly. The Pine River Note contained a covenant with respect to any additional indebtedness; until the outstanding amount under the Pine River Note is zero, Pine River must obtain the written consent of the Company to create, incur, assume, or permit to exist any new indebtedness (the "**Consent Clause**"). The purpose of the Consent Clause is to ensure that the Company has the opportunity to continue to provide additional financing to Pine River (at its option), if Pine River wishes to obtain additional financing. Pine River's business model is to loan money to licensed American cannabis businesses through a variety of financing mechanisms, including term loans, equipment leases, and lines of credit. Pine River and the Company subsequently amended and restated the original Pine River Note on July 30, 2018 (the "**First A&R Pine River Note**"), and again on October 15, 2018 (the "**Second A&R Pine River Note**"). During the current reporting period the Company advanced an additional $244,068 to Pine River. Subsequent to September 30, 2018 an additional $500,060 was advanced to Pine River. The maturity of the loan was extended to November 8, 2020 at 15% interest for up to $1,500,000.

On December 15, 2017, the Company issued a warrant (the "**Canopy Warrant**") to Canopy Growth Corporation ("**Canopy**"). The Canopy Warrant becomes exercisable by Canopy at any time following the day that cannabis and cannabis-related products are legalized under applicable federal laws in the United States and the Company and Canopy enter into a collaboration agreement. The Canopy Warrant, if and when exercisable, shall be exercisable at exercise prices varying from a nominal amount to $1.50 per common share for approximately 32 million common shares (subject to adjustment). The Canopy Warrant expires on the earlier of: (i) December 15, 2032; and (ii) two years from the day that that cannabis and cannabis-related products are legalized under applicable federal laws in the United States.

On January 8, 2018, the Company appointed XIB Consulting Inc. ("**XIB**") to act as consultants with respect to capital markets strategy and private and public transactions for a term of six months (the "**Consulting Agreement**"). Throughout the term of this engagement, the Company issued 750,000 common shares and 3,275,000 common share purchase warrants to XIB. The common shares were issued to XIB in 2018 which were recorded at $0.56 in accordance with IFRS. The warrants issued to XIB (on March 1, 2018) entitle it to acquire one common share at an exercise price of $0.75 until the later of: (i) September 30, 2020 or (ii) the date that is 24 months from the date of the listing of the common shares on a Canadian stock exchange, or a transaction that provides holders of common shares comparable liquidity. This consulting agreement has expired. The warrants are valued at $928,930 and have been recorded as share-based compensation.

On February 20, 2018, National Concessions Group, Inc. ("**NCG**") and the Company entered into a share exchange agreement, where NCG agreed to transfer 500,000 (50%) of the shares of Slang Organa Brands Inc. (the "**JV Co**") to the Company in exchange for the issuance by the Company to NCG of 3,000,000 common shares which were recorded at $0.56 per share, in accordance with IFRS. The strategic relationship agreement between NCG, the Company and the JV Co dated February 20, 2018 currently governs the rights and obligations of NCG and the Company in relation to brand acquisitions by the Company and JV Co and the distribution of branded products by NCG and their network of licensees. The JV Co currently holds no assets or conducts any business.

On February 21, 2018 the Company completed a private placement of 22,393,366 special warrants at a price of $0.75 per special warrant for gross proceeds of approximately $16,800,000. The special warrants automatically converted into 26,872,028 common shares and 13,436,005 share purchase warrants ("**February Warrants**") on July 21, 2018. Each February warrant entitles the holder thereof to acquire one common share at an exercise price of $1.15 for a period of two years following the date that the common shares commence trading on a recognized stock exchange. The February Warrants also contain an acceleration provisions applicable in the event that, at any time during the term of the February Warrants, the closing trading price of the common shares on a recognized exchange is greater than $1.75 for 20 consecutive trading days.

On March 20, 2018, the Company completed an investment in each of NCG, NS Holdings, Inc. ("**NSH**"), Allied Concessions Group, Inc. ("**ACG**") through the purchase of 339,930 shares of common stock of NCG, a warrant to purchase 339,930 shares of common stock of NSH and a warrant to purchase 327,601 shares of common stock of the ACG, respectively, for an aggregate purchase price of USD $4,500,000 in cash and 2,000,000 common shares at a deemed price of $0.75 per common share (the "**OB Stock Purchase**"). The issued 2,000,000 common shares were recorded at $0.56 per share, in accordance with IFRS.

On April 3, 2018, the Company and Purple Company Inc. (the "**Purple Co.**"), an Ontario corporation, entered into an amended and restated share purchase agreement pursuant to which, the Company agreed to purchase, all of the issued and outstanding shares of common stock in the capital of the Purple Organization, Inc. ("**Purple Org**") from Purple Co. The acquisition by the Company of all of the shares of common stock of Purple Org. (the "**Purple Acquisition**") closed on April 30, 2018.

The Purple Org provides consulting and infrastructure to state-licensed greenhouse and outdoor cultivation operations in Carbondale, Colorado. The Purple Org owns and leases roughly 6,900 square-feet of greenhouse space and roughly 36 acres of farmland. The property includes four greenhouses and five acres of farmland intended for outdoor cannabis cultivation. This space is currently leased to Pleasant Valley Ranch Inc. and the lease is set to expire on December 31, 2020. The Purple Co. is owned by Peter Miller Enterprises, which is owned and controlled by Peter W. J. Miller, the Chief Executive Officer of the Company.

As purchase consideration for the shares of Purple Org, the Company issued The Purple Co. 10,000,000 common shares at deemed price of $0.05 per common share which were recorded at $0.56 in accordance with IFRS. Additionally, the Company refinanced two existing debts of Purple Org, specifically: (i) the amount payable by the Company at the closing time of the acquisition to the existing holder of a deed of trust over the farm property in Carbondale, Colorado, in exchange for an unsecured promissory demand note with an annual interest rate of fifteen percent (15%) with interest payments payable quarterly; and (ii) intercompany debt due from Purple Org to The Purple Co in exchange for a 4 year, 4% unsecured convertible promissory note in the amount of USD $1,843,030.76 (the "**Purple Note**") that is secured by a deed of trust. The Company has the right to prepay all or a portion of the amount due under the Purple Note any time and from time to time. The Purple Co. has the right to convert the principal amount outstanding under the Purple Note into common shares, at a deemed price of $0.20 per common share, on thirty (30) days' written notice.

On July 6, 2018, the Company issued the following options to advisors:

- 150,000 options to Monarch Partners, LLC at an exercise price of $0.75 per option with an expiry date of July 6, 2023;

- 50,000 options to Taillight Pictures LLC at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 50,000 options to Phillip Charles Leeds at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 125,000 options to Terrence Thornton at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 100,000 options to SP2 Holdings, LLC at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 35,000 options to Kingdom Entertainment Group, LLC at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 25,000 options to Alex Kirshbaum at an exercise price of $0.75 per option with an expiry date of July 6, 2023; and
- 25,000 options to Jesse Kirshbaum at an exercise price of $0.75 per option with an expiry date of July 6, 2023.

On July 6, 2018, the Company issued the following options to employees and contractors of the Company:

- 150,000 options to Mike Rutherford at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 150,000 options to Ramon Gamble at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 100,000 options to Tracy Oliver at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 100,000 options to Mike Moutrey at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 100,000 options to Riley Murray at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 50,000 options to Kelly Ehler at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 150,000 options to WDJ Creative Thinking at an exercise price of $0.75 per option with an expiry date of July 6, 2023;
- 25,000 options to Rohan Joseph at an exercise price of $0.75 per option with an expiry date of July 6, 2023; and
- 25,000 options to Alexa Roland at an exercise price of $0.75 per option with an expiry date of July 6, 2023.

On July 9, 2018, the Company entered into a rights agreement with Green House Holdings North American Inc. ("**GHNA**"), pursuant to which the Company has the right to license certain intellectual property of GHNA for use in certain territories. In consideration of the grant of rights, the Company is obligated to pay GHNA USD$2,000,000 and issue 10,000,000 common shares. The common shares were issued on August 3, 2018 which were recorded at an estimated value of $0.56 per share in accordance with IFRS and the Company anticipates paying the cash portion of the purchase price following the satisfaction of the Escrow Release Conditions (as hereinafter defined).

On July 11, 2018, the Company entered into a letter of intent with Agripharm Corp. ("**Agripharm**") a licenced producer located in Creemore, Ontario, pursuant to which the Company agreed to license brand-related intellectual property to Agripharm with the intent that Agripharm shall use commercially reasonable efforts to market, sell, and distribute its licensed products. The agreement provides the Company access to Agripharm's distribution channels in Canada. The Company and Agripharm are currently in the advanced stages of negotiations to secure a definitive licensing and distribution agreement. The parties expect to finalize the agreement in the first quarter of 2019.

The acquisition of NCG is to be satisfied with USD $20,000,000 in cash, 65,000,000 common shares and

17,500,000 restricted shares (with both the common shares and the restricted shares at a deemed price of CAD $0.75 per share). The Company has the option to acquire ACG for 33,000,000 common shares and NS for 49,500,000 common shares. As of the date of this MD&A, the acquisition of NCG has not closed.

On July 16, 2018, the Company issued the following options to advisors:

- 150,000 options to Heiko F Hampsink at an exercise price of $0.75 per option with an expiry date of July 16, 2023;
- 150,000 options to Joachim Alexander Helms at an exercise price of $0.75 per option with an expiry date of July 16, 2023;
- 150,000 options to Mariam Gaougaou at an exercise price of $0.75 per option with an expiry date of July 16, 2023; and
- 100,000 options to Adam Schoenfeld at an exercise price of $0.75 per option with an expiry date of July 16, 2023.

On July 16, 2018, the Company entered into a letter of intent with Greenlane Holdings, LLC ("**Greenlane**") regarding a strategic partnership between the companies. The letter contemplates such matters as Canadian retail locations, packaging, product development, and distribution. The Company and Greenlane are currently in the advanced stages of negotiations to secure a definitive agreement. The parties expect to finalize the agreement in the first quarter of 2019.

On July 17, 2018, Canaccord Genuity Group Inc. as lead agent together with Clarus Securities Inc. as co-lead agent on behalf of a syndicate of agents was engaged to raise $50,000,000 by way of a private placement of subscription receipts ("**Subscription Receipts**") on a best efforts basis (the "**Subscription Receipt Offering**"). The Subscription Receipts were sold at a price of $1.50 per Subscription Receipt. Each receipt entitles the holder to receive one unit of the Company upon satisfaction of the escrow requirements. Each Subscription Receipt will entitle the holder thereof to receive, upon satisfaction or waiver of the escrow release conditions prior to the escrow release deadline and without payment of additional consideration or further action, one unit (the "**Unit**") of the Company. Each Unit will be comprised of one common share in the capital of the Company (a "**Unit Share**") and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to purchase one common share of the Company (each, a "**Warrant Share**") at an exercise price of $2.25 for a period of twenty-four (24) months from the date the common shares of the Company are listed for trading on the Canadian Securities Exchange. The warrants will be subject to an accelerated expiry in the event that the closing price of the common shares of the Company is above $3.50 for ten (10) consecutive trading days. On September 26, 2018, the Company closed the Subscription Receipt Offering and issued 43,998,590 Subscription Receipts for total gross proceeds to the Company of approximately $65,997,885. Funds from the Subscription Receipt Offering will be used by the Company to complete the acquisitions described above and for working capital purposes.

On July 30, 2018, the Company entered into a USD $750,000 (CDN $979,808) promissory note and security agreement (the "**Firefly Loan**") with NWT Holdings Ltd ("**Firefly**"), which was subsequently amended and restated on September 25, 2018. The Loan has an interest rate of 12% per annum, with interest which shall accrue and shall be added to the principal for the first 12 months. After July 30, 2019, interest will be required to be paid on a monthly basis. The principal together with all outstanding interest, fees and expenses is required to be paid in full by Firefly on the earliest of any of the following dates (the "**Firefly Maturity Date**") (i) July 30, 2020; (ii) an Insolvency Default (as such term is defined in the Firefly Loan); and (iii) upon demand from the Company following an Event of Default (as such term is defined in the Firefly Loan).

On October 3, 2018, the Company entered into a USD $1,500,000 promissory note and security agreement with NCG (the "**OB Loan**"). The OB Loan has an interest rate of 12% per annum, with interest accrued and payable on a monthly basis commencing October 31, 2018. The principal together with all outstanding interest, fees and expenses is required to be paid in full by NCG on the earliest of any of the following dates (the "**Maturity Date**") (i) September 30, 2020; (ii) an Insolvency Default (as such term is defined in the OB Loan); and (iii) upon demand from the Company following an Event of Default (as such term is defined in the OB Loan).

On November 29, 2018, the Company entered into a Unit and Membership Interest Purchase Agreement with Mark Williams, Sasha Robinson, and Mid Atlantic Holdings, LLC to acquire 100% of the equity of NWT Holdings LLC (the "**Firefly Acquisition**"). The aggregate purchase price of the Firefly Acquisition is USD $16,000,000, which is comprised of USD $8,000,000 cash and common shares in the capital of the Company equivalent in value to USD $8,000,000. As of the date of this MD&A, the Firefly Acquisition has not closed.

On November 29, 2018, the Company entered into a share purchase agreement with the shareholders of NCG to acquire 92.5% of the equity of NCG (the Company acquired 7.5% of the equity of NCG on March 20, 2018) and an option to purchase 100% of the equity of ACG and NSH (collectively referred to as the "**Organa Brands Acquisition**").

Overall Performance

The Company is engaged in acquiring operating entities, entering into joint ventures, strategic alliances and licensing or royalty arrangements. To do so requires raising funds from third party investors and / or using its share capital to assist with its investments. From an operating performance this means issuing shares, warrants, options and various vendor financing structures. The company, as outlined herein has been very active during the reporting period. The acquisitions and proposed acquisitions are primarily US based. As such, there is considerable cost associated with executing the strategic plan. The overall focus is international, with the initial round of acquisitions and alliances being US focused. From an operating performance perspective, the results are not that of a traditional operating entity. Our results involve significant valuation analysis and reporting as well as currency translation. The time frame from the date the various agreements were entered into to the time of closing run several months to upwards of a year. In a market such as ours, valuations have changed rapidly and materially. The financial reporting rules are market value based and complex. When a transaction is closed using share capital our investment is recorded at the share value at the time of closing, not the date of the transaction. Balance sheet and income statement accounts impacted are goodwill, marketing expense and potential impairment charges. The Company records the transaction at the share fair market value at the time of closing and then assesses whether the resulting value can be supported by the expected operations of the particular investment. Financing in the industry is characterized by the use of special warrant financings, issuing warrants as compensation, and issuing stock options. Each of these derivatives have to be evaluated as to whether they are equity or compensation related. These financial instruments are then valued and recorded.

The strategic and marketing alliances along with the acquisitions completed and proposed as outlined herein, has positioned the Company to realize upon the strategy communicated to shareholders and the board.

During the nine month period ending September 30, 2018, the Company completed financing transactions and closed investments and acquisitions. Starting with a special warrant offering in February, the Company raised gross proceeds of $16,800,000. The funds have been deployed via the acquisition of the Purple Org, an investment in the OB Stock Purchase, and marketing arrangements with

GHNA. Details of each of these transactions are described below in greater detail. The financings and investments entailed utilizing a number of derivative equity instruments. At the end of the reporting period, cash on hand was $3,156,271 and escrowed funds from the subscription receipt offering was $63,929,156**.** Funds from the February financing were utilized to make the investments noted above as well as to progress the current financing, described below. The escrow funds are discussed in detail below in the "Liquidity" and "Capital Resources" sections. The impact of utilizing equity instruments in our operations was the primary reason the Company incurred a net loss of $29,834,708. Of this loss $25,391,463 related to non-cash marketing, goodwill adjustments and derivative adjustments. Derivative and goodwill expense categories arose from timing differences between agreement date and closing date wherein IFRS fair values at transaction closing vs. negotiated values. Marketing was a non-cash share based payment. Details of the adjustments and investments are described below in detail.

The Company earns revenue from investment property rental income, loan interest and interest on deposits. Revenue accrues consistently throughout the reporting period.

Interest income was earned from three sources. Deposits held by the Company which were raised in the special warrant offering, interest from loans to Pine River and interest on the loan to Firefly. In the prior year, sales were generated from consulting fees. There are no current plans to provide consulting services.

In connection with the equity financings and investments made, the Company issued shares and warrants as compensation or consideration. Where the financial rules require, the associated cost is detailed in the income statement as share based compensation or in the shareholder equity section. With the exception of costs directly associated with the financing costs, all other payments are reflected under consultants and subcontractors.

As noted above, at the time of closing, any common shares issued in connection the purchase of an investment are valued at fair market value. This had a direct impact on each closing. Investments, net of impairment ($1,680,000 detailed below) totals $7,148,092 (nil – 2017). Goodwill impairment was also taken in the amount of $6,009,874 which was determined on the Purple acquisition purchase price adjustment. This amount is grouped in the income statement as an impairment. As detailed in the unaudited financial statements, the primary investments making up this balance include ACG, NSH, and NCG, . The investment property relates to the real estate assets of the Purple Org. A related party loan to Pine River initially made in 2017 now has a balance (including accrued interest) of $1,548,498 at the date of this MD&A (2017 - $802,679). Interest on this loan was paid subsequent to September 30, and is current. However, as the interest payment was not made on time, a credit provision of $192,240 was recorded.

Investments at fair value of $7,148,092 are almost exclusively represented by NCG, ACG, and NSH. When the Company closed the OB Stock Purchase, it obtained 339,930 shares of common stock of NCG, representing 7.5% ownership interest in NCG, a warrant to purchase 339,930 shares of common stock of NSH and a warrant to purchase 327,601 shares of common stock of ACG. Such warrants are exercisable at USD $0.001 per share until March 20, 2028. As at September 30, 2018 the Company owns 7.5% of outstanding common shares of NCG. If the ACG and NSH warrants had been exercised on or before September 30, 2018, the Company would have owned 7.5% outstanding common shares of ACG and NSH respectively. The OB Stock Purchase closed March 2018.

The primary liabilities are vendor financings, $2,611,000 (2017 – nil) associated with the GHNA arrangement and the $2,364,849 (2017 – nil) convertible note issued in the purchase of the Purple Org. which has a face value of $2,364,849 and is reported on the balance sheet as a derivative liability in the

amount $11,756,846. All other investments were paid by way of cash and / or common shares.

Future reporting periods may be materially impacted as each investment will be valued. The potential impact is gains or losses on investments of a non-cash nature.

Revenue

For the nine month period we note the following results and analysis.

	2018	2017
Rental income	$2,528,021	-
Interest income	$137,819	$16,596
Consulting income	-	-
Total	$2,665,840	-

Rental income earned in the period was from property owned by Purple Org., which in turn leases the property to a third party. Rental income covers the period from May 1, 2018 to September 30, 2018. There was no rental income in 2017, as the Purple Acquisition occurred in 2018. Recorded rent is solely from the Purple Acquisition and is a combination of a fixed monthly rent, a seasonal crop rent, and interest and penalties thereon. Rent is accrued monthly in accordance with the lease terms. The seasonal crop rent was negotiated based on expected yields. The tenant's revenue is dependent on crop yields and sale of the crop into the marketplace. When the annual crop is sold by the tenant (which is expected in Q1 2019), the tenant is expected to make a lump sum rental payment.

Purple Org. collects rent on an annual basis; under IFRS reporting standards, the level of risk requires credit provisions. For example, under IFRS impairment analysis, factors to consider are timing of collection, past payments, and estimated future collections. Given that the rental payments are crop dependent and periodic, IFRS deems the rent collectability to be in a higher risk category. Accordingly, a provision is required per IFRS which we have accounted for in arriving at our net revenue and receivable figures. Notwithstanding the provisions, the Company considers the rent collectible. In total the Company provided for $2,278,931 leaving a receivable balance of $523,582 which is the estimated net collectible amount specific to Purple Org.

Interest income is interest from deposits held at financial institutions and from loans made to a related party (Pine River Consulting Ltd) and a third party (Firefly) which totaled $137,819 in the reporting period (16,596 – 2017). In 2017, interest income primarily related to the loan made to Pine River

In 2017, there was no revenue for the nine month period ending September 30, 2017.

Revenue will occur and accrue consistently throughout the fiscal year. Collection of rental income, however, will be an annual event. Given that rental income is dependent on crop quality and the ability of the tenant to sell the crop to the market, there is an increased risk of not being able to collect the full amount payable. As such, a conservative valuation position has been maintained. We expect similar valuation calculations in future reporting periods.

Expenses

In summary, expenses (before impairment, financing costs and fair value adjustments) for the nine month period ending September 30, 2018 totaled $15,282,998 ($339,974 - September 30, 2017). Expenses for the current reporting period and for the comparable 2017 period relate primarily to professional and marketing costs in the startup phase of the Company's business. This includes professional fees related

to the share issuances and for expenses associated with future financings, public listing strategies, strategic alliance agreements and acquisition activity. Additional costs in all categories will continue to be incurred in as the Company completes the process of becoming a listed entity, closes the acquisitions and executes its growth plans.

Operating Expenses

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	From the date of incorporation, May 29, 2017 to September 30, 2017
Expenses				
Consulting and subcontractors	**534,947**	213,707	**1,413,234**	213,707
Marketing	**8,218,638**	70,000	**8,218,638**	70,000
Expected credit losses	**1,805,962**	-	**2,471,171**	-
Professional fees	**718,511**	55,630	**1,054,524**	55,630
General and administrative	**110,665**	595	**300,622**	637
Depreciation	**27,078**	-	**42,577**	-
Share based payments	**153,302**	-	**1,782,232**	-
Loss from operation	**(11,569,103)**	(339,932)	**(15,282,998)**	(339,974)

The increase in consulting, subcontractor, professional fees reflects the investing activities and related costs associated with increased operating activity. The 2018 period covers nine months, while the 2017 period covers only four months. In 2017 corporate efforts were in the early stages of development, hence lower costs. In 2018, more professionals were engaged to assist with financings, acquisitions, and day to day operations.

The marketing charge was for the rights obtained in the agreement with GHNA. There was no comparable marketing expense in 2017. The cash portion of the purchase price for the grant of these rights is USD$2,000,000 ($2,611,000 CDN) and the issuance of 10,000,000 common shares from treasury to GHNA. The cash portion will be paid upon release of the escrowed funds. GHNA is 50% owned by Peter Miller Enterprises Inc. which is partially owned and fully controlled by Peter Miller, the Company's CEO. As the investment had not met the criteria of an asset and an economic benefit could not be measured the cost was expensed as marketing.

Expected credit losses of $2,471,171 (2017 – NIL) with $2,278,931 (2017 – NIL) attributable to rent receivable in the books of Purple Org (as discussed above). The balance of expected credit losses, $191,240 (2017 – NIL) primarily relates to funds loaned to Pine River The Company expects to recover this amount, however, IFRS evaluation criteria stipulates that if interest is not collected on time and loan terms are extended, an impairment charge is required. The Issuer's management made an estimate of potential impairment to comply with IFRS reporting standards. Copies of bank statements were provided by Pine River to the Issuer in order to demonstrate debt servicing ability. As such, no further impairment charges were provided for. The Issuer has reviewed Pine River's plan for repayment of the debt, evaluated its expected cash inflows, and reviewed its free cash available; the Issuer has concluded that there is no credit risk.

Share based payments of $1,782,232 (2017 – $5,332) includes stock options for advisors and management. Certain third party advisors were also issued equity compensation in connection with the Company's financings, certain acquisitions, and other business activities. The Company undertook more activities in 2018, which partially accounts for the increase in cost. As well, certain agreements that

contemplated the issuance of share based payments at the conclusion of the agreement were entered into in 2017, but not concluded until 2018.

Professional fees of $1,054,524 (2017 – $55,630) were incurred in 2018 as the Company completed multiple substantive transactions during the period as well as requiring general corporate and securities advice. Tax planning and audit costs increased in connection with these substantive transactions as well. In 2017, activity related to corporate structuring and legal advice associated with potential acquisitions. Note that professional fees in the prior year were grouped with general and administrative expenses. Given the expense in the current year is material, prior year groupings were reclassified for better comparative purposes.

Depreciation expense is based on the acquisition price of the Purple Org. assets converted to the reporting currency, the Canadian dollar. The expense relates solely to the Purple Org.

Other charges:

	2018	2017
Impairment	$7,689,874	NIL
Financing cost and FV adjustment	$9,490,589	NIL

Details of the impairment charge are as follows;

Investment in Slang Organa Brands, Inc.	$1,680,000
Goodwill	$6,009,874
Total	**$7,689,874**

The impairment of $1,680,000 relates to common shares issued in connection with the joint venture investment in a new entity called Slang Organa Brands, Inc. The original intent was for the Issuer and NCG to utilize this joint venture to jointly create and market products. Following the entering into of the joint venture, the Issuer proposed to acquire all of NCG. Once the Organa Brands Acquisition is completed, the joint venture legal entity will become dormant. The issuance of the common shares in relation to the joint venture investment required that they be initially recorded at fair market value which was then written off to reflect the change in plans. There were no investments in 2017 and as such, no goodwill or fair value adjustments.

Goodwill impairment of $6,009,874 relates to 10,000,000 common shares issued in the acquisition of the Purple Org At the time the shares were issued, the reported accounting value was $5,600,000 and the Purple Organization, Inc. had a negative net asset value of $409,874.when the acquisition was first approved, the value of the 10,000,000 common shares would have been $500,000 CDN which was more reflective of net value. However, at the time of closing the Purple Acquisition, the value of the Company's common shares had appreciated significantly. Consequently, the full amount of the goodwill was impaired.

In connection with the Purple Acquisition the Company issued a 4 year, 4% unsecured convertible promissory note in the amount of USD $1,843,031 which is convertible at a deemed price of CDN $0.20 per common share. This is considered to be a derivative liability for financial reporting purposes. The fair value of the derivative liability was estimated using the Monte Carlo valuation model based on the following assumptions:

Share price	$0.56 - $1.125
Stock price volatility	79.78% - 110.93%
Expected life of the derivative liability	3.6- 4 years
Risk free rate	2.05%- 2.29%

The face value of the convertible promissory note is $2,364,849. It was revalued as a derivative liability to $5,424,517 at the date of closing the Purple Acquisition. The difference between the face value and the derivative value became a loss for accounting purposes. This initial loss on extinguishment totaled $3,059,668. For the period from May 1, 2018 to September 30, 2018 the derivative liability was revalued for the reporting period. This resulted in a fair value adjustment of derivative liability of $6,332,329 and the interest on convertible note of $40,540 was recorded in the consolidated statements of loss and comprehensive loss. The total financing cost and fair value adjustment related to the Purple Note (redefined in the financial statements as a derivative liability) was $9,392,001. The remainder of the expense category was foreign exchange adjustments and non interest financing expenses.

Liquidity

As at September 30, 2018 working capital was $63,574,590 (including funds held in trust) or ($354,566) excluding funds held in trust (2017 – 942,766). Cash balances were $67,085,427 including funds held in trust, or $3,156,271 excluding funds held in trust (2017 - $165,340). Rental income and future contributions from operating subsidiaries will be the Company's primary sources of cash flow to service operating expenses. In addition, pursuant to the September 26, 2018 Subscription Receipt Offering, upon the Escrow Release Conditions (as hereinafter defined) being satisfied, net proceeds of the Offering will be released to the Company and this will help the Company to meet its operating needs and to ensure sufficient liquidity of resources. The Company intends to maintain sufficient cash on hand to fund expenses and to mitigate any risks.

Capital Resources

The Company will have adequate funding to carry out its business plans from the funds raised from the February 21, 2018 financing and if the escrowed funds from the September 26, 2018 Subscription Receipt Offering escrowed funds are released if the Escrow Release Conditions (as hereinafter defined) are satisfied.

As set out under the heading "*Significant and Subsequent Events*" above, the Company completed a special warrant financing on February 21, 2018 for gross proceeds of approximately $16,800,000 and completed the Subscription Receipt Offering on September 26, 2018 for gross proceeds of approximately $65,997,885. The funds raised in the Subscription Receipt Offering have been deposited in escrow with Odyssey Trust Company in its capacity as subscription receipt agent in respect of the Subscription Receipts. Each Subscription Receipt will be deemed exchanged, without payment of any additional consideration and without any further action by the holder and subject to adjustment, for one (1) one common share in the capital of the Company and one-half of one common share purchase warrant on the satisfaction of the following escrow release conditions:

(i) the Company obtaining a receipt for the prospectus from the securities regulatory authorities in each of the Canadian jurisdictions in which the Subscription Receipts have been sold;

(ii) the satisfaction or waiver of all conditions precedent to the:

(a) Organa Brands Acquisition; and

(b) Firefly Acquisition,

other than the closing of such transaction, each of which closing will be completed forthwith upon release of the escrowed funds and in each case in accordance with the definitive agreement governing such transactions and, to the satisfaction of the Canaccord Genuity Group Inc. as lead agent;

(iii) the receipt of all required shareholder and regulatory approvals in connection with the liquidity event, including, without limitation, the conditional approval of the Canadian Securities Exchange for the listing of the Company's common shares and the relevant listing documents having been accepted for filing with the Canadian Securities Exchange; and

(iv) the Company and the Canaccord Genuity Group Inc. as lead agent having delivered a joint notice and direction to the escrow agent, confirming that the conditions set forth in (i) to (iii) above have been met or waived (the foregoing being the "**Escrow Release Conditions**").

If the Escrow Release Conditions are not satisfied on or before the escrow release deadline or prior to the escrow release deadline the Company advises Canaccord Genuity Group Inc. as lead agent or announces to the public that it does not intend to satisfy the Escrow Release Conditions, the escrowed funds (plus accrued interest earned thereon) shall be returned to the holders of the Subscription Receipts on a pro rata basis and the Subscription Receipts will be cancelled without any further action on the part of the holders. To the extent that the escrowed funds (plus accrued interest) are not sufficient to refund the aggregate price paid by the holders of the Subscription Receipts, the Company shall be responsible and liable to contribute such amounts as are necessary to satisfy any shortfall.

In addition, the proposed acquisitions set out under the heading "*Significant and Subsequent Events*" that have not yet been completed are also conditional on the Company obtaining the stock exchange listing.

Related Party Transactions

The aggregate value of transactions and outstanding balances relating to the nine months ended September 30, 2018 and the period May 29, 2017 to December 31, 2017 were as follows:

Related party balances	September 30, 2018	December 31, 2017
Pine River	$1,100,573	$766,336
Agripharm	NIL	$30,906
Peter Miller Enterprises	NIL	$5,437

Pine River is an entity controlled by the Chief Executive Officer of the Company, Peter Miller. The promissory note advanced to Pine River which is described under the heading "*Significant and Subsequent Events*". The loan was renewed and now matures on November 8, 2020. Renewal was on the same terms and conditions are the original loan. The interest rate of the loan is 15% per annum which is considered the market rate given the demand nature and general security agreement Pine River in turn funds other businesses. Subsequent to the reporting period an additional $500,060 was advanced under the facility.

Agripharm loans receivable were collected by the Company and it is not anticipated there will be future funding to Agripharm. Peter Miller indirectly owns 20% of Agripharm.

Peter Miller Enterprises ("**PME**") is the parent company for the entities which Peter Miller has invested in.

PME provides advisory and executive services to the Company. PME will continue to provide such services in the future. Any charges by PME to the Company are customary for the services rendered and totaled $134,893 for the nine month period ending September 30, 2018 (2017 - $75,000).

On April 30, 2018, the Company issued a 4 year, 4% unsecured convertible promissory note to Purple Co., which is a company controlled by the Company's Chief Executive Officer, Peter Miller. The Purple Note was in the amount of USD $1,843,031 (CAD $2,364,849) (the "**Purple Note**") to exchange an existing loan to Purple Org The expiry date of the Purple Note is April 30, 2022. The transaction met the definition of extinguishment, and the Company recognized a loss on extinguishment in its consolidated statements of loss and compressive loss. The Company has the right to prepay all or a portion of the amount due under the Purple Note any time and from time to time. The Purple Co. has the right to convert the principal amount outstanding under the Purple Note into common shares in the capital of the Company, at a conversion price of CAD$0.20 per share, on thirty (30) days' written notice. The Purple Note was issued in connection with the Purple acquisition, which is described in greater detail in both the "Significant and Subsequent Events" and "Operating Expenses" sections herein.

Management and marketing services are provided by The WPPD Initiative Group, LLC, a company controlled by the President, William Levy. Charges to the Company are customary and totaled $524,470 for the nine month period ending September 30, 2018 (2017 – $75,928).

Financial executive services are provided through the Purple Co. Charges to the Company are customary and totaled $73,653 for the nine month period ending September 30, 2018 (2017 - $84,750).

As noted above, on July 9, 2018, the Company entered into a rights agreement with GHNA, pursuant to which the Company obtained the right to license certain intellectual property from GHNA for use in certain territories. The purchase price for the grant of these rights is USD$2,000,000 and the issuance of 10,000,000 common shares from treasury to GHNA. GHNA is 50% owned by Peter Miller Enterprises Inc. which is partially owned and fully controlled by Peter Miller, the Company's CEO.

As noted above, on October 3, 2018, the Company advanced USD $1,500,000 to NCG pursuant to a promissory note and security agreement with NCG (the "**OB Loan**"). The OB Loan has an interest rate of 12% per annum, with interest accrued and payable on a monthly basis commencing on October 31, 2018. Chris Driessen, a director of the Company, is a shareholder and officer of NCG.

Off-Balance Sheet Arrangements

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

Proposed Transactions

Apart from the proposed acquisitions as set out under the heading "*Significant and Subsequent Events*" above, the Company has not committed to any other proposed transactions. Discussions on other potential alliances and acquisitions are a regular part of the business. The Company maintains an open dialogue with numerous individuals and entities that might fit with the Company's strategy and vision.

Disclosure of Outstanding Share Data

Description	Authorized Capital of the Company	Outstanding as at the date of this MD&A
Common Shares	Unlimited	92,172,028
Non-Voting Common Shares	Unlimited	Nil
Preferred Shares	Unlimited	Nil
Subscription Receipts	Unlimited	43,998,590
Warrants		16,711,005
Compensation Options		3,854,092
Stock options	Up to 10%	3,710,000

Risks and Uncertainties

Overview

There are a number of risk factors that could cause future results to differ materially from those described herein. The following sets out the principal risks faced by the Company. Additional risks and uncertainties, including those that the Company does not know about or that it currently deems immaterial, could also adversely impact the Company's business and results of operations.

Key Personnel Risks. The Company's efforts are dependent on the skills of the founders. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, due to departure or other reasons, this could have a material adverse outcome on the Company and its securities. Key personnel employment contracts will be entered into prior to the closing of the subscription receipt deal and public offering.

Regulatory Risks. The Company operates in a new industry, which is highly regulated and is in a market which is very competitive and evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements.

As the Company is focused on the US market there is the potential for further regulatory requirements. While cannabis has become legal for recreational use in Canada, cannabis remains illegal under US federal law.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Financing Risks. Access to traditional banking and trade arrangements remain restricted, particularly for companies involved in the cannabis industry. The U.S., in particular, maintains such restrictions for accessing the U.S. marketplace.

Market Risks. Commodity Price Risks. Cannabis and other herbal alternatives are part of a developing market, likely subject to volatile and possibly declining prices year over year, as a result of increased competition. Because cannabis is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. The Company operates in the sector not requiring regulatory approval or licensing. The company is "non-plant touching". As such the Company does not directly handle, process, manufacture, cultivate or distribute cannabis products. The Company's vaporizers and accessories are in support of the products the licensed operators produce.

Competitive Product Risks. The market is characterized by a growing number of new market entrants competing in the same product categories as the Company. As such there is considerable competition in the market place.

Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of Fire Cannabis Inc.

To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

To succeed in the marketplace the Company needs to differentiate itself which it has done via innovative design and technology

Brand Perception. Fire Cannabis Inc. is a new entrant in the marketplace with no prior history. This is partially mitigated by the targeted acquisitions of companies with market acceptance and by the experience of the founders.

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 its securities 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.

There is no certainty that the Company will continue to produce revenue, operate profitably or provide a return on investment in the future.

Financial Instruments & Other Instruments

The Company's financial instruments consist of cash, accounts receivable, loans receivable, investments, accounts payable and accrued derivative liabilities. Cash, investments and derivative liabilities are classified as fair value through profit or loss. Accounts receivables, accounts payable and accrued liabilities are classified as financial assets or financial liabilities, which are measured at amortized cost or amortized cost less any impairment losses related to accounts receivable. The fair value of cash, accounts payable and accrued liabilities are equal to their carrying value due to their short-term maturity. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of arms-length financial instruments approximates their carrying value due to the relatively short-term to maturity.

Critical accounting estimates

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statements of financial position date, could result in a material adjustment to the carry amounts of assets or liabilities. In the event that actual results differ from the assumptions made, relate to, but are not limited to the following:

Share-based payments

The Company operates equity settled share-based remuneration plans for its eligible directors, officers, employees and consultants. All goods and services received in exchange for the grant of any share-based payments are measured at their fair value unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employees and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted.

Equity settled share-based payments under share-based payments plans are ultimately recognized as an expense in profit or loss with a corresponding credit to reserve for share-based payments, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from the previous estimate. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its Cash Generating Unit ("**CGU**") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of

those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Early adoption of IFRS 9

The Company elected to early-adopt IFRS 9 for the periods reported.

IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model

Early adoption of IFRS 15

The Company elected to early-adopt IFRS 15 for the periods reported.

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation

New accounting standards and interpretations not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's Financial Statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the Financial Statements to be material.

- IFRS 16, 'Leases' - effective for annual periods beginning on or after January 1, 2019, adoption of IFRS 16 will result in substantially all lessee leases being recorded on the balance sheet as an asset with a corresponding liability with both current and long-term portions.

Other MD&A Requirements

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.

Additional information related to the Company can be found on SEDAR at www.sedar.com.

SLANG Worldwide Inc.

(Formerly Fire Cannabis Inc.)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2018 and from the date of incorporation, May 29, 2017 to September 30, 2017

Contents

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Slang Worldwide Inc.

Unaudited Interim Condensed Consolidated Statements of Financial Position

As at September 30, 2018 and December 31, 2017

(Prepared in Canadian dollars)

	Notes	(Unaudited) As at September 30, 2018	(Audited) As at December 31, 2017
Assets			
Current			
Cash		**$ 3,156,271**	$ 165,340
Funds held in trust		**63,929,156**	-
Accounts receivable	**4**	**580,909**	62,367
Other receivables		**537,847**	60,899
Prepaids		**162,792**	96,462
Loans and notes receivable	**5**	**908,333**	802,679
Total current		**69,275,308**	1,187,747
Investments, at fair value	**6**	**7,148,092**	-
Notes receivable	**9**	**999,305**	-
Investment properties	**10**	**4,139,459**	-
Property, plant and equipment	**11**	**175,384**	-
Total assets		**$ 81,737,548**	1,187,747
Liabilities and Equity			
Current			
Accounts payable and accrued liabilities		**$ 3,070,467**	$ 244,981
Loan payable	**17**	**2,611,000**	-
Dues to related party	**16**	**19,251**	-
Total current		**5,700,718**	244,981
Derivative Liability	**12**	**11,756,846**	-
Total liabilities		**17,457,564**	244,981
Equity			
Share capital	**13**	**29,298,297**	1,366,300
Shares to be issued	**13**	**-**	420,000
Contributed surplus		**3,691,622**	5,332
Warrants	**13**	**2,173,464**	-
Subscription receipt	**13**	**59,800,175**	-
Foreign currency translation reserve		**(37,087)**	-
Deficit		**(30,646,487)**	(848,866)
Total shareholders' equity		**64,279,984**	942,766
Total liabilities and shareholders' equity		**$ 81,737,548**	$ 1,187,747
Commitments	**17**		
Subsequent Events	**20**		

On behalf of the Board:

_____ Director

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Slang Worldwide Inc.

Unaudited Interim Condensed Consolidated Statements of Operations and Comprehensive Loss

For the three and nine months ended September 30, 2018, three months ended September 30, 2017 and from the date of incorporation, May 29, 2017 to September 30, 2017
(Prepared in Canadian dollars)

	Notes	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	From the date of incorporation, May 29, 2017 to September 30, 2017
Revenue					
Rental income		**$ 1,557,167**	$ -	$ **2,528,021**	$ -
Interest income		**55,733**	-	**137,819**	-
		1,612,900	-	**2,665,840**	-
Expenses					
Consulting and subcontractors		**534,947**	213,707	**1,413,234**	213,707
Marketing	**17**	**8,218,638**	70,000	**8,218,638**	70,000
Expected credit losses	**4,5,19**	**1,805,962**	-	**2,471,171**	-
Professional fees		**718,511**	55,630	**1,054,524**	55,630
General and administrative		**110,665**	595	**300,622**	637
Depreciation	**10,11**	**27,078**	-	**42,577**	-
Share based payments	**13**	**153,302**	-	**1,782,232**	-
Loss from operation		**(9,956,203)**	(339,932)	**(12,617,158)**	(339,974)
Impairment	**8**	**-**	-	**(7,689,874)**	-
Financing cost and FV adjustment	**15**	**(6,141,625)**	-	**(9,490,589)**	-
Loss before income taxes		**(16,097,828)**	(339,932)	**(29,797,621)**	(339,974)
Income tax		**-**	-	**-**	-
Net loss for the period		**(16,097,828)**	(339,932)	**(29,797,621)**	(339,974)
Other comprehensive loss for the period					
Exchange differences on translation of foreign operations		**(12,478)**	-	**(37,087)**	-
Total comprehensive loss for the period		**$ (16,110,306)**	$ (339,932)	$ **(29,834,708)**	$ (339,974)
Earnings per common share based on net loss for the period					
Basic	**14**	**$ (0.18)**	$ (0.01)	$ **(0.42)**	$ (0.02)
Diluted	**14**	**$ (0.18)**	$ (0.01)	$ **(0.42)**	$ (0.02)
Weighted average number of common shares outstanding					
Basic		**88,347,863**	25,373,626	**71,563,629**	21,282,258
Diluted		**88,347,863**	25,373,626	**71,563,629**	21,282,258

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Slang Worldwide Inc.

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2018 and from the date of incorporation, May 29, 2017 to September 30, 2017
(Prepared in Canadian dollars)

	Notes	Share capital	Shares to be issued	Warrants	Subscription receipt	Contributed surplus	Foreign currency translation reserve	Deficit	Total equity
Balance as at May 29, 2017									
Net loss for the year		$ -	$ -	$ -	$ -	$ -	$ -	$ (339,974)	$ (339,974)
Issued pursuant to private placements, net	13	1,330,000	-	-	-	-	-	-	1,330,000
Balance as at September 30, 2017		$ 1,330,000	$ -	$ -	$ -	$ -	$ -	$ (339,974)	$ 990,026
Balance as at December 31, 2017		$ 1,366,300	$ 420,000	$ -	$ -	$ 5,332	$ -	$ (848,866)	$ 942,766
Net loss for the period		**-**	**-**	**-**	**-**	**-**	**-**	**(29,797,621)**	**(29,797,621)**
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**-**	**(37,087)**	**-**	**(37,087)**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**(37,087)**	**(29,797,621)**	**(29,834,708)**
Stock-based compensation expense	13	**-**	**-**	**-**	**-**	**1,082,232**	**-**	**-**	**1,082,232**
Issued pursuant to services	13	**1,120,000**	**(420,000)**	**-**	**-**	**-**	**-**	**-**	**700,000**
Issued pursuant to investments	13	**14,000,000**	**-**	**-**		**-**	**-**	**-**	**14,000,000**
Issued pursuant to subscription receipt offering, net		**-**	**-**	**-**	**59,800,175**	**2,020,595**	**-**	**-**	**61,820,770**
Issued pursuant to private placements, net	13	**-**	**-**	**14,985,461**	**-**	**583,463**	**-**	**-**	**15,568,924**
Conversion of special warrants to common shares	13	**12,811,997**	**-**	**(12,811,997)**	**-**	**-**	**-**	**-**	**-**
Balance as at September 30, 2018		**$ 29,298,297**	**$ -**	**$ 2,173,464**	**$ 59,800,175**	**$ 3,691,622**	**$ (37,087)**	**$ (30,646,487)**	**$ 64,279,984**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Slang Worldwide Inc.

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the nine months ended September 30, 2018 and from the date of incorporation, May 29, 2017 to September 30, 2017
(Prepared in Canadian dollars)

	Notes	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Cash flows used in operating activities			
Net loss for the year		**$ (29,797,621)**	$ (339,974)
Items not affecting cash			
Expected credit losses	**4,5,19**	**2,471,171**	-
Interest not paid in cash		**16,515**	-
Interest not received in cash		**(109,567)**	
Impairment	**8**	**7,689,874**	-
Marketing	**17**	**8,211,000**	
Depreciation	**10,11**	**42,577**	-
Fair value adjustment	**12,15**	**6,332,329**	-
Loss on extinguishment of convertible debt	**12,15**	**3,059,668**	-
Share-based payment	**13**	**1,782,232**	-
		(301,822)	(339,974)
Changes in non-cash working capital balances			
Accounts receivable		**(2,463,146)**	
Other receivables		**(452,098)**	(27,399)
Prepaids and receivables		**(154,137)**	
Accounts payable and accrued liabilities		**692,944**	88,922
Other liability			93,750
		(2,678,259)	(184,701)
Cash flows from financing activities			
Repayment of note payable	**7**	**(2,177,350)**	-
Advances from (to) related party		**19,251**	(8,022)
Proceeds pursuant to issuance of special warrants	**13**	**15,568,924**	-
Proceeds pursuant to issuance of subscription receipt	**13**	**63,929,156**	
Proceeds pursuant to issuance of common shares	**13**	**-**	1,330,000
		77,339,981	1,321,978
Cash flows from (used in) investing activities			
Advances to loans receivable	**5,9**	**(1,223,876)**	
Repayment of loan receivable	**5**	**36,244**	-
Investments	**6**	**(6,028,092)**	-
Purchase of investment property and property, plant and equipment	**10,11**	**(476,048)**	-
Cash acquired through business combination	**7**	**16,241**	-
		(7,675,531)	-
Net increase in cash and funds in trust during the year		**66,986,191**	1,137,277
Exchange rate changes on foreign currency cash balances		**(66,104)**	-
Cash, beginning of year		**165,340**	-
Cash and funds held in trust, end of year		**$ 67,085,427**	$ 1,137,277
Cash, end of year		**3,156,271**	1,137,277
Funds held in trust, end of year		**63,929,156**	-
Supplemental cash flow information			
Income taxes paid		**$ 130,550**	$ -
Interest expense paid		**24,025**	-

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

1. Nature of operations

Slang Worldwide Inc. formerly known as Fire Cannabis Inc. (the "Company") was incorporated in May 29, 2017 under the laws of Canada Business Corporations Act. On November 26, 2018 the Company filed articles of amendment to change its name to Slang Worldwide Inc.

The address of the Company's registered office is 77 King Street West, Suite 400, Toronto, Ontario, Canada.

The Company invests and operates in the cannabis industry. The Company invests in companies that have a consumer centric product portfolio with best in class brands that have widespread distribution.

The unaudited interim condensed consolidated financial statements were approved by the Company's Board of Directors on January 17, 2019.

2. Basis of presentation

2.1 Statement of compliance

The Company's unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim financial reporting". These consolidated financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited consolidated financial statements of the Company for the eight months period ended August 31, 2018 and from the date of incorporation, May 29, 2017 to December 31, 2017, which have been prepared in accordance with International Financial reporting standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations committee ("IFRIC").

2.2 Basis of measurement

The Company's interim condensed consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets.

2. Basis of presentation (continued)

2.3 Basis of consolidation

The interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2018 include the accounts of the Company and its wholly-owned subsidiary, The Purple Organization, Inc. on a consolidated basis after elimination of intercompany transactions and balances.

The subsidiary is an entity controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are fully consolidated from the date that control commences and de-consolidated from the date control ceases.

The functional currency of the Company is Canadian Dollar which is also the presentation currency of the consolidated financial statements. The functional currency of The Purple Organization, Inc. is the US dollar.

2.4 Adoption of new and revised standards and interpretations

New standards and interpretations

At the date of authorization of these interim condensed consolidated financial statements, the IASB and the IFRS Interpretations Committee ("IFRIC") has issued certain new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods; however, tthehe Company has early adopted IFRS 15 and IFRS 9 from the date of incorporation as detailed below. The Company is currently assessing the remaining standards and what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

Early Adoption of IFRS 15 – Revenue from Contracts with Customers

As permitted, the Company elected to early-adopt IFRS 15 for the periods reported.

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

2.4 Adoption of new and revised standards and interpretations (continued)

Early Adoption of IFRS 9 – Financial Instruments

As permitted, the Company elected to early-adopt IFRS 9 for the periods reported.
IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Financial assets at fair value through comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with

2.4 Adoption of new and revised standards and interpretations (continued)

any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.
Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Summary of the Company's classification and measurements of financial assets and liabilities

	IFRS 9	
	Classification	**Measurement**
Cash and cash equivalents and funds in trust	FVTPL	Fair value
Accounts receivable & other receivables	Amortized cost	Amortized cost
Loans and notes receivable	Amortised cost	Amortised cost
Investments	FVTPL	Fair value
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Loan payable and due to related party	Amortised cost	Amortised cost
Derivative liability	FVTPL	Fair value

2.4 Adoption of new and revised standards and interpretations (continued)

- IFRS 2 'Share-based Payments'. In June 2016, the IASB issued final amendments to this standard. IFRS 2 clarifies the classification and measurement of share-based payments transactions. These amendments deal with variations in the final settlement arrangements including: (a) accounting for cash settled share-based payment transactions that include a performance condition; (b) classification of share-based payment transactions with net settlement features; and (c) accounting for modifications of share-based payment transactions from cash settled to equity. IFRS 2 is effective for annual periods beginning on or after January 2018, with early adoption permitted. The Company has assessed this standard and will account for share-based payments on this basis as they occur. There has been no impact on the interim condensed consolidated financial statements as a result of the adoption of IFRS 2.

- IAS 12 'Income taxes'. The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealized losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets This statement was effective for periods beginning on or after 1 January 2017. The adoption of this statement did not believe the statement will have a significant impact, given that this is a clarification to the existing standard; there is no change in the underlying principles for the recognition of deferred tax assets.

New and revised standards not yet adopted:

- IFRS 16, Leases, was issued in January 2016 and is intended to replace International Accounting Standard (IAS) 17, Leases, and related IFRIC's. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is assessing the impact of adoption of the standard.

3. Significant accounting policies, judgements and estimation uncertainties

The significant accounting policies applied by the Company are the same as those applied as at and for the eight months period ended August 31, 2018 as described in Note 3 of the Company's audited consolidated financial statements.

The preparation of these interim condensed consolidated financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and revenue and expenses. The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation were the same as those described in the last audited consolidated financial statements.

4. Accounts Receivable

	September 30, 2018	December 31, 2017
Accounts receivable	**$2,859,840**	$62,367
Expected credit losses (Note 19)	**(2,278,931)**	-
	$580,909	$62,367

5. Loans Receivable from Related Parties

On November 8, 2017 the Company loaned $750,000 to Pine River Consulting Ltd. (controlled by the Company's CEO) ("Original Promissory Note"). The loan was pursuant to a credit facility in the amount of $1,000,000. Pine River and the Company subsequently amended and restated the original Pine River Note on July 30, 2018 (the "First A&R Pine River Note"), and again on October 15, 2018 (the "Second A&R Pine River Note"). During the current reporting period the Company advanced an additional $244,068 to Pine River. Subsequent to September 30, 2018 an additional $500,060 was advanced to Pine River. The maturity of the loan was extended to November 8, 2020 at 15% interest for up to $1,500,000. As at September 30, 2018 principal due is $1,029,570 ($755,445 – December 31, 2017). As at September 30, 2018, the Company estimated an expected credit loss of $192,240, the remaining balance of the loan is $837,330. Interest accrued to September 30, 2018 amounted to $71,003 (December 31, 2017 - $10,890). The loan remains outstanding at the date of these financial statements.

On November 22, 2017 the Company loaned $30,646 (September 30, 2018 – Nil) to Agripharm Corp. in which the CEO has a significant equity interest and management control. The loan bears interest at 10%, was evidenced by a promissory note and was repaid in February 2018. Interest accrued to December 31, 2017 amounted to $260. The loan was repaid during the period ended September 30, 2018.

Advances were made to Peter Miller Enterprises (controller by the Company's CEO) during the year. There were no specified terms of repayment. The amount receivable at September 30, 2018 is $nil (December 31, 2017 - $5,437).

6. Investments

a. Slang Organa Brands, Inc.

On February 20th, 2018 the Company entered into a share exchange agreement with National Concessions Group, Inc. whereby the Company acquired 500,000 shares of Slang Organa Brands, Inc., a Delaware corporation, in exchange for 3,000,000 shares of the Company, which were estimated at $0.56 per share on the date of transaction. This resulted in a transaction value of $1,680,000. As Slang Organa Brands, Inc. will remain inactive given the pending acquisition of National Concessions Group, Inc, the investment has been fully impaired as at September 30, 2018.

6. Investments (continued)

b. National Concessions Group, Inc. (NCG), Allied Concessions Group, Inc. (ACG), NS Holdings, Inc. (NSH)

On March 20th, 2018 the Company entered into an agreement to acquire shares of NCG and obtained a warrant for ACG and NSH. The total investment and allocation was as follows:

Cash consideration	$5,861,330
Share consideration	$1,120,000
Total consideration	$6,981,330

The share consideration was 2,000,000 Company shares with an estimated value of $0.56 per share. If the estimated share price was lower (higher) by 10%, the value of the investment would decrease (increase) by $112,000.

The investment is allocated as follows;

NCG common shares	$3,491,272
NSH warrant	$1,745,636
ACG warrant	$1,744,422
Total investment	$6,981,330

The NSH and ACG warrant entitle the Company to acquire 339,930 and 327,601 common shares of the respective entities once US regulatory hurdles permit investment in NSH and ACG. The warrants can be exercised at USD $0.001 until March 20, 2028.

As at September 30, 2018 the Company owns 7.5% of outstanding common shares of NCG. Had the ACG and NSH warrants been exercised before or on September 30, 2018, the Company would have owned 7.5% outstanding common shares of ACG and NSH respectively.

As at September 30, 2018 the Company estimated no change in the fair value of the investment in NCG, ACG and NSH.

c. On May 31, 2018, the Company entered into an investment agreement with Greenhouse Juice (10663522 Canada Inc.) whereby the Company acquired 1,111,111 shares of Greenhouse Juice, representing 10% ownership of Greenhouse Juice. The Company paid $166,746 in consideration of the shares. As at September 30, 2018 the Company estimated no change in the fair value of the investment in Greenhouse Juice.

7. Acquisitions – The Purple Organization, Inc.

The Company has determined that the below acquisition is a business combination under IFRS 3, Business Combinations. It is accounted for by applying the acquisition method, whereby the assets acquired, and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Operating results have been included in these Financial Statements from the date of the acquisition. Any goodwill recognized is attributed based on CGUs.

7. Acquisitions – Purple Organization Inc. (continued)

On April 3, 2018, the Company and The Purple Co., an Ontario corporation (the "**Vendor**") controlled by the Company's CEO, entered into an amended and restated share purchase agreement (the "**SPA**") amending, restating, superseding and replacing the share purchase agreement dated November 22, 2017. Pursuant to the SPA, the Company agreed to purchase from the Vendor 50 shares of common stock of the Purple Organization, Inc., a Delaware corporation (the "**Target**"), and, the ownership of which amounts to one hundred percent (100%) of the issued and outstanding shares of common stock in the capital of the Target (collectively, the "**Purple Shares**") after the redemption of 2 share of common stock of the Target from two previous shareholders.
As consideration for the Purple Shares, the Company issued 10,000,000 common shares, which were estimated at $0.56 per share on the date of transaction.
The acquisition by the Company of all of the shares of common stock of the Target closed on April 30, 2018.

Fair Value of Identifiable Net Assets	
Cash and cash equivalents	16,241
Accounts receivable	334,327
Property and equipment and investment property	3,852,355
Trade payables, accruals and loans	(70,598)
Note payable#1	(2,177,350)
Note payable#2 (Note 12)	(2,364,849)
Net liabilities acquired	**(409,874)**
Consideration paid	
Shares issued	5,600,000
Total consideration paid	**5,600,000**
Total goodwill	**6,009,874**

Had the above noted business combination occurred on January 1, 2018, the consolidated revenues and net loss for the period ended September 30, 2018 would have been $3,775,906 and $29,930,348, respectively. The Purple Organization, Inc.'s revenue and net loss for the period from the date of acquisition to September 30, 2018 are $2,528,021 and $17,805, respectively.

The recoverable amount of the Purple Organization, Inc. CGU was determined based on a value in use calculation which uses rent cash flow projections at a discount rate of 12% to 14% per annum.

The carrying value of Purple Organization, Inc CGU at September 30, 2018 exceeded its recoverable amount due to expectation for reduced rent receivables from current tenant and the Company recognized a full impairment of the goodwill in its consolidated statements of loss and comprehensive loss. Key assumptions the company used to calculate the value in use includes: market rental income of approximately USD$388,000 (CAD$507,000) per annum, cap rate of 12% to 14% per annum.

8. Impairment

A summary of impairment expense for the nine-month period ended September 30, 2018 is as follows:

Investment in Slang Organa Brands, Inc (note 6(a))	$1,680,000
Goodwill (note 7)	6,009,874
Total	$7,689,874

9. Note receivable

On July 31, 2018 the Company loaned USD $750,000 (CAD $ 979,808) to NWT Holdings LLC. The amount is due the earlier of the following dates (i) July 30, 2020, (ii) on demand and (iii) an insolvency default. The loan bears interest at 12%. Interest accrued to September 30, 2018 amounted to $19,497 (December 31, 2017 - $nil). The loan remains outstanding at the date of these financial statements.

10. Investment Properties

	Building and Land Improvements	Property	Total
Cost- January 1, 2018	-	-	-
Additions - April 30, 2018 (Note 7)	$ 1,848,161	$ 1,989,580	**$ 3,837,741**
Additions	305,289	-	**305,289**
Currency translation	13,121	17,147	**30,268**
Balance at September 30, 2018	$ 2,166,571	$ 2,006,727	**$ 4,173,298**
Accumulated depreciation	$ -	$ -	**$ -**
Depreciation expense	33,839	-	**33,839**
Balance at September 30, 2018	$ 33,839	$ -	**$ 33,839**
Net book value September 30, 2018	**$ 2,132,732**	**$ 2,006,727**	**$ 4,139,459**

10. Investment Property (continued)

The investment property is leased out on an operating lease with an arm lengths party. The current lease term ends December 31, 2020 with monthly rental amounts of US$40,000. In addition, annual rents of US$100,000 (2017), US$300,000 (2018) and US$500,000 (2019 and 2020) are due starting in 2017.

The fair value of the Company's main property assets is estimated based on replacement cost basis. Management used an external valuator with experience in the Cannabis industry to assist with the investment property valuation. As at September 30, 2018, the fair value of property was estimated to be between US$3,196,200 to US$3,897,000 (CAD4,172,639- CAD5,087,534). The major assumptions within the replacement cost basis include the replacement cost of US$120 to US$150 (CAD157- CAD196) per square foot of building area.

11. Property, Plant and Equipment

	Office Equipment	Equipment and Machinery	Vehicles	Total
Cost- January 1, 2018	-	-	-	**-**
Additions - April 30, 2018 (Note 7)	$ 14,614	$ -	$ -	**$ 14,614**
Additions		132,900	37,860	**170,760**
currency translation	124	(1,057)	(319)	**(1,252)**
Balance at September 30, 2018	$ 14,738	$ 131,843	$ 37,541	**$ 184,122**
Accumulated depreciation	$ -	$ -	$ -	**$ -**
Depreciation expense	1,237	5,531	1,970	**8,738**
Balance at September 30, 2018	$ 1,237	$ 5,531	$ 1,970	**$ 8,738**
Net book value September 30, 2018	**$ 13,501**	**$ 126,312**	**$ 35,571**	**$ 175,384**

12. Derivative Liability

On April 30, 2018, the Company issued a 4 year, 4% unsecured convertible promissory note to The Purple Co. (controlled by the Company's CEO) in the amount of USD $1,843,031 (CAD $2,364,849) (the "**Purple Note**") to exchange an existing loan to Purple Organization, Inc. The expiry date of the Purple Note is April 30, 2022. The transaction met the definition of extinguishment, and the Company recognized a loss on extinguishment in its consolidated statements of loss and comprehensive loss. The Company has the right to prepay all or a portion of the amount due under the Purple Note any time and from time to time. The Purple Co. has the right to convert the principal amount outstanding under the Purple Note into common shares in the capital of the Company, at a conversion price of CAD$0.20 per share, on thirty (30) days' written notice.

The conversion option created an embedded derivative which meets the definition of a financial liability as it being denominated in a currency other than the Company's functional currency. Accordingly, it must be bifurcated and recorded at fair value on initial recognition and at the end of each reporting period. The host contract is a financial liability that is stated at amortized cost using the effective interest method.

The Company estimated the fair value of the derivative liability as $5,424,517 and $11,756,846 on April 30, 2018 and September 30, 2018 accordingly and assigned a nominal value to the host contract on April 30, 2018. The amortised cost of the host contract on September 30, 2018 is nominal. The loan is accreted using an effective interest rate of 428.94%.

The loss on extinguishment of $3,059,668, the fair value adjustment of derivative liability of $6,332,329 and the interest on convertible note of $40,540 was recorded in the consolidated statements of loss and comprehensive loss.

The fair value of the derivative liability was estimated using Monte Carlo valuation model based on the following assumptions:

Share price	$0.56- $1.125
Stock price volatility	79.78%- 110.93%
Expected life of the derivative liability	3.6- 4 years
Risk free rate	2.05%- 2.29%

Inter-relationship between key unobservable inputs and fair value measurement at September 30, 2018:
If the share price was lower (higher) by 10%, the fair value would decrease (increase) by $1,350,240 ($1,192,280).
If the volatility was lower (higher) by 10%, the fair value would decrease (increase) by $216,154 ($208,431).

13. Share capital

Authorized

Unlimited number of Class A preferred shares

Unlimited number of common shares

On November 26, 2018, the Company amended its Articles and increased the authorized capital of the Company by creating a new class of shares consisting of an unlimited number of restricted voting shares.

There are no outstanding Class A preferred shares and restricted voting shares as at December 31, 2017 and September 30, 2018.

	Number of shares	Total, $
Common shares- no par value	-	-
Opening balance - May 29, 2017		
Issued during the period	35,600,000	1,330,000
Balance- September 30, 2017	35,600,000	1,330,000
Balance- January 1, 2018	38,300,000	1,366,300
Issued during the period	53,872,028	27,931,997
Balance- September 30, 2018	**92,172,028**	**29,298,297**

2017

On May 29, 2017 10,000,000 common shares were issued in a private placement at $0.005 for gross proceeds of $50,000.

On August 4, 2017 17,000,000 common shares were issued in a private placement at $0.05 for gross proceeds of $850,000.

On August 11, 2017 8,600,000 common shares were issued in a private placement at $0.05 for gross proceeds of $430,000.

On October 6, 2017, 2,700,000 common shares were issued in a private placement at $0.05 for gross proceeds of $135,000.

Total share issuance cost from the date of incorporation, May 29, 2017 to December 31, 2017 is $98,700 (from the date of incorporation, May 29, 2017 to September 30, 2017- nil).

13. Share capital (continued)

2018

The Company entered into an advisory services agreement with Powerone Management & Advisory Services Limited ("Powerone") whereby Powerone agreed to provide corporate and financial advisory services to the Company in exchange for 750,000 common shares. The common shares were issued during 2018 at estimated value of $0.56 per share.

A special warrant offering was announced on January 8th, 2018 and closed on February 21, 2018.
Transaction details were as follows:

Offering price of units was $0.75 per unit comprised of one common share and one-half common share purchase warrant. A total of 22,393,366 units were issued. On July 21, 2018 the units were converted to common shares and warrants. In total, 26,872,028 common shares were issued which included penalty shares for not meeting specific listing timelines.

In 2018, the Company appointed XIB Consulting Inc. ("XIB") and 1821 Capital Inc. to act as consultants with respect to capital markets strategy and private and public transactions. The Company issued XIB 750,000 common shares and 1821 Capital Inc. 500,000 common shares at estimated value of $0.56 per share.

Shares issued for investments:

On February 20, 2018 the company issued 3,000,000 shares at estimated value of $0.56 per share in connection with its investment in Slang Organa Brands, Inc (see note 6).

On March 20, 2018, the Company issued 2,000,000 shares at estimated value of $0.56 per share in connection with its investment in NCG, ACG and NSH. Cash consideration was $5,861,330 for this investment (see note 6).

On April 30, 2018, the Company acquired The Purple Organization, Inc. As consideration for the Purple Shares, the Company issued 10,000,000 common shares at estimated value of $0.56 per share (see note 7).

On August 3, 2018, the Company issued 10,000,000 common shares at estimated value of $0.56 per share to GHNA and has a loan payable of USD $2,000,000 (CAD $2,611,000) in connection with the transaction (see note 17).

Share-based payments

During 2017, the shareholders of the Company approved the stock option plan (the Plan). Stock options granted under the Plan (options) are equity settled, will be non-transferable and will be exercisable for a period not to exceed ten years. Stock options vest evenly over the related service period between one to four years.

13. Share capital (continued)

The following provides a summary of the status of the Plan as at September 30, 2018 and 2017:

	Number of stock options	Weighted exercise price	Exercise price
Options outstanding - May 29, 2017	-	-	-
Options outstanding - September 30, 2017	-	-	-
Options outstanding - January 1, 2018	1,750,000	0.05	0.05
Granted	1,960,000	0.75	0.05
Options outstanding - September, 2018	**3,710,000**	**0.42**	**0.05**

Grant date	Expiry date	Exercise price	Number outstanding	Weighted average remaining contractual life	Number exercisable
Nov 2017	Nov 2027	$0.05	1,750,000	3.17	nil
July 2018	July 2023	$0.75	1,960,000	4.75	nil

The options granted in November 2017 vest over 4 years annually. The options granted in July 2018 vest over the period between one and four years.

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 1.57%; volatility: 102%; Dividend yield: 0%; and expected life: four years for the 2017 grant and five years for the 2018 grant.

Compensation expense is recognized over the years in which entitlement to the compensation vests. For the nine months ended September 30, 2018, the Company recorded $153,302 in its statement of loss and comprehensive loss (September 30, 2017- nil).
The expected volatility is based on the historical volatility of comparable companies, which may not necessarily be the actual outcome.

Compensation options

On February 21, 2018, pursuant to the terms of an agency agreement as between the Company and the Agents (“February Agency Agreement”), the Company issued 1,414,177 compensation options (the “February Compensation Options”). Each February Compensation Option entitles the holder thereof to purchase one (1) Compensation Unit an at exercise price of $0.75 per Compensation Unit until the date that is the earlier of (i) twenty-four (24) months following the Liquidity Date (as defined in the February Agency Agreement) and (ii) July 21, 2020. Each Compensation Unit issued upon exercise of the Compensation Option shall consist of one

13. Share capital (continued)

Common share and one-half of one Compensation Warrant. Each whole Compensation Warrant will entitle the holder thereof to purchase one common share at a price of $1.15 per Compensation Warrant Share.

On September 26, 2018, pursuant to the terms of an agency agreement as between the Company and the Agents ("Agency Agreement"), the Company issued 1,465,448 broker warrants and 974,467 corporate finance warrants (together "Compensation Options"). Each compensation option will entitle the holder to acquire one unit at the subscription price of $1.50 for the period of 24 months from the listing date as defined in the Agency Agreement. Each compensation option will be comprised of one common share ("compensation share") and one half of one common share purchase warrant (each whole common share purchase warrant, a "compensation warrant"). Each compensation warrant shall entitle the holder to acquire one common share ("compensation warrant share") at an exercise price of $2.25 per warrant for the period of 24 months following the listing date.

Warrants issued (other than compensation options detailed above)

Warrants	# of warrants	Total $
Opening balance – May 29, 2017	-	$ -
Issued	-	-
Balance – September 30, 2017	**-**	**-**
Balance – January 1, 2018	-	-
Issued pursuant to the special warrants	13,436,005	2,173,464
Issued pursuant to XIB warrants	3,725,000	928,930
Outstanding, at September 30, 2018	**16,711,005**	**$ 3,102,394**

During the period ended September 30, 2018, the Company issued 3,725,000 units of share purchase warrants to XIB Consulting Inc. in exchange of services. The warrants are valued at $928,930 and are recorded as share-based compensation. The warrants can be exercised at a price of $0.75 per share until the date on the later of (i) September 30, 2020; or (ii) the date that is 24 months from the date of a Liquidity Event.

In December 2017 the Company issued a warrant certificate to a third-party to acquire up to 19.99% of the issued shares of the Company. The warrants meet the definition of a share-based payment under IFRS 2 and will be recognised as a service expenses with associated increase in equity. Since no service has been provided during the reporting period and terms of the warrant certificate for an exercise start date have not been met, the Company did not record any expenses related to these warrants. The expiry date of the warrants is the earlier of 15 years from issuance or 2 years after the trigger event, which is when cannabis can legally be sold in the US.

13. Share capital (continued)

On February 21, 2018, the Company completed a special warrant private placement (the "Special Warrants") offering for aggregate gross proceeds of approximately $16,800,000 (net $14,886,761 after closing costs and agents' fees). A total of 22,393,366 Special Warrants were issued. Each Special Warrant was sold at a price of $0.75 per warrant. Each Special Warrant was comprised of one common share and one-half of one common share purchase warrant. Terms of the Special Warrant stated that they will automatically be exercised (without payment of any further consideration and subject to customary anti-dilution adjustments) into a unit (a "Unit") comprised of one common share (a "Unit Share") and one half (½) of one common share purchase warrant of the Company (each whole warrant, a "Warrant") on the date (the "Automatic Exercise Date") that is the earlier of: (i) the date that is three business days following the date on which the Company obtains a receipt from the applicable security regulatory authorities in Canada (the "Securities Commissions) for a (final) long form prospectus qualifying the distribution of the Units issuable upon exercise of the Special Warrants (the "Qualification Prospectus"), and (ii) the date that is 150 days following the Closing Date. The Automatic Exercise Date did not occur within 150 days following the Closing Date, thereby entitling the holder to receive 1.20 Units (comprised of 1.20 Unit Shares and 0.60 Warrants)

The Special Warrants were automatically converted on July 21, 2018. As a result, holders received an additional 4,478,662 common shares which added to the 22,393,366 original special warrants totaled 26,872,028. Holders also received an additional 2,209,331 warrants bringing the total issued to holders of 13,436,005. Each warrant holder is entitled to acquire one common share at an exercise price of $1.15 for a period of two years following the liquidity date, which is July 21, 2018. The terms of the warrants contain an acceleration provision, applicable in the event that, at any time during the term of the warrants, the closing price of the common shares of the Company is greater than $1.75 for 20 consecutive trading days.

On September 26, 2018, Subscription Receipts were sold at a price of $1.50 per Subscription Receipt. Each receipt entitles the holder to receive one unit of the Company upon satisfaction of the escrow requirements. Each Subscription Receipt will entitle the holder thereof to receive, upon satisfaction or waiver of the escrow release conditions prior to the escrow release deadline and without payment of additional consideration or further action, one unit (the "**Unit**") of the Company. Each Unit will be comprised of one common share in the capital of the Company (a "**Underlying Share**") and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant entitles the holder thereof to purchase one common share of the Company (each, a "**Warrant Share**") at an exercise price of $2.25 for a period of twenty-four (24) months from the date the common shares of the Company are listed for trading on the Canadian Securities Exchange. The warrants will be subject to an accelerated expiry in the event that the closing price of the common shares of the Company is above $3.50 for ten (10) consecutive trading days. On September 26, 2018, the Company closed the Subscription Receipt Offering and issued 43,998,590 Subscription Receipts for total gross proceeds to the Company of approximately $65,997,885 (net $63,929,156 after agents' fees paid in cash and net $59,800,175 after closing costs and agents' fees paid in cash and compensation options and to be paid in cash).

13. Share capital (continued)

Each Subscription Receipt will automatically convert, without payment of any additional consideration and without any further action by the holder and subject to adjustment, for one Common Share and one-half of one Warrant on the satisfaction of the following escrow release conditions (the "**Escrow Release Conditions**"):

(i) the Corporation obtaining a receipt for the prospectus from the securities regulatory authorities in each of the Qualifying Provinces;

(ii) the satisfaction or waiver of all conditions precedent to completion of:
   (a) the Organa Brands Acquisition; and

   (b) the Firefly Acquisition,

   other than the closing of such transactions, each of which closing will be completed forthwith upon release of the Escrowed Funds and in each case in accordance with the definitive agreement governing such transactions, to the satisfaction of the Lead Agent;

(iii) the receipt of all required shareholder and regulatory approvals in connection with the Liquidity Event, including, without limitation, the conditional approval of the CSE for the listing of the Corporation's Common Shares and the relevant listing documents having been accepted for filing with the CSE; and

(iv) the Corporation and the Lead Agent having delivered a joint notice and direction to Odyssey, confirming that the conditions set forth in (i) to (iii) above have been met or waived.

If the Escrow Release Conditions are not satisfied on or before the Escrow Release Deadline or prior to the Escrow Release Deadline the Corporation advises the Lead Agent or announces to the public that it does not intend to satisfy the Escrow Release Conditions, the Escrowed Funds shall be returned to the holders of the Subscription Receipts on a pro rata basis and the Subscription Receipts will be cancelled without any further action on the part of the holders. To the extent that the Escrowed Funds are not sufficient to refund the aggregate Offering Price paid by the holders of the Subscription Receipts, the Corporation shall be responsible and liable to contribute such amounts as are necessary to satisfy any shortfall.

14. Loss per share

Period ended September 30,	2018	2017
Net loss attributable to shareholders	**$ (29,797,621)**	$ (339,974)
Basic and diluted loss per share	**$ (0.42)**	$ (0.02)
Weighted average number of shares	**71,563,629**	21,282,258

15. Financing cost and fair value adjustment

	Nine months ended September 30, 2018	Three months ended September 30, 2018
Loss on extinguishment (Note 12)	$ 3,059,668	-
Fair value adjustment (Note 12)	6,332,329	6,110,096
Foreign currency exchange gain	58,052	7,019
Interest on convertible note (Note 12)	40,540	24,510
Total	**$ 9,490,589**	**$ 6,141,625**

16. Related party transactions

Key management includes the Company's directors and members of the management team.

Type of expense	2018	2017
Management fees and directors' expense	**$ 733,016**	$ 150,928
Stock-based compensation expense (Note 13)	**44,410**	5,332
	$ 777,426	$ 156,260

Included in the above, in the normal course of business expenses were incurred with the Purple Company Inc., a company controlled by a senior management member and director. The expense amounted to $73,653 (2017 - $84,750). Services provided were marketing and finance consulting.

Included in the above, in the normal course of business expenses were incurred with The Wppd Initiative, a company controlled by a board director and senior management member. The expense amounted to $524,470 (2017 - $75,928). Services provided were business consulting.

Included in the above, in the normal course of business expenses were incurred with Peter Miller Enterprise Inc., a company controlled by the CEO. The expense amounted to $134,893 (2017 - $75,000). Services provided were business consulting.

In connection with a rights agreement with Green House Holdings North America Inc. ("Green House"), a non-interest bearing advance of $66,424 was made. Green House is a company jointly controlled by the CEO.
Related party loans are disclosed in note 5.

17. Commitments

On July 9, 2018, the Company entered into a rights agreement with Green House Holdings North American Inc. ("**GHNA**") (a company partially owned by the Company's CEO), pursuant to which the Company has the right to license certain intellectual property of GHNA for use in certain territories. The Company and GHNA agreed on a future revenue share model based on a 60/40 split in favor of the Company, but subject to adjustment based on market conditions and potential opportunity for a particular territory. In consideration of the grant of rights, the Company owes GHNA USD $2,000,000 (CAD $2,611,000) and issued 10,000,000 common shares at estimated price of $0.56 per share. Terms of the cash due is non-interest bearing and due in one year, repayable at any time. The issuance of shares was ratified by the Company on August 3, 2018 and the Company recorded the full amount of $8,211,000 as marketing expense in the consolidated statement of loss and comprehensive loss.

On July 11, 2018, the Company entered into a letter of intent with Agripharm Corp. ("**Agripharm**") a company with a common management team as the Company, pursuant to which the Company agreed to license certain intellectual property to Agripharm.

18. Segmented information

a. Geographical Information:

The Company operates in two geographical locations: Canada and USA. The following tables present the Company's revenues and non-current assets by location.

	For the nine months ended September 30, 2018	From the date of incorporation, May 29, 2017 to September 30, 2017
Revenue		
Canada	$ 137,819	$ -
USA	2,528,021	-
Total	**$ 2,665,840**	$ -

	September 30, 2018	December 31, 2017
Non-current assets		
Canada	$ 8,147,397	$ -
USA	4,314,843	-
Total	**$ 12,462,240**	$ -

b. Information about major customers:

The Company had one major customer in 2017 (Canada segment) which represented 72% of total revenues for 2017. In 2018 the Company had one major customer which represented 95% (USA segment) of total revenues. Approximately 90% (USA segment – 100%) of the Company's accounts receivable at September 30, 2018 was from one customer. While the Company is exposed to credit losses due to the non-performance of its counterparties, the Company considers this risk to be minimal. The Company estimates its maximum credit risk for accounts receivable as the amount recorded on the statements of financial position.

19. Financial instruments and capital management

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements for invested assets are categorized into levels within a fair value hierarchy based on the nature of valuation inputs (Level 1, 2 or 3).

The fair value of other financial assets and financial liabilities is considered to be the carrying value when they are of short duration or when the instrument's interest rate approximates current observable market rates.

Where other financial assets and financial liabilities are of longer duration, then fair value is determined using the discounted cash flow method using discount rates based on adjusted observable market rates.

The table below summarizes the assets and liabilities that are included at their fair values in the Company's statement of financial position as at September 30, 2018 and December 31, 2017. These assets and liabilities have been categorized into hierarchical levels, according to the significance and reliability of the inputs used in determining fair value measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices
Represents unadjusted quoted prices for identical instruments exchanged in active markets.

Level 2 – significant other observable inputs
Includes directly or indirectly observable inputs, other than quoted prices for identical instruments exchanged in active markets.

Level 3 – significant unobservable inputs
Includes inputs that are not based on observable market data. (See Note 6 and Note 12 for inter-relationship between key unobservable inputs and fair value measurement.)

As at September 30, 2018

	Level 1	Level 2	Level 3	Total
	$	$	$	
Cash and cash equivalents	$3,156,271	$ -	$ -	**$ 3,156,271**
Funds held in trust	63,929,156	-	-	**63,929,156**
Investments	-	-	7,148,092	**7,148,092**
Derivative liability	-	-	(11,756,846)	**(11,756,846)**
	$67,085,427	$ -	**$ (4,608,754)**	**$62,476,673**

19. Financial instruments and capital management (continued)

As at December 31, 2017

	Level 1	Level 2	Level 3	Total
	$	$	$	
Cash and cash equivalents	$ 165,340	$ -	$ -	**$ 165,340**
	$ 165,340	$ -	**$ -**	**$ 165,340**

Foreign currency risk

The operating results and financial position of the Company are reported in CAD. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the CAD. The results of the Company's operations are subject to currency transaction and translation risks. The Company holds cash in US dollars. The Company's main risk is associated with fluctuations in the US dollar. Assets and liabilities are translated based on the foreign currency translation policy described in Note 3. As at September 30, 2018 and December 31, 2017, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. The Company has estimated that the effect of a 10% increase or decrease in the US dollar against the Company's functional currency (CAD) on the financial assets and liabilities, as at September 30, 2018, including cash, accounts receivable and accounts payable would result in an increase or decrease of approximately $65,000 (2017 - $Nil) in the net loss and comprehensive loss for the period ended September 30, 2018.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rates on the notes payable to shareholders and third parties are fixed.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company typically settles its financial obligations in cash. The ability to settle obligations in cash dependent on the Company raising financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at September 30, 2018 the Company had a cash balance of $3,156,271 (December 31, 2017- $165,340) and current liabilities of $5,700,718 (December 31, 2017- $244,981). All of the Company's current liabilities are expected to be settled within the next 12 months.

19. Financial instruments and capital management (continued)

Credit risk

The Company's financial instruments exposed to concentrations of credit risk consist primarily of cash, accounts and other receivable and loans and notes receivable. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions. The Company's objective with regard to credit risk in its operating activities is to reduce its exposure to losses. As of September 30, 2018, the overdue accounts receivable balance is $498,061 (December 2017- Nil). The Company believes that the balance is collectable and that no additional allowance is required.

The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The loss allowance is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate. The provision matrix below shows the expected credit loss rate at each aging category of receivables.

	Current	Aged 1-30 days past due	Aged 31-60 days past due	Aged > 60 days past due
Expected loss rate	37.50%	57.45%	66.10%	82.99%
Gross carrying amount	$ 82,848	$ 121,683	$ 152,751	$ 2,502,558
Loss allowance provision, end of the period	$ 31,068	$ 69,903	$ 100,971	$ 2,076,989

Management of capital

The Company's objective of managing capital (comprising share capital) is to ensure its continued ability to operate as a going concern. The Company manages its capital structure and makes changes to it based on economic conditions. With approval from the board of directors, management will adjust its capital structure through the issue of new shares, convertible debentures, debt or other activities deemed appropriate under the specific circumstances. Management and the board of directors review the Company's capital management approach on an ongoing basis and believe this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and the Company's strategy with respect to capital risk management has not changed since the period ended September 30,2018.

20. Subsequent events

The Company evaluated subsequent events through to January 17, 2019, the date these financial statements were issued.

On October 3, 2018 the Company agreed to loan National Concessions Group, Inc. ("NCG") USD $1,500,000 pursuant to a promissory note and security agreement. The loan matures the earlier of September 30, 2020 or in the event of default. Interest accrues at 12% and is calculated and payable monthly in arrears, in USD. Funds were advanced October 10th, at the CAD equivalent of $1,980,000. One of the Company's directors (Chris Driessen) is part of the ownership group and management team of NCG.

On November 29, 2018, the Company entered into a Unit and Membership Interest Purchase Agreement with shareholders of NWT Holdings LLC to acquire 100% of the equity of NWT Holdings LLC (the "Firefly Acquisition"). The aggregate purchase price of the Firefly Acquisition is USD $16,000,000, which is comprised of USD $8,000,000 cash and common shares in the capital of the Company equivalent in value to USD $8,000,000.

On November 29, 2018, the Company entered into a share purchase agreement with the shareholders of NCG to acquire 92.5% of the equity of NCG (the Company acquired 7.5% of the equity of NCG on March 20, 2018, see note 7(b)) ("NCG purchase") and an option to purchase 100% of the equity of Allied Concessions Group, Inc and NS Holdings Inc. The NCG purchase is to be satisfied with USD $20,000,000 cash and 65,000,000 common shares and 17,500,000 restricted shares of the Company.

On November 29, 2018 the Ontario Securities Commission issued a receipt for the Preliminary Long Form Prospectus of SLANG Worldwide Inc. (formerly Fire Cannabis Inc.) The preliminary prospectus has been filed under Multilateral Instrument 11-102 Passport System in British Columbia, Alberta, Saskatchewan, Quebec and Nova Scotia.

SLANG Worldwide Inc
Pro Forma Consolidated Statement of Financial Position
Unaudited (Expressed in 000's Canadian dollars)

	SLANG Worldwide *As of September 30, 2018*	National Concessions Group *As of September 30, 2018*	NWT Holdings *As of September 30, 2018*	Pro Forma Adjustments	Reference	Pro Forma Consolidated
ASSETS						
Cash and cash equivalents	$ 3,156	$ 225	$ 2,181	$ 63,929	1	$ 27,205
				(2,044)	1	
				(10,356)	2	
				(25,890)	3	
				(1,000)	4	
				(1,500)	7	
				(593)	2	
				(903)	2	
Funds in trust	63,929	-	-	(63,929)	1	0
Accounts receivable, net	1,119	5,529	-			6,648
Inventory		2,342	-			2,342
Due from related parties		10,388	-			10,388
Prepaid and other current assets	163	416	6			585
Loans and notes receivable	908	-	-			908
Total Current Assets	**69,275**	**18,899**	**2,187**	**(42,286)**		**48,076**
Property and equipment, net	175	1,511	34			1,720
Intangible assets, net	-	575	338			914
Notes receivable	999	-	-	(999)	5	0
Investment in associate	-	18,549	-			18,549
Investment properties	4,139	-	-			4,139
Investment, at fair value	7,148	-	-	6,133	3	3,657
				(9,625)	3	
Equity Investments	-	3,524	-	(1,680)	6	1,844
Customer relationship	-	-	-	5,709	2	29,605
				23,896	3	
IP				4,686	2	26,149
				21,463	3	
Unallocated purchase price/Goodwill	-	-	-	9,871	2	79,965
				70,094	3	
Total Non-current Assets	**12,462**	**24,160**	**372**	**129,548**		**166,543**
Total Assets	**$ 81,738**	**$ 43,060**	**$ 2,559**	**$ 87,262**		**$ 214,619**
LIABILITIES AND MEMBERS' EQUITY						
Accounts payable and Accrued Liabilities	$ 3,070	$ 3,053	$ 1,591	$ (2,044)		$ 5,670
Lease liability	-	86	-			86
Due to related parties	19	221	593	(593)	2	241
Deferred rent	-	7	-			7
Deferred revenue	-	651	-			651
Deferred compensation	-	-	903	(903)	2	0
Convertible debt	-	5,253	-			5,253
Short term notes	-	-	999	(999)	5	0
Current portion of note payable	2,611	46	-			2,657
Current portion of long term note payable	-	421	-			421
Revolving promissory note, net	-	455	-			455
Total Current Liabilities	**5,701**	**10,193**	**4,086**	**(4,539)**		**15,441**
Long term note payable	-	1,153	-			1,153
Long term lease liability		199				199
Deferred revenue	-	18,332	-			18,332
Derivative liability	11,757					11,757
Note payable	-	309	-			309
Total Non-current Liabilities	**11,757**	**19,993**	**-**			**31,750**
Share capital	29,298	12,480	673	(12,480)	3	181,750
				(673)	2	
				92,813	3	
				8,382	2	
				51,257	1	
Treasury stock	-	(1,478)	-	1,478	3	-
Additional paid-in capital	-	-	709	(709)	2	-
Members drawings	-	(492)	-	492	3	-
Contributed surplus	3,692	-	-			3,692
Warrants	2,173	-	-	8,543	1	10,716
Subscription receipt	59,800			(59,800)	1	0
Foreign currency translation reserve	(37)	-	-			(37)
Accumulated deficit	(30,646)	2,364	(2,909)	2,909	2	(28,693)
				(2,364)	3	
				(1,000)	4	
				(1,500)	7	
				6,133	3	
				(1,680)	6	
Total shareholders' equity	**64,280**	**12,874**	**(1,527)**	**91,801**		**167,428**
Total liabilities and members' equity	**$ 81,738**	**$ 43,060**	**$ 2,559**	**$ 87,262**		**$ 214,619**

SLANG Worldwide Inc

Pro Forma Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)

Unaudited (Expressed in 000's Canadian dollars)

	SLANG Worldwide	National Concessions Group	NWT Holdings	Pro Forma Adjustments	Reference	Pro Forma Consolidated
	Nine months ended September 30, 2018	*Nine months ended September 30, 2018*	*Nine months ended September 30, 2018*			
Revenue	$ 2,666	$ 15,065	$ 3,160			$ 20,891
Cost of Goods Sold	-	6,308	1,464			7,771
Gross Profit	**2,666**	**8,757**	**1,696**			**13,120**
OPERATING EXPENSES						
Salaries & Employee Expenses	1,413	2,744	776			4,933
Product Development	-	-	211			211
Sales/Marketing	8,219	238	108			8,565
Professional Services	1,055	1,072	494			2,621
Customer Service	-	-	118			118
General & Administartive	301	1,284	48			1,633
Warranty	-	-	39			39
Depreciation & Amortization	43	243	59			345
Interest	-	-	101			101
Bad Debt	-	(19)	-			(19)
Share based payments	1,782	-	182	1,680	6	3,644
Credit loss	2,471		-			2,471
Other		(1,524)				(1,524)
Listing expenses				1,000	4	1,000
Transaction cost prospectus				1,500	7	1,500
Impairment	7,690		-			7,690
Financing cost and FV adjustment	9,491		-	(6,133)	3	3,357
Total Operating Expense	**32,463**	**4,039**	**2,137**			**36,686**
Net Income (loss) before taxes	**(29,798)**	**4,718**	**(440)**			**(23,566)**
Other Comprehensive loss						-
Exchange differences on translation	37	-	-			37
State & Local Taxes	-	-	3			3
Net Income	**$ (29,835)**	**$ 4,718**	**$ (443)**			**$ (23,606)**
Net loss per share, basic and diluted						(0.120)
Weighted average number of common shares						195,668,644

SLANG Worldwide Inc
Pro Forma Consolidated Statement of Operations
For the twelve months ended December 31, 2017
Unaudited (Expressed in 000's Canadian dollars)

	SLANG Worldwide *From the date of incorporation, May 29, 2017 to December 31, 2017*	National Concessions Group	NWT Holdings		Notes	Pro Forma Consolidated
Revenue	$ 60	$ 14,908	$ 8,034			$ 23,002
Cost of Goods Sold	-	6,157	4,259			10,416
Gross Profit	**60**	**8,751**	**3,775**			**12,587**
OPERATING EXPENSES						
Salaries & Employee Expenses	728	3,172	1,612			5,512
Product Development	-	-	328			328
Sales/Marketing	-	1,047	770			1,816
Professional Services	-	599	160			759
Customer Service	-	-	184			184
General & Administartive	176	2,568	238			2,982
Warranty	-	-	63			63
Depreciation & Amortization	-	278	168			446
Interest	-	-	139			139
Bad Debt	-	156	11			167
Share based payments	5	-	223	1,680	6	1,908
Other	-	693	-			693
Listing expenses	-	-	-	1,000	4	1,000
Transaction cost prospectus				1,500	7	1,500
Financing cost and FV adjustment	-	-	-	(6,133)	3	(6,133)
Total Operating Expense	**909**	**8,512**	**3,897**			**11,365**
Net Income (loss) before taxes	**(849)**	**239**	**(122)**			**1,222**
Net Income	**$ (849)**	**$ 239**	**$ (122)**			**$ 1,222**
Net loss per share, basic and diluted						0.008
Weighted average number of common shares						162,405,016

1. Basis of Presentation

The accompanying unaudited pro forma consolidated financial statements of Slang Worldwide Inc. ("Corporation"), National Concessions Group, Inc. and NWT Holdings LLC have been prepared by management to reflect the proposed acquisition transactions and Subscription Receipt Private Placement.

The pro forma consolidated financial statements have been prepared from information derived from and should be read in conjunction with the following:

1. The audited consolidated financial statements of Slang Worldwide Inc (formerly: Fire Cannabis Inc.) for the eight months period ended August 31, 2018 and from the date of incorporation, May 29, 2017 to December 31, 2017.

2. The unaudited interim condensed consolidated financial statements of Slang Worldwide Inc. as at and for the nine months ended September 30, 2018.

3. The unaudited condensed interim consolidated financial statements of National Concessions Group, Inc. as at and for the nine months ended September 30, 2018.

4. The audited consolidated financial statements of National Concessions Group, Inc. for the year ended December 31, 2017.

5. The unaudited condensed interim financial statements of NWT Holdings, LLC as at and for the nine months ended September 30, 2018.

6. The audited financial statements of NWT Holdings, LLC. for the year ended December 31, 2017.

The acquisitions of National Concessions Group, Inc. and NWT Holdings, LLC by Slang Worldwide Inc. have been accounted for in accordance with IFRS 3, Business Combinations. The management has not commenced the initial purchase price allocation and expects to do so upon the closing of the Acquisitions. Management intends to use an external valuation firm to conduct the analysis. Based on forecasts of the acquired businesses, no impairment losses are expected.

The functional currency of the Corporation is Canadian Dollar which is also the presentation currency of the pro forma consolidated financial statements. The functional currency of National Concessions Group, Inc. and NWT Holdings, LLC is the US dollar. The National Concessions Group, Inc. and NWT Holdings, LLC statements of financial position were translated to Canadian Dollar using the foreign exchange rate as at the date of the financial position and National Concessions Group, Inc. and NWT Holdings, LLC statements of income (loss) and comprehensive income (loss) were translated to Canadian Dollar using the average foreign exchange rate for the associated periods.

The unaudited pro forma consolidated statement of financial position and consolidated statement of income (loss) and comprehensive income (loss) has been prepared by management, and, in the opinion of management, includes all adjustments necessary for fair presentation.

The unaudited pro forma consolidated statement of financial position and consolidated statement of income (loss) and comprehensive income (loss) has been prepared for illustration purposes only and may not be indicative of the consolidated results or financial position had the acquisitions been in effect at the date and for the period indicated.

The Corporation combined Canadian federal and provincial statutory tax rate is 26.5%.

2. Pro Forma Assumptions and Adjustments

References: (in 000's Canadian dollars)

1. On September 26, 2018, the Corporation closed the Subscription Receipt Offering and issued 43,998,590 Subscription Receipts for total gross proceeds to the Corporation of $65,998.

Net proceeds to the company held in trust	$63,929
Agents' commissions to be paid in cash	(2,044)
Net proceeds released to cash	61,885

The Corporation allocated $51,257 and $8,543 to common shares and warrants accordingly.

2. NWT Holdings, LLC acquisition summary:

On November 29, 2018, the Corporation entered into a Unit and Membership Interest Purchase Agreement with shareholders of NWT Holdings LLC to acquire 100% of the equity of NWT Holdings LLC (the "Firefly Acquisition"). The aggregate purchase price of the Firefly Acquisition is USD $16,000,000, which is comprised of USD $8,000,000 cash and common shares in the capital of the Corporation equivalent in value to USD $8,000,000 (approximately 7,450,870 shares).

Net liabilities acquired	**($1,528)**
Customer relationship	$5,709
IP	$4,686
Consideration paid:	
Cash	$10,356
Shares issued*	$8,382
Total consideration paid	**$18,738**
Unallocated purchase price/ Goodwill	$9,871

* shares were estimated at $1.125 per share on the date of acquisition

NWT Holdings, LLC settles short-term note payable to related parties and deferred compensation on the closing of the acquisition.

3. National Concessions Group, Inc. ("NCG") acquisition summary (step acquisition of control):

On November 29, 2018, the Corporation entered into a share purchase agreement with the shareholders of NCG to acquire 92.5% of the equity of NCG (the Corporation acquired 7.5% of the equity of NCG on March 20, 2018) ("NCG purchase") and an option to purchase 100% of the equity of Allied Concessions Group, Inc and NS Holdings Inc. The NCG purchase is to be satisfied with USD $20,000,000 cash and 65,000,000 common shares and 17,500,000 restricted shares of the Corporation.

Net tangible assets acquired	**$12,875**
Customer relationship	$23,896
IP	$21,463
ACG and NSH options***	-
Consideration paid:	
Cash	$25,890
Shares issued (common and restricted) **	$92,813
Previous investment of 7.5%*	$9,625
Total consideration paid	**$128,328**
Unallocated purchase price/ Goodwill	$70,094

* fair value adjustment is $6,133.

** shares were estimated at $1.125 per share on the date of acquisition.

*** the Corporation assigned nominal value to ACG and NSH options as the options are currently not expected to be in the money.

4. Agents' expenses in connection with the preparation and filing of the Prospectus.

5. On July 30, 2018 the Corporation loaned USD $750,000 (CAD $ 979,808) to NWT Holdings LLC. The amount is due the earlier of the following dates (i) July 30, 2020, (ii) on demand and (iii) an insolvency default. The loan bears interest at 12%.

6. National Concessions Group, Inc. investment in the shares of the Corporation. National Concessions Group, Inc. will transfer these shares to certain officers, employees and contractors on the closing of the Acquisition.

7. Transaction costs related to the NCG and NWT acquisitions.

SCHEDULE “B”
FIREFLY FINANCIAL STATEMENTS AND MD&A

(see attached)

NWT HOLDINGS, LLC

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016

Dated January 17, 2019

NWT HOLDINGS, LLC

Management Discussion and Analysis

The following Management Discussion and Analysis ("**MD&A**") should be read in conjunction with the NWT Holdings, LLC (the "**Company**") consolidated financial statements and notes for the year ended December 31, 2017 and December 31, 2016 (the "**Financial Statements**"). This MD&A was prepared with reference to the MD&A disclosure requirements set out by the National Instrument 51-102 – Continuous Disclosure Obligations. The Financial Statements, together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Information herein is presented as at **January 17, 2019** unless otherwise indicated. Results are reported in United States dollars, unless otherwise noted.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain information that may constitute "forward-looking information" and "forward-looking statements" which are based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", or "anticipate", "potential", "proposed", "estimate" 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 estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements included in this MD&A are made only as of the date of this MD&A. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to

- regulatory risks;
- change in laws, regulations and guidelines;
- market risks;
- concentration risks:
- operating history; and
- competition.

Certain of the forward-looking statements and forward-looking information and other information contained herein concerning the cannabis industry and the general expectations of the Company concerning the cannabis industry and concerning the Company are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors and the Company has not independently verified such third-party information.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that the forward-looking statements will prove to be

accurate, as actual results and future events could differ materially from those anticipated in such statements. In particular, but without limiting the foregoing, disclosure in this MD&A under "Description of Business" as well as statements regarding the Company's objectives, plans and goals, including future operating results and economic performance 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. See "Risks and Uncertainties" for further details. 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. Accordingly, readers should not place undue reliance on forward-looking statements contained in this MD&A. 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. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

The Company was formed on August 16, 2011 under the laws of the State of Washington and is a limited liability company. The registered office of the Company is located at 24 Roy Street, Suite 28, Seattle, WA, 98109 USA. The Company is a supplier and distributor of high-end vaporizer products to wholesale distributors and online consumers. The Company's vaporizers service multiple cannabis formats including flower, liquid oil, and solid extracts.

The Company's operations are focused on the United States and Canada, with limited distribution in parts of Europe and Australasia. The Company is considering opportunities in other markets where cannabis is legal under federal laws.

Significant and Subsequent Events

On June 14, 2018, Fire Cannabis Inc. ("**Slang**") entered into a term sheet with Mark Williams, Sasha Robinson, and Mid Atlantic Holdings, LLC (the "**Firefly Term Sheet**") to acquire 100% of the equity of the Company (the "**Firefly Acquisition**"). The Firefly Term Sheet was amended on July 14, 2018, July 20, 2018, amended and restated on August 23, 2018 and amended on September 13, 2018 and October 15, 2018. The aggregate purchase price of the Firefly Acquisition is $16,000,000, which is comprised of $8,000,000 cash and common shares in the capital of the Company equivalent in value to $8,000,000. As of the date of this MD&A, the Firefly Acquisition has not closed.

On July 30, 2018, Slang entered into a $750,000 promissory note and security agreement with the Company which was amended and restated on September 25, 2018 (the "**Loan**"). The Loan has a 12% per annum interest rate, with interest accrued and added to the principal for the first 12 months, but not paid until the Maturity Date (as hereinafter defined). After July 30, 2019, the Company will be required to make interests payments on a monthly basis. The principal amount due under the Loan together with all outstanding interest, fees and expenses is required to be paid by the Company in full on the earliest of any of the following dates (the "**Maturity Date**") (i) July 30, 2020; (ii) an Insolvency Default (as such term is defined in the Loan); and (iii) upon demand from Slang following an Event of Default (as such term is defined in the Loan).

Overall Performance

During the year ended December 31, 2017, the Company had a net loss of $93,593 (December 31, 2016: income of $682,625). At December 31, 2017, the Company had retained earnings of -$1,899,060 (December 31, 2016: -$1,805,467). As at December 31, 2017, the Company had total

shareholders' equity of -$972,750 (December 31, 2016: -$1,050,930).

The Company did not declare distributions or dividends on membership units in the years ended 2016 or 2017.

Revenue

For the year ended December 31, 2017, the Company generated revenues of $6,186,544 (December 31, 2016: $7,657,984). The decrease in revenue of $1,471,440 in 2017 represented a drop of 19.21% from the previous year end and was due to a more mature product and larger investments in the development of new vaporizer products. As a result, total unit sales of the Company's firefly 2 vaporizers dropped from 34,166 in 2016 to 31,019 in 2017. In addition, reduced cash flow delayed bringing additional products to market, which limited revenue growth.

Total Assets

For the year ended December 31, 2017, the Company had total assets of $1,745,584 (December 31, 2016: $3,609,604). This reduction was due in a large part due to decreases in cash used by the Company to pay off short-term debt and trade receivables.

Total Current Liabilities

For the year ended December 31, 2017, the Company had total current liabilities of $2,718,334 (December 31, 2016: $4,660,534). This decrease was due to the Company's efforts to collect trade receivables and pay off short-term debt.

Cost of Sales

During the twelve months ended December 31, 2017 total cost of sales was $3,279,346 (December 31, 2016: $3,961,629). The cost of sales as a percentage of net revenue increased from 53.01% in 2016 to 51.73% in 2017. The increase was a result of increased fulfillment costs for online orders, and additional purchases of internal products from marketing efforts.

Operating Expenses

Operating Expenses	2017	As % of Revenue	2016	As % of Revenue	YoY Change
01 Salaries & employee expenses	$1,241,682	20%	$1,239,684	16%	$1,998
02 Product development	$252,803	4%	$394,715	5%	-$141,912
03 Sales/marketing	$592,616	10%	$602,686	8%	-$10,070
04 Professional services	$123,490	2%	$78,519	1%	$44,971
05 Customer service	$141,761	2%	$87,072	1%	$54,689
06 General & administrative	$183,446	3%	$172,395	2%	$11,051
07 Warranty	$48,141	1%	$48,000	1%	$141
08 Depreciation & amortization	$129,389	2%	$166,439	2%	-$37,050
09 Interest	$106,957	2%	$127,598	2%	-$20,641
10 Bad debt	$8,733	0%	$0	0%	$8,733
11 Share based payments	$171,773	3%	$96,622	1%	$75,151
Total Operating Expenses	**$3,000,791**	**49%**	**$3,013,730**	**39%**	**-$12,939**

Salary and employee expenses remained flat year over year, but increased as a percentage of sales from 16.18% to 20.08% due to one-time expenses associated with a reduction in the number of employees.

Product development costs decreased by $141,912 due primarily to a reduction in modification costs for the vaporizer.

Sales and marketing costs decreased marginally overall. A higher strategic emphasis was placed on digital advertising, which led to several experimental campaigns and higher marketing costs focused on helping the Company focus on the most effective advertising strategies. These higher digital advertising costs were offset by lower costs related to in-person events and affiliate marketing.

Professional services expenses increased by 57% year over year due to higher legal and consulting costs as the Company considered a change from a limited liability company structure to a corporate structure and worked to develop new products.

Customer service expenses increased by 63% year over year due to increased headcount for the outsourced customer service team. Additionally, a text/chat feature was added to expand the customer service offering.

Office expenses remained stable year over year due to a consistent office lease which expired in December 2017. The Company has retained a remote workforce for 2018, which has not required an office lease.

Travel and entertainment expenses decreased by 42% because the Company reduced general and administrative travel.

Warranty expenses were flat year over year, but increased as a percentage of sales due to the overall decrease in 2017 sales.

During the fourth quarter sales increased by 23.38% from the third quarter due to increased sales during the holiday months, but decreased by 52.39% compared to the fourth quarter of 2016 due to more mature and aggressive price reductions from the Company's main competitors for similar products. Operating expenses dropped by 39.14% as compared to the fourth quarter of 2016 because of cost reductions which reduced headcount and overall expenses. Cash flow dropped by 53.83% in the fourth quarter of 2017 compared to the fourth quarter of 2016 due to reduced sales and repayments of deferred compensation.

Liquidity

As at December 31, 2017, the Company had a working capital deficit of $1,276,025 (December 31, 2016: deficit of $1,480,791).

Cash generated in operating activities during the year ended December 31, 2017 was -$453,466 (December 31, 2016: $1,299,060). Overall, there was a net outflow of cash during 2017. Both debt and receivables were significantly reduced as large receivable balances were collected and used to repay short-term debt.

The Company generates revenue from online sales prior to shipping products and revenue net 15 days from delivery for wholesale distribution against net 60 days payment to its manufacturer. In light of this, the Company is able to generate sufficient cash flow in the short-term to maintain capacity and meet customer orders. In addition, the Loan provided by Slang on July 30, 2018, provided the Company with an additional $750,000 in cash to cover its working capital requirements.

If the Firefly Acquisition closes, additional working will be made available to the Company to assist in expanding the business and satisfying cash flow requirements. The expected funding along with new product development and supplier relations are expected to accelerate sales.

Capital Resources

As at December 31, 2017 the Company had a cash balance of $675,796 and current liabilities of $2,718,334. The Company's current resources are not sufficient to settle its current liabilities. In connection with the Firefly Acquisition, Slang provided the Loan to the Company on July 30, 2018, which the Company will use to accelerate the Company's business plan. Additionally, the existing short-term liabilities to related parties will be settled by a portion of the purchase price or assumed by the current owners of the Company when the Firefly Acquisition has closed.

The Company had $1,537,191 in current liabilities to non-related parties in the form of trade payables, which exceed its current assets. It is anticipated that upon the Firefly Acquisition closing, Slang will assist the Company in meeting its capital requirements to fund operations and to expand its business.

Related Party Transactions

The Company engages in buying of inventory and selling of wholesale vaporizers with a company that is under the control by one of its members. The Company completed the following transactions with a related party during the years ended December 31, 2017 and 2016:

	2017	2016
Purchases made from a company partially owned by a related party	$ 575,768	$ 897,308
Sales made to a company partially owned by a related party	1,728,957	3,217,852

As at December 31, 2017 the Company had $558,443 (2016: -$1,519,054) included in trade receivable due from the related party and $597,022 (2016: -$411,118) included in trade payable due to the same related party. The transactions are market price driven with no preferential treatment as to pricing or contract terms.

In order to fund the early operations of the Company, the owners and key management of the Company agreed to defer their compensation for 2015 and 2016.

Prior to December 31, 2015, the Company entered into a financing with a member for an $89,500 loan with 0% interest per annum in 2013. Additionally, another $80,000 was financed by the member at a 5% interest rate. Accrued interest on these loans was $22,538 as at December 31, 2017 and is included in short-term notes due to this related party.

The Company entered into a financing arrangement with a member on November 17, 2015 for a $500,000 note that accrued interest through an escalator whereby 1% interest was compounded annually until February 9, 2016, 5% interest was charged until May 9, 2016, and 15% interest was charged thereafter. As at December 31, 2017, all accrued interest has been paid and the principal balance of this loan has been paid in full.

On August 16, 2011, certain members of the Company assigned intellectual property to the Company and in consideration received a note payable in the amount of $250,000. The note carries no interest and is repayable on demand.

Off-Balance Sheet Arrangements

Other than payments which will be made to specified current employees of the Company from the proceeds from the Firefly Acquisition upon the closing of the transaction, the Company has no other off-balance sheet arrangements that would potentially affect current of future operations or the

financial condition of the Company.

Proposed Transactions

Apart from the proposed acquisitions set out under the heading "*Significant and Subsequent Events*", the Company has not considered any other proposed transactions.

Disclosure of Outstanding Share Data

On December 31, 2017 the Company had 40,000 Class A units of economic interest ("**Units**") outstanding.

As at December 31, 2017 and 2016, the Company had outstanding and exercisable non-voting profit interests as follows

	Equity Awards	Weighted Average Grant Date Fair Value
Outstanding, December 31, 2015	3,600	$ 89.50
Granted	-	-
Exercised	-	-
Cancelled/Forfeited	-	-
Outstanding December 31, 2016	3,600	$ 89.50
Granted	800	$ 258.50
Exercised	-	-
Cancelled/Forfeited	-	-
Outstanding, December 31, 2017	4,400	$ 150.95

Risks and Uncertainties

Overview

There are a number of risk factors that could cause future results to differ materially from those described herein. The following sets out the principal risks faced by the Company. Additional risks and uncertainties, including those that the Company does not know about or that it currently deems immaterial, could also adversely affect the Company's business and results of operations.

Key Personnel Risks. The Company's efforts are dependent on the skills of the founders and the Chief Executive Officer. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, due to departure or other reasons, this could have a material adverse outcome on the Company and its securities. Key personnel employment contracts will be part of the closing of the Firefly Acquisition. Upon the closing of the Firefly Acquisition, additional complementary resources will become available to the Company to partially mitigate these risks.

Regulatory Risks. The Company operates in a new industry, which is highly regulated and is in a market which is very competitive and evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements.

As the Company is focused on the US market there is the potential for further regulatory requirements. While cannabis has become legal for recreational use in Canada, cannabis remains illegal under United States federal law.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Financing Risks. The Company is undercapitalized and requires funding to expand its product offering and to increase its market share. Other better capitalized companies in the market place have equal or better products. As such, funding is required to increase brand awareness and market share. The Firefly Acquisition is a mitigating factor to ensure additional distribution channels and financial resources are available to promote the Company's product offering.

Access to traditional banking and trade arrangements remains restricted, particularly for companies involved in the cannabis industry. The United States, in particular, maintains such restrictions for accessing the United States market place.

Commodity Price Risks. Cannabis and other herbal alternatives are part of a developing market, likely subject to volatile and possibly declining prices year over year, as a result of increased competition. In light of the fact that cannabis is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. The Company operates in the sector not requiring regulatory approval or licensing. The Company is "non-plant touching". As a result, the Company does not directly handle, process, manufacture, cultivate or distribute cannabis products. The Company's vaporizers and accessories are in support of the products the licensed operators produce.

Competitive Product Risks. The market is characterized by a growing number of new market entrants competing in the same product categories as the Company. As such there is considerable competition in the market place. In the vaporizer market the price point ranges from very inexpensive to several hundred dollars. Creating brand awareness and market penetration will be key to success. Chinese manufacturers have increasingly entered the market place with inexpensive vaporizers. This segment of the market is the low cost, low price commodity market space. The Company is focused on the high end quality market segment. The higher end segment requires more sophisticated engineering and production which are the Company's strengths. There are other high end producers that are better capitalized and have a strong market presence and market share.

Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Company.

To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

To succeed in the marketplace the Company needs to differentiate itself which it has done through innovative design and technology, including an application that can adjust temperature settings depending on whether the user is using flower or concentrates.

Product Offering Risk. While the Company is developing new products, it is currently reliant on one product with limited variants. Should the product not meet consumer expectations the Company would be at significant risk as there is no diverse product offering. As noted above, there are many competing products and as the market grows many new entrants will come into the marketplace. As a result, the Company is exposed to many competing products at all price point levels.

Reliance on a Single Offshore Supplier. The Company's current production is expected to continue with a sole source manufacturer located in China, though new suppliers will be used for the new products under development. Adverse changes or developments affecting the current supplier could have a material adverse effect on the Company's ability to continue supplying its vaporizers. Should there be shipment delays the Company may not be able to meet demand needs which in turn would damage the brand reputation. Competing products would quickly absorb any supply shortfall. The Company has a several year track record with the manufacturer but should this relationship change finding an alternative manufacturer would materially impact the business.

Brand Perception. The Company is trying to make the firefly vaporizer a premium vaporizer product that is recognized as such by retailers and consumers. Any negative changes to the firefly brand as a quality vaporizer could have a material adverse effect on the Company's sales, profitability and financial condition.

Intellectual Property. The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time consuming and unpredictable, as may be enforcing these rights against unauthorized use by others.

In addition, other parties may claim that the Company's products infringe on their proprietary or patent-protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages.

Sales and Distribution Risk. The Company sells online directly and through distributors. Historically direct sales have been 37% of total sales and 63% via distributors. In the latter case, the majority of the 63% has been to a company controlled by a member of the Company. While the terms are market rates, concentration risk exists with the reliance on one major distributor. To mitigate this risk the Company is actively engaged in expanding distribution channels.

Product Liability. As a distributor of products that process products to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from ingesting cannabis by using the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial

condition of the Company.

Product Recalls. Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all.

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 its securities. Even if the Company is involved in litigation and wins, litigation could 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.

There is no certainty that the Company will continue to produce revenue, operate profitably or provide a return on investment in the future.

Financial Instruments & Other Instruments

The Company's financial instruments consist of cash, receivables, investments, accounts payable and accrued liabilities. Cash and investments are classified as fair value through profit or loss. Accounts receivables, accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost or amortized cost less any impairment losses related to accounts receivable. The fair value of cash, accounts payable and accrued liabilities are equal to their carrying value due to their short-term maturity. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of arms-length financial instruments approximates their carrying value due to the relatively short-term to maturity.

Critical accounting estimates

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statements of financial position date, could result in a material adjustment to the carry amounts of assets or liabilities. In the event that actual results differ from the assumptions made, relate to, but are not limited to the following:

I. Share-based compensation: The inputs used assessing the fair value of share based

payments in the statements of comprehensive income and the inputs associated with the initial and subsequent valuation of options in the statement of equity. Key estimates and assumptions include; the rate of forfeitures of options granted the expected life of the option, the volatility of the value of the Company's common shares and the risk-free interest rate.

II. Intangible assets and impairment of long lived assets: Judgement involved in determining whether an intangible assets useful life is finite or indefinite. The inputs used in assessing the potential impairment of indefinite life intangibles, key estimates include; determination of cash generating units, future cash flows and discount rates.

III. Estimated useful life and amortization of property, plant and equipment: Amortization of property, plant and equipment is dependent upon estimates of useful lives. Assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account key estimates such as economic and market conditions and the useful lives of assets.

IV. Research costs are expensed as incurred. Development costs are also expensed unless they meet specific criteria related to technical, market and financial feasibility, in which case they are deferred and amortized to operations using the straight-line method over the economic life of the product from the date of completion of the project.

New Accounting Standards and Interpretations Early Adoption

Standards issued but not yet effective up to the date of issuance of the Company's Financial Statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the Financial Statements to be material.

- IFRS 9 'Financial Instruments: Classification and Measurement' – effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

- IFRS 15, 'Revenue from Contracts and Customers' - effective for annual periods beginning on or after January 1, 2018. The IASB will replace IAS 18, Revenue, IAS 11, Construction contracts, and related interpretations on revenue with IFRS 15. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments.

- IFRS 2, "Share-based Payment (Amendment)" In June 2016, the International Accounting Standards Board (IASB) issued amendments to IFRS 2 to clarify how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:
  • The effects of vesting and non-vesting conditions on measurement of cash-settled share-based payments;
  • Share-based payment transactions with a net settlement feature for withholding tax obligations; and
  • A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.
  The amendments to IFRS 2 are effective prospectively for annual periods beginning on or

after January 1, 2018.

- IFRS 16, ‘Leases’ - effective for annual periods beginning on or after January 1, 2019, adoption of IFRS 16 will result in substantially all lessee leases being recorded on the balance sheet as an asset with a corresponding liability with both current and long-term portions.

Other MD&A Requirements

The Company’s President and Chief Executive Officer and independent accounting firm (Foresight ASG) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.

NWT HOLDINGS LLC

FINANCIAL STATEMENTS

For the years ended December 31, 2017 and 2016

Independent Auditors' Report

To the Members of NWT Holdings, LLC:

We have audited the accompanying financial statements of NWT Holdings, LLC, which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of income(loss) and comprehensive income (loss), changes in members' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of NWT Holdings, LLC as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Toronto, Ontario
January 17, 2019

Chartered Professional Accountants
Licensed Public Accountants

NWT Holdings, LLC
Statements of Financial Position
(Expressed in US Dollars)
As at December 31, 2017 and 2016

	Note		2017		2016
ASSETS					
Current assets					
Cash and cash equivalents		$	675,796	$	1,585,930
Trade receivables	10		702,864		1,571,695
Prepaid expenses			8,687		22,119
Inventory in-transit	3		54,961		-
			1,442,308		3,179,744
Non-current assets					
Property, plant & equipment, net	4		2,300		71,890
Intangible assets, net	5		300,976		357,970
TOTAL ASSETS		**$**	**1,745,584**	**$**	**3,609,604**
LIABILITIES AND MEMBERS' DEFICIENCY					
Current liabilities					
Trade payables		$	1,537,191	$	2,587,840
Short-term notes	7		-		19,447
Short-term notes due to related parties	9		455,189		868,017
Deferred compensation	6		725,954		626,852
Deferred revenue			-		558,378
			2,718,334		4,660,534
MEMBERS' EQUITY					
Members's capital	8		520,007		520,007
Additional paid-in capital			406,303		234,530
Deficit			(1,899,060)		(1,805,467)
TOTAL MEMBERS' DEFICIENCY			(972,750)		(1,050,930)
TOTAL LIABILITIES AND MEMBERS' DEFICIENCY		**$**	**1,745,584**	**$**	**3,609,604**

Approved and authorized by the Board of Directors on January 17, 2019:

_____Director _____Director

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

NWT Holdings, LLC
Statements of Income/(Loss) and Comprehensive Income/(Loss)
(Expressed in US Dollars)
For the years ended December 31, 2017 and 2016

		2017		2016
Revenue	$	6,186,544	$	7,657,984
Cost of goods sold		3,279,346		3,961,629
Gross profit		2,907,198		3,696,355
Operating expenses				
Salaries & employee expenses		1,241,682		1,239,684
Product development		252,803		394,715
Sales/marketing		592,616		602,686
Professional services		123,490		78,519
Customer service		141,761		87,072
General & administartive		183,446		172,395
Warranty		48,141		48,000
Depreciation & amortization		129,389		166,439
Interest		106,957		127,598
Bad debt		8,733		-
Unit based payments		171,773		96,622
Total operating expenses		3,000,791		3,013,730
Net (loss) / income		(93,593)		682,625
Total comprehensive income/(loss)	$	(93,593)	$	682,625
Basic and diluted (loss) / income per unit		(2.34)		17.07
Weighted average number of units		40,000		40,000

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

NWT Holdings, LLC
Statements of Changes in Members' Deficiency
(Expressed in US Dollars)
For the years ended December 31, 2017 and 2016

	Members' Equity		Additional		
	Units	Amount	Paid-In Capital	Deficit	Total
Balance, December 31, 2015	40,000	$ 520,007	$ 137,908	$ (2,488,092)	$ (1,830,177)
Unit-based payment		-	96,622	-	96,622
Net Income		-	-	682,625	682,625
Balance, December 31, 2016	40,000	520,007	234,530	(1,805,467)	(1,050,930)
Unit-based payment	-	-	171,773	-	171,773
Net Loss	-	-	-	(93,593)	(93,593)
Balance, December 31, 2017	40,000	$ 520,007	$ 406,303	$ (1,899,060)	$ (972,750)

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

NWT Holdings, LLC
Statements of Cash Flows
(Expressed in US Dollars)
For the years ended December 31, 2017 and 2016

		2017		2016
Operating activities:				
Net (loss) / income for the year	$	(93,593)	$	682,625
Items not involving cash:				
Depreciation and amortization		129,389		166,439
Unit based payment		171,773		96,622
Interest expense		106,957		127,598
Warranty provision		48,141		48,000
Changes in net working capital items				
Trade receivables		868,831		(1,582,144)
Prepaid expenses		13,432		36,542
Inventory		(54,961)		90,134
Accounts payable and accrued liabilities		(1,098,790)		1,316,750
Deferred revenue		(558,378)		316,494
Deferred compensation		13,733		-
		(453,466)		**1,299,060**
Investing activities:				
Additions to property, plant & equipment		(2,805)		(10,000)
		(2,805)		**(10,000)**
Financing activities:				
Payments on short term loans		(453,863)		(328,757)
		(453,863)		**(328,757)**
Net change in cash		(910,134)		960,303
Cash, beginning of year		1,585,930		625,627
Cash, end of year	**$**	**675,796**	**$**	**1,585,930**

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

1. Nature of operations

NWT Holdings LLC (the "Company" or "NWT") is a limited liability United States consumer electronics corporation that is privately held. NWT is a supplier and distributor of high-end vaporizer products to wholesale distributors and online consumers, utilizing a business-to-business and business-to-consumer sales strategy.

The address of the Company's registered office is 24 Roy St. Suite 28, Seattle, WA 98109 USA.

The financial statements were authorized for issuance by the Company's Board of Directors ("Board") on January 17, 2019.

2. Basis of preparation

Statement of compliance

The Company's financial statements have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") as issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the years ended December 31, 2017 and 2016.

Basis of Measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments and equity grants which have been measured at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets.

Functional and presentation of foreign currency

The functional currency of the company is US dollar which is also the presentation currency of the financial statements.

Significant accounting judgments estimates and assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

2. Basis of preparation (continued)

Significant accounting judgments estimates and assumptions (continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets or liabilities in the event that actual results differ from the assumptions made, relate to, but are not limited to the following:

Unit-based payments:

The Company uses the Black-Scholes option pricing model to determine the fair value of unit options. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of options, volatility of the Company's future unit price, risk free rate of interest, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

Intangible Assets:

Intangible assets with definite useful lives consist of capitalization of actual costs of creating the intangible asset, before that asset is brought to the public market. Capitalized costs include website development costs from before thefirefly.com website went live to the public, app development work before public release of the first public version, and patent work before gaining final approval from each government entity. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial reporting period. Intangible assets with definite useful lives will be amortized on a straight-line basis over their estimated useful lives. Intellectual property are amortized over 15 years. Website and App development costs are amortized over the term of 5 years.

Development Costs:

Research costs are expensed as incurred. Development costs are also expensed unless they meet specific criteria related to technical, market and financial feasibility, in which case they are deferred and amortized to operations using the straight-line method over the economic life of the product from the date of completion of the project.

Estimated useful life and amortization of property, plant and equipment and intangible assets:

In calculating the depreciation expense, management is required to make estimates of the expected useful lives of property and equipment. Amortization of property, plant and equipment is dependent upon these estimates of useful lives.

Cash and cash equivalents

Cash and cash equivalents include cash deposits in financial institutions which are readily convertible into cash or have maturities from inception of less than 90 days.

3. Summary of significant accounting policies

Inventory

Inventory is recorded at the invoiced amount from the manufacturer. Inventory in-transit is recognized during the period the product is ex-factory from the manufacturer and not yet received at the distributor.

Description	2017	2016
Inventory in-transit	$ 54,961	$ -

Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to bring the asset to the location and condition necessary for its use in operation.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in the statement of loss and comprehensive loss. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation is computed using the straight-line method based on estimated useful lives of the assets:

Computer equipment	3 years
Furniture and fixtures	3 years
Tooling	2 years

Impairment of long-lived assets

Long-lived assets, including property, plant and equipment and finite life intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. Long-lived assets that are not amortized are subject to an annual impairment test or earlier if there is an indication that the asset may be impaired.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The recoverable amount of an asset or is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

3. Summary of significant accounting policies (continued)

Income taxes

No provision for income taxes has been provided in the accompanying financial statements because the Company is taxed as a partnership and not subject to income taxes. The members separately account for their unit of the Company's items of income, deductions, losses and credits, and income taxes are the responsibility of the members.

Unit-based payments

The Company has an employee profit interests plan. The Company measures equity settled unit-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate.

For profit interests granted to non-employees the compensation expense is measured at the fair value of the goods and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of unit-based compensation to non-employees is periodically re- measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments.

Consideration paid by employees or non-employees on the exercise of profit interests is recorded as additional paid-in capital and the related unit-based compensation is transferred from unit-based reserve to unit capital.

Earnings per unit

The Company presents basic and diluted earnings per unit data for its common units. Basic earnings per unit is calculated by dividing the profit or loss attributable to members of the Company by the weighted average number of common units outstanding during the period. Diluted earnings per unit is determined by adjusting the profit or loss attributable to members and the weighted average number of common units outstanding, for the effects of all dilutive potential common units, which comprise warrants and unit options issued. Items with an anti-dilutive impact are excluded from the calculation.

Revenue recognition

Revenue arises mainly from the sale of electronic vaporizers and accessories.

To determine whether to recognize revenue, the Company follows a 5-step process:

1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognizing revenue when/as performance obligation(s) are satisfied.

3. Summary of significant accounting policies (continued)

Revenue recognition (continued)

The Company often enters into transactions involving a range of the Group's products, for example for the delivery of vaporizer hardware and accessories. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as deferred revenue in the balance sheet. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Product Sales

Revenue from the sale of hardware is recognized when or as the Company transfers control of the assets to the customer. Significant risks and rewards are generally considered to be transferred when the Company has shipped the product to customers (online sales, business-to-consumer) or when the buyer has received the items (business-to-business), per the agreed upon shipping terms. Invoices for goods or services transferred are due net fifteen days by the customer.

Warranty

The Company warranties its products against defect for a maximum of 24 months from purchase. There is no additional performance obligation to be met and cannot be purchased separately.

Financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent.

Transaction costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to financial assets or liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets

The Company initially recognizes financial assets at fair value on the date that they are acquired, adjusted for transaction costs, if applicable. All financial assets (including assets designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company's financial assets include loans and receivables.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at adjusted fair value, adjusted for applicable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial instrument, or, where appropriate, a shorter period.

Financial liabilities

The Company classifies its financial liabilities as other liabilities. Subsequent to initial recognition, the Company's financial liabilities classified as other financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit and loss. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

Impairment of financial assets

Financial assets, other than those classified at fair value through profit and loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively affected.

The amount of the impairment loss recognized is the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an expected credit loss rate.

3. Summary of significant accounting policies (continued)

Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a previous event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligations. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the expected future cash flows.

Members' capital

Transaction costs directly attributable to the issuance of common units are recognized as a deduction from equity. The proceeds from the exercise of unit options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as unit capital. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

New and revised IFRS adopted by the Company

IFRS 9, "Financial Instruments: Classification and Measurement"

The Company has early adopted IFRS 9 as these are the Company's first reported financial statements, IFRS 9 was applied from inception.

IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

The adoption of IFRS 9 had no impact on the Company's financial statements on the date of initial application. There was no change in the carrying amounts on the basis of allocation from original measurement categories under IAS 39 Financial Instruments: Recognition and Measurement to the new measurement categories under IFRS 9.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

3. Summary of significant accounting policies (continued)

New and revised IFRS adopted by the Company (continued)

Financial assets at fair value through comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, inclusive of transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

3. Summary of significant accounting policies (continued)

New and revised IFRS adopted by the Company (continued)

Impairment (continued)

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Summary of the Company's classification and measurements of financial assets and liabilities

	IFRS 9	
	Classification	**Measurement**
Cash and cash equivalents	FVTPL	Fair value
Trade receivables	Amortized cost	Amortized cost
Trade payables and accrued liabilities	Amortized cost	Amortized cost
Deferred compensation	Amortized cost	Amortized cost
Short-term notes	Amortized cost	Amortized cost
Short-term notes due to related parties	Amortized cost	Amortized cost

Adoption of IFRS 15, "Revenue from Contracts with Customers"

The Company has early adopted IFRS 15 – Revenue from Contracts with Customers. As these are the Company's first reported financial statements, IFRS 15 was applied from inception.

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

3. Summary of significant accounting policies (continued)

New and revised IFRS adopted by the Company (continued)

Adoption of IFRS 15, "Revenue from Contracts with Customers" (continued)

While this represents significant new guidance, the implementation of this new guidance did not have a significant impact on the timing or amount of revenue recognized by the Company in any year.

New and revised IFRS in issue but not yet effective

The standards and interpretations that have been issued, but are not yet effective, up to the date of the issuance of these financial statements are discussed below. If applicable, the Company intends to adopt these standards on the required effective date.

IFRS 2, "Share-based Payment (Amendment)"

In June 2016, the International Accounting Standards Board (IASB) issued amendments to IFRS 2 to clarify how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on measurement of cash-settled share-based payments;
- Share-based payment transactions with a net settlement feature for withholding tax obligations; and
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments to IFRS 2 are effective prospectively for annual periods beginning on or after January 1, 2018. The Company has completed its assessment of the standard and does not anticipate significant changes to its current recognition policies.

4. Property, Plant and Equipment

	Production/ Tooling	Equipment & Fixtures	Other capitalized manufacturing cost	Total Property, Plant & Equipment
Cost				
Balance, December 31, 2015	$ 363,610	$ 8,410	$ 3,550	$ 375,570
Additions	-	-	-	-
Balance, December 31, 2016	363,610	8,410	3,550	375,570
Additions	2,300	-		2,300
Balance, December 31, 2017	$ 365,910	$ 8,410	$ 3,550	$ 377,870
Accumulated Depreciation				
Balance, December 31, 2015	$ (187,067)	$ (2,038)	$ (3,550)	$ (192,655)
Depreciation	(106,825)	(4,200)	-	(111,025)
Balance, December 31, 2016	(293,892)	(6,238)	(3,550)	(303,680)
Depreciation	(69,718)	(2,172)	-	(71,890)
Balance, December 31, 2017	$ (363,610)	$ (8,410)	$ (3,550)	$ (375,570)
Net carrying cost, December 31, 2016	$ 69,718	$ 2,172	$ -	$ 71,890
Net carrying cost, December 31, 2017	$ 2,300	$ -	$ -	$ 2,300

5. Intangible Assets

Finite-lived intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the following terms:

	Intellectual Property	Capitalized Website and App Development Expenses	Total Intangibles
Cost			
Balance, December 31, 2015	$ 353,597	$ 157,108	$ 510,705
Additions	10,000	-	10,000
Balance, December 31, 2016	363,597	157,108	520,705
Additions	505	-	505
Balance, December 31, 2017	$ 364,102	$ 157,108	$ 521,210
Accumulated Amortization			
Balance, December 31, 2015	$ (76,353)	$ (30,968)	$ (107,321)
Amortization	(23,990)	(31,424)	(55,414)
Balance, December 31, 2016	(100,343)	(62,392)	(162,735)
Amortization	(26,079)	(31,420)	(57,499)
Balance, December 31, 2017	$ (126,422)	$ (93,812)	$ (220,234)
Net carrying cost, December 31, 2016	$ 263,254	$ 94,716	$ 357,970
Net carrying cost, December 31, 2017	$ 237,680	$ 63,296	$ 300,976

5. Intangible Assets (continued)

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

Website development costs that are directly attributable to application and infrastructure development stage, the graphical design stage and the content development stage, to the extent that content is developed for purposes other than to advertise and promote the Company's own products and services, are recognized as intangible assets. Directly attributable costs that are capitalized as part of the website include the website development employee costs.

Capitalized website and app development cost	5 years
Intellectual Property	15 years

6. Deferred Compensation

From its inception to December 31, 2015, the Company accrued $516,347 in principal owed to early employees who deferred compensation. The deferred compensation bears an interest rate of 12% per annum, compounded daily. Interest and principal are due on demand. An additional $72,919 in principal was accrued up to December 31, 2017. During 2017, the Company repaid $59,186 in principal. Interest was accrued (cumulative, net) as $29,584 by December 31, 2015, $110,505 by December 31, 2016, and $195,874 by December 31, 2017.

	Deferred Compensation, Principal	Accrued Interest	Deferred Compensation, Total
Cost			
Balance, December 31, 2015	$ 516,347	$ 29,584	$ 545,931
Compensation earned	-	-	-
Repayments	-	-	-
Interest expense	-	80,921	80,921
Balance, December 31, 2016	$ 516,347	$ 110,505	$ 626,852
Compensation earned	72,919	-	72,919
Repayments	(59,186)	-	(59,186)
Interest expense	-	85,369	85,369
Balance, December 31, 2017	$ 530,080	$ 195,874	$ 725,954

7. Short-term Notes

On October 15, 2015, the Company entered into a financing arrangement with Merchant Cash and Capital, LLC. As at December 31, 2017, a principal balance of $nil (2016 - $19,447) was outstanding.

8. Members' capital

Authorized unit capital

Up to 100,000 Class A Units of Economic Interest and 149,100 Class B Units (collectively "Units")

Class A units issued and outstanding

On December 31, 2017 the Company had 40,000 Class A units outstanding

Members' Capital: Unit-based payment

The Company has unit-based compensation arrangements consisting of unit options to encourage ownership of the Company's Class B units by its officers, directors and employees. The number of unit options granted, vesting period and contractual life of the securities under these arrangements shall be determined from time to time by the owners. The exercise price of each option shall be determined by the owners based on the fair market value of the units on the date of grant as estimated in accordance with a valuation model approved by the Board.

The Company recognized $4,499 for the years ended December 31, 2017 (2016 - $13,700) in unit-based compensation.

The following table summarizes the unit option activity of the Company during the years ended December 31, 2017 and 2016:

	Options Outstanding	Weighted Average Exercise Price
Outstanding, December 31, 2015	2,400	$ 89.50
Granted	-	-
Exercised	-	-
Cancelled/Forfeited	(414)	89.50
Outstanding December 31, 2016	1,986	$ 89.50
Granted	-	-
Exercised	-	-
Cancelled/Forfeited	(69)	89.50
Outstanding and exercisable, December 31, 2017	1,917	$ 89.50

The fair value of unit options on the date granted was estimated using the Black-Scholes valuation model. The following assumptions were used:

Risk- free interest rate	0.89%
Dividend yield	Nil
Volatility factor	41%
Expected life	4 years
Unit price	$89.50

8. Members' capital (continued)

Members' Capital: Unit-based payment (continued)

Profit Interest

The Company's profit interest awards allow for the additional compensation for services to be provided to the Company by officers, directors and employees. Class B Units granted will vest on terms established by the Members and be issued at no cost to the office, director or employee.

As at December 31, 2017, the Company had 4,400 profit interest awards issued and outstanding (2016 – 3,600). The Company estimates the fair value of profit interest awards based on the equity value of the Company assessed by a competent appraiser on the date of grant and recorded. For the year ended December 31, 2017, the Company recognized $167,274 (2016 - $82,922), charged to unit-based compensation with respect to the profit interest.

The following table summarizes the equity awards activity:

	Equity Awards	Weighted Average Grant Date Fair Value
Outstanding, December 31, 2015	3,600	$ 89.50
Granted	-	-
Exercised	-	-
Cancelled/Forfeited	-	-
Outstanding December 31, 2016	3,600	$ 89.50
Granted	800	258.50
Exercised	-	-
Cancelled/Forfeited	-	-
Outstanding, December 31, 2017	4,400	$ 150.95
Exercisable, December 31, 2017	3,006	$ 150.95

9. Related party transactions

Goods and services

The Company engages in buying and selling activity with a company jointly owned by one of the members. The Company incurred the following transactions with the related party during the year ended December 31, 2017 and 2016:

	2017	**2016**
Purchases made from a company jointly owned by a related party	$ 575,768	$ 897,308
Sales made to a company jointly owned by a related party	1,728,957	3,217,852

As at December 31, 2017 the Company had $558,443 (2016 - $1,519,054) included in trade receivable due from the related party and $597,022 (2016 - $411,118) included in trade payable due to the same related party.

9. Related party transactions (continued)

Compensation of key management personnel

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and management directors.

	2017	2016
Management compensation	$ 828,282	$ 785,398
Interest on short-term notes and deferred compensation	106,957	127,598
Unit-based payments	171,773	96,622
	$ 1,107,012	$ 1,009,618

Unit-based payments are the fair value of options granted and vested to key management personnel and directors of the Company under the Company's profits interest plan.

Loans with owners and key management of the Company

In order to fund the early operations of the Company, the owners and key management of the company agreed to defer their compensation for 2015 and 2016 (Note 6).

Prior to December 31, 2015, the Company entered into additional financing with a member for a $89,500 loan with 0% interest per annum in 2013. Additionally, another $80,000 was financed by the member at 5% interest. Accrued interest on the loan is cumulative as $14,539 at December 31, 2015, $18,550 at December 31, 2016, and $22,538 at December 31, 2017 and included in short-term notes due to related parties.

The Company entered into a financing arrangement with a member on November 17, 2015 for a $500,000 note ("principal balance"), that accrued interest through an escalator, 1% compounded annually until February 9, 2016, 5% until May 9, 2016, and 15% thereafter. As at December 31, 2017, all accrued interest has been paid and the principal balance of $375,000 has been paid in full.

Certain members of the Company assigned intellectual property and obtained a note payable of $250,000 on August 16, 2011. The note carries no interest and is repayable on demand.

	Related party loan #1	Related party loan #2	Related party loan #3	Accrued Interest	Related party loan, Total
Cost					
Balance, December 31, 2015	$ 169,500	$ 500,000	$ 250,000	$ 28,289	$ 947,789
Proceeds	-	-	-	-	-
Repayments	-	(125,000)	-	-	(125,000)
Interest Expense	-	-	-	45,228	45,228
Balance, December 31, 2016	$ 169,500	$ 375,000	$ 250,000	$ 73,517	$ 868,017
Proceeds	-	-	-	-	-
Repayments	-	(375,000)	-	(59,416)	(434,416)
Interest Expense	-	-	-	21,588	21,588
Balance, December 31, 2017	$ 169,500	$ -	$ 250,000	$ 35,689	$ 455,189

10. Financial risk management

The Company has exposure to the following risks from its use of financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial instruments and policies for managing these risks are detailed below.

Financial instruments measured at fair value are classified into one of the levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

At December 31, 2017, the Company's financial instruments consist of cash, trade receivables, trade payables and deferred compensation. The Company classifies its cash as FVTPL, trade receivables as loans and other receivables measured at amortized cost, and trade payables and accrued liabilities as other financial liabilities measured at amortized cost. The fair value of cash is based on level 1 inputs of the fair value hierarchy. The Company is exposed to a variety of financial instrument related risks.

If Level 2 inputs are available, such as implied valuations from follow-on financing rounds, third party sale negotiations, or market- based approaches, fair value is considered determinable. In cases where fair value is not reasonably determinable, cost may be the best estimate of fair value. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

	31-Dec-17		31-Dec-16	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Loans and receivables:				
Cash	$ 675,796	$ 675,796	$ 1,585,930	$ 1,585,930
Trade receivable	702,864	702,864	1,571,695	1,571,695
	$ 1,378,660	$ 1,378,660	$ 3,157,625	$ 3,157,625
Financial liabilities				
Other financial liabilities:				
Trade payable and accrued liabilities	$ 1,537,191	$ 1,537,191	$ 2,587,840	$ 2,587,840
Deferred compensation	725,954	725,954	626,852	626,852
Short-term notes due to related parties	455,189	455,189	868,017	868,017
Short-term notes	-	-	19,447	19,447
	$ 2,718,334	$ 2,718,334	$ 4,102,156	$ 4,102,156

10. Financial risk management (continued)

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and accounts receivable. To minimize the credit risk the Company places these instruments with a high credit quality financial institution in the United States, maintains accounts receivable with a limited number of large, credit-worthy customers, and seeks collection within 15 days of sale.

The Company's maximum exposure to credit risk is limited to the carrying amount of the financial assets as summarized below:

	December 31, 2017	December 31, 2016
Trade receivables, net	$ 702,864	$ 1,571,695

The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The loss allowance provision is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate. The provision matrix below shows the excepted credit loss rate at each aging category of receivables.

	Current	Aged 1-30 days past due	Aged 31-60 days past due	Aged >60 days past due
Expected loss rate	0.2%	0.2%	0.2%	0.2%
Gross carrying amount	153,395	507,092	83,039	(40,662)
Loss allowance provision, end of year	261	862	141	(69)

Concentration risk

Concentration risk arises as a result of the concentration of financial assets with the same customer. The table below is a summary of the trade receivables concentration risk by carrying value as a percentage of the total receivables:

	Percentage of total	
	December 31, 2017	December 31, 2016
Trade and other receivables	79	97
Sales	42	52

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company typically settles its financial obligations out of cash. The ability to settle obligations with cash relies on the Company maintaining a positive operational cash flow and by maintaining sufficient cash in excess of anticipated needs.

10. Financial risk management (continued)

Liquidity risk (continued)

As at December 31, 2017 the Company had a cash balance of $675,796 (December 31, 2016, $1,585,930) and current liabilities of $2,718,334 (December 31, 2016- $4,660,534). All of the Company's liabilities are due within one year, other than long term loans which are only due upon acquisition.

Interest rate risk

The Company is not subject to interest rate risk on future cash flows, as all of its instruments bear fixed rates of interest.

11. Capital management

Capital is comprised of the Company's member's equity and any debt it may issue, other than trade payables in the normal course of operations. As at December 31, 2017, the Company's members' deficit was $972,750 (December 31, 2016 - $1,050,930) and liabilities other than trade payable were $1,181,143 (December 31, 2016 - $ 2,072,694). The Company's objective when managing capital is to safeguard its accumulated capital in order to provide adequate return to members by maintaining a sufficient level of funds, in order to support its ongoing activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size and early development stage of the Company, is reasonable.

The Company is dependent on existing and new revenue streams to fund its activities. The Company will spend its existing working capital on operations, development of new products, and raise additional amounts as needed. The Company is not subject to any externally imposed capital requirements. There have been no changes in the Company's approach to capital management during the year ended December 31, 2017.

12. Commitments

The Company has no leases or other commitments.

13. Subsequent events

The Company has evaluated subsequent events through January 17, 2019, which is the date the financial statements were available to be issued.

On June 14, 2018 the Company entered into a letter of intent with Fire Cannabis Inc. (dba "SLANG") for the full acquisition of the Company for US$16,000,000, inclusive of $8,000,000 in capital of SLANG shares, and aggregate cash consideration of US$8,000,000. The expected close of the agreement is expected as of October 2018.

On June 15, 2018, a total of 94-unit options were cancelled due to employee termination.

NWT HOLDINGS, LLC

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

Dated January 17, 2019

NWT HOLDINGS, LLC

Management Discussion and Analysis

The following Management Discussion and Analysis ("**MD&A**") should be read in conjunction with NWT Holdings, LLC's (the "**Company**") unaudited condensed interim financial statements and notes for the three and nine months ended September 30, 2018 and September 30, 2017 (the "**Financial Statements**"). This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations ("**NI 51-102**"). The Financial Statements, together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Information herein is presented as at January 17, 2019 unless otherwise indicated. Results are reported in United States dollars, unless otherwise noted.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain information that may constitute "forward-looking information" and "forward-looking statements" which are based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", or "anticipate", "potential", "proposed", "estimate" 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 estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements included in this MD&A are made only as of the date of this MD&A. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to

- regulatory risks;
- change in laws, regulations and guidelines;
- market risks;
- concentration risks:
- operating history; and
- competition.

Certain of the forward-looking statements and forward-looking information and other information contained herein concerning the cannabis industry and the general expectations of the Company concerning the cannabis industry and concerning the Company are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors and the Company has not independently verified such third-party information.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that the forward-looking statements will prove to be

accurate, as actual results and future events could differ materially from those anticipated in such statements. In particular, but without limiting the foregoing, disclosure in this MD&A under "Description of Business" as well as statements regarding the Company's objectives, plans and goals, including future operating results and economic performance 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. See "Risks and Uncertainties" for further details. 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. Accordingly, readers should not place undue reliance on forward-looking statements contained in this MD&A. 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. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

The Company was formed on August 16, 2011 under the laws of the State of Washington, and is a limited liability company. The registered office of the Company is located at 24 Roy Street, Suite 28, Seattle, WA, 98109 USA. The Company is a supplier and distributor of high-end vaporizer products to wholesale distributors and online consumers. The Company's vaporizers service multiple cannabis formats including flower, liquid oil, and solid extracts.

The Company's operations are focused on the United States and Canada, with limited distribution in parts of Europe and Australasia. The Company is considering opportunities in other markets where cannabis is legal under federal laws.

Significant and Subsequent Events

On June 14, 2018, Slang Worldwide Inc. ("**Slang**") entered into a term sheet with Mark Williams, Sasha Robinson, and Mid Atlantic Holdings, LLC (the "**Firefly Term Sheet**") to acquire 100% of the equity of the Company (the "**Firefly Acquisition**"). The Firefly Term Sheet was amended on July 14, 2018, July 20, 2018, amended and restated on August 23, 2018 and amended on September 13, 2018 and October 15, 2018. The aggregate purchase price of the Firefly Acquisition is $16,000,000, which is comprised of $8,000,000 cash and common shares in the capital of the Company equivalent in value to $8,000,000. The purchase agreement was finalized on November 29, 2018.

On July 30, 2018, Slang entered into a $750,000 promissory note and security agreement with the Company which was amended and restated on September 25, 2018 (the "**Loan**"). The Loan has a 12% per annum interest rate, with interest accrued and added to the principal for the first 12 months, but not paid until the Maturity Date (as hereinafter defined). After July 30, 2019, the Company will be required to make interests payments on a monthly basis. The principal amount due under the Loan together with all outstanding interest, fees and expenses is required to be paid by the Company in full on the earliest of any of the following dates (the "**Maturity Date**") (i) July 30, 2020; (ii) an Insolvency Default (as such term is defined in the Loan); and (iii) upon demand from Slang following an Event of Default (as such term is defined in the Loan).

Overall Performance

	Q1, 2018	Q2, 2018	Q3, 2018
Total revenue	$745,240	$1,277,756	$431,028
Net Income	$30,161	$175,994	($549,870)
Basic income per common share	$0.75	$4.40	($13.75)
Total assets	$1,416,464	$1,416,464	$1,977,278
Total liabilities	$2,889,787	$2,073,054	$3,156,950
Shareholders' equity / (deficiency)	($1,473,323)	($656,590)	($1,179,672)

	Q1, 2017	Q2, 2017	Q3, 2017	Q4, 2017
Total revenue	$2,159,894	$1,492,794	$1,193,491	$1,340,365
Net Income	$372,339	($196,349)	($137,250)	($132,333)
Basic income per common share	$9.31	($4.91)	($3.43)	($3.31)
Total assets	$2,197,215	$629,460	$1,658,986	$1,745,584
Total liabilities	$2,863,260	$1,464,478	$2,565,948	$2,718,334
Shareholders' equity / (deficiency)	($666,045)	($835,018)	($906,962)	($972,750)

	Q1, 2016	Q2, 2016	Q3, 2016	Q4, 2016
Total revenue	$285,866	$1,162,445	$2,919,245	$3,294,126
Net Income	($333,432)	($36,331)	$722,287	$330,103
Basic income per common share	($8.34)	($0.91)	$18.06	$8.25
Total assets	$1,331,333	$3,197,283	$3,559,065	$3,609,605
Total liabilities	$3,494,039	$5,396,319	$5,035,814	$4,660,533
Shareholders' equity / (deficiency)	($2,162,706)	($2,199,036)	($1,476,749)	($1,050,928)

During the nine months ended September 30, 2018, the Company had net income of -$343,717 (September 30, 2017: income of $37,054). As at September 30, 2018, the Company had a retained deficit of $2,247,028 (September 30, 2017: $1,768,413). As at September 30, 2018, the Company had total members' deficiency of $1,179,672 (September 30, 2017: $906,962).

No distributions or dividends were declared on membership units in 2016, 2017 or 2018.

Revenue

For the nine months ended September 30, 2018, the Company generated revenues of $2,454,024 (September 30, 2017: $4,846,179). The decrease in revenue of $2,392,155 from 2017 represented a drop of 49.36% from the previous year and was due to a mature product, aggressive pricing from competitors, and reduced cash flow to bring additional product lines to market. As a result, total unit sales of the Company's firefly 2 vaporizers dropped from 22,078 in the first nine months of 2017 to 11,354 for the same period in 2018.

Total Assets

For the period ended September 30, 2018, the Company had total assets of $1,977,278 (September 30, 2017: $232,419). This increase was due in a large part to increases in cash from the loan from Slang of $750,000 from Slang as of July 30, 2018, and collection of significant trade receivables in Q2 2018.

Total Current Liabilities

For the period ended September 30, 2018, the Company had total current liabilities of $3,156,950 (September 30, 2017: 1,139,579). The increase was primarily due to the promissory note trade of $750,000 with Slang as of July 30, 2018.

Cost of Sales

During the nine months ended September 30, 2018, total cost of sales was $1,136,587 (September 30, 2017: $2,429,688). The cost of sales as a percentage of net revenue dropped from 50.14% in 2017 to 46.32% in 2018 which was caused by reduced purchases of internal products from marketing efforts.

Operating Expenses

	30-Sep-18	As % of Revenue	30-Sep-17	As % of Revenue	Change
Operating Expenses					
01 Salaries & Employee Expenses	$602,499	24.55%	$948,298	19.57%	-36.47%
02 Product Development	$164,034	6.68%	$210,542	4.34%	-22.09%
03 Sales/Marketing	$84,199	3.43%	$545,577	11.26%	-84.57%
04 Professional Services	$383,667	15.63%	$111,220	2.30%	244.96%
05 Customer Service	$91,832	3.74%	$114,423	2.36%	-19.74%
06 General & Administrative	$37,349	1.52%	$113,032	2.33%	-66.96%
07 Warranty	$29,941	1.22%	$38,040	0.78%	-21.29%
08 Depreciation & Amortization	$45,815	1.87%	$106,391	2.20%	-56.94%
09 Interest	$78,811	3.21%	$85,000	1.75%	-7.28%
10 Bad Debt	$0	0.00%	$0	0.00%	
11 Share based payments	$141,046	5.75%	$106,914	2.21%	31.92%
Total Operating Expenses	$1,659,193	67.61%	$2,379,437	49.10%	-30.27%

Salary and employee expenses were reduced by 36% from September 30, 2017 to September 30, 2018, as costs were reduced to improve cash flow.

Product development costs decreased by 22% from September 30, 2017 to September 30, 2018, due primarily to a reduction in modification costs for the existing vaporizer model, offset by some additional development.

Sales and marketing costs decreased 85% from September 30, 2017 to September 30, 2018, as there was a significant budget in 2017 to market the Firefly 2 vaporizer. For the first 9 months of 2018 there were no equivalent product launches or marketing campaigns resulting in a lower year over year cost.

Professional services expenses increased by 245% from September 30, 2017 to September 30, 2018, due to higher legal, audit, and consulting costs incurred in relation to the negotiations involving the Firefly Acquisition.

Customer service expenses decreased by 20% from September 30, 2017 to September 30, 2018,

due to cost-cutting and reduced customer service needs as a result of reduced sales.

General and administrative ("G&A") expenses were reduced from September 30, 2017 to September 30, 2018, due to an office lease which expired in December 2017. The Company has retained a remote workforce for 2018, which has not required an office lease. Additionally, other G&A expenses were reduced significantly to maintain cash flow in 2018.

Warranty expenses decreased 21% from September 30, 2017 to September 30, 2018, due to the overall decrease in sales.

During the first three quarters of 2018, sales decreased by 49% compared to the first three quarters of 2017 due to a more mature market and aggressive price reductions from the Company's main competitors for similar products. Operating expenses dropped by 30% as compared to the second quarter of 2017 because of cost reductions which reduced headcount and overall expenses. Cash flow increased by $1,489,212 in the comparative periods due to significant collections of accounts receivable in 2018 as well as the loan from Slang.

Liquidity

As at September 30, 2018, the Company had a working capital deficit of $1,466,989 (September 30, 2017: deficit of $1,276,026).

Cash generated in operating activities during the nine months ended September 30, 2018 was $337,454 (September 30, 2017: -$936,249). Overall, there was a net inflow of cash during 2018 $701,361 (September 30, 2017: -$453,863). Both debt and receivables were significantly reduced as large receivable balances were collected and used to repay short-term debt.

The Company generates revenue from online sales prior to shipping products and revenue net 15 days from delivery for wholesale distribution against net 60 days payment to its manufacturer. In light of this, the Company is able to generate sufficient cash flow in the short-term to maintain capacity and meet customer orders. In addition, the loan provided by Slang on July 30, 2018, provided the Company with an additional $750,000 in cash to cover its working capital requirements.

If the Firefly Acquisition closes (expected in January 2019), additional working capital will be made available to the Company to assist in expanding the business and satisfying cash flow requirements. The expected funding along with new product development and supplier relations are expected to accelerate sales.

Capital Resources

As at September 30, 2018, the Company had a cash balance of $1,684,755 and current liabilities of $3,156,950. The Company's current resources are not sufficient to settle its current liabilities. In connection with the Transaction, Slang provided the Loan to the Company on July 30, 2018, which the Company has used to accelerate the Company's business plan. Additionally, the existing short-term liabilities to related parties will be settled by a portion of the purchase price or assumed by the current owners of the Company when the Firefly Acquisition has closed.

Consequently, the Company had only $2,001,109 in current liabilities to non-related parties in the form of trade payables, which are less than its current assets. It is anticipated that upon the Firefly Acquisition closing, Slang will assist the Company in meeting its capital requirements to fund operations and to expand its business.

Related Party Transactions

The Company completed the following transactions with a related party (Warehouse Goods Inc.) during the periods ended September 30, 2018 and September 30, 2017:

	September 30, 2018	September 30, 2017
Purchases made from Warehouse Goods Inc.	$561,876	$1,454,528
Sales made to Warehouse Goods Inc.	680,837	2,353,681

The Company engages in wholesale buying of inventory and selling of vaporizers with a company that is under the control by one of its members. Warehouse Goods Inc. and the Company are parties to a distribution agreement dated February 5, 2016. A corporation that is a member of the Company, has two shareholders that are also partial owners of Warehouse Goods Inc. The related party transactions referenced in the table above relate solely to Warehouse Goods Inc. The transactions are market price driven with no preferential treatment as to pricing or contract terms.

In order to fund the early operations of the Company, the owners and key management of the Company agreed to defer their compensation for 2015 and 2016.

Prior to December 31, 2015, the Company entered into a financing with a member for an $89,500 loan with 0% interest per annum in 2013. Additionally, another $80,000 was financed by the member at a 5% interest rate. Accrued interest on these loans was $24,588 as at September 30, 2018 and $21,588 as at December 31, 2017 and is included in short-term notes due to this related party.

The Company entered into a financing arrangement with a member on November 17, 2015 for a $500,000 note that accrued interest through an escalator whereby 1% interest was compounded annually until February 9, 2016, 5% interest was charged until May 9, 2016, and 15% interest was charged thereafter. As at September 30, 2018, all accrued interest has been paid and the principal balance of this loan has been paid in full.

On August 16, 2011, certain members of the Company assigned intellectual property to the Company and in consideration received a note payable in the amount of $250,000. The note carries no interest and is repayable on demand.

Off-Balance Sheet Arrangements

Other than payments which will be made to specified current employees of the Company from the proceeds from the Firefly Acquisition upon the closing of the transaction, the Company has no other off-balance sheet arrangements that would potentially affect current of future operations or the financial condition of the Company.

Proposed Transactions

Apart from the proposed acquisitions set out under the heading "*Significant and Subsequent Events*", the Company has not considered any other proposed transactions.

Disclosure of Outstanding Share Data

On September 30, 2018, the company had 40,000 Class A units of economic interest ("**Units**") outstanding.

As at September 30, 2018 and 2017, the Company had outstanding and exercisable non-voting profit interests as follows:

	Options Outstanding	Weighted Average Exercise Price
Outstanding, December 31, 2016	1,986	$ 89.50
Granted	-	-
Exercised	-	-
Cancelled	(69)	$ 89.50
Outstanding and exercisable, December 31, 2017	1,917	$ 89.50
Granted	-	-
Exercised	-	-
Cancelled	-	-
Outstanding and exercisable, September 30, 2018	1,917	$ 89.50

As at September 30, 2018, the outstanding and exercisable stock options of the Company were the following:

Exercise Price	Expiry Date	Number of Options	
$ 89.50	-	1,917	-

Risks and Uncertainties

Overview

There are a number of risk factors that could cause future results to differ materially from those described herein. The following sets out the principal risks faced by the Company. Additional risks and uncertainties, including those that the Company does not know about or that it currently deems immaterial, could also adversely affect the Company's business and results of operations.

Key Personnel Risks. The Company's efforts are dependent on the skills of the founders and the Chief Executive Officer. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, due to departure or other reasons, this could have a material adverse outcome on the Company and its securities. Key personnel employment contracts will be part of the closing of the Firefly Acquisition. Upon the closing of the Firefly Acquisition, additional complementary resources will become available to the Company to partially mitigate these risks.

Regulatory Risks. The Company operates in a new industry, which is highly regulated and is in a market which is very competitive and evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements.

As the Company is focused on the US market there is the potential for further regulatory requirements. While cannabis has become legal for recreational use in Canada, cannabis remains illegal under United States federal law.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies

which may be imposed. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Financing Risks. The Company is undercapitalized and requires funding to expand its product offering and to increase its market share. Other better capitalized companies in the market place have equal or better products. As such, funding is required to increase brand awareness and market share. The Firefly Acquisition is a mitigating factor to ensure additional distribution channels and financial resources are available to promote the Company's product offering.

Access to traditional banking and trade arrangements remains restricted, particularly for companies involved in the cannabis industry. The United States, in particular, maintains such restrictions for accessing the United States market place.

Commodity Price Risks. Cannabis and other herbal alternatives are part of a developing market, likely subject to volatile and possibly declining prices year over year, as a result of increased competition. In light of the fact that cannabis is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. The Company operates in the sector not requiring regulatory approval or licensing. The Company is "non-plant touching". As a result, the Company does not directly handle, process, manufacture, cultivate or distribute cannabis products. The Company's vaporizers and accessories are in support of the products the licensed operators produce.

Competitive Product Risks. The market is characterized by a growing number of new market entrants competing in the same product categories as the Company. As such there is considerable competition in the market place. In the vaporizer market the price point ranges from very inexpensive to several hundred dollars. Creating brand awareness and market penetration will be key to success. Chinese manufacturers have increasingly entered the market place with inexpensive vaporizers. This segment of the market is the low cost, low price commodity market space. The Company is focused on the high end quality market segment. The higher end segment requires more sophisticated engineering and production which are the Company's strengths. There are other high end producers that are better capitalized and have a strong market presence and market share.

Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Company.

To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

To succeed in the marketplace the Company needs to differentiate itself which it has done through innovative design and technology, including an application that can adjust temperature settings depending on whether the user is using flower or concentrates.

Product Offering Risk. While the Company is developing new products, it is currently reliant on one product with limited variants. Should the product not meet consumer expectations the Company would be at significant risk as there is no diverse product offering. As noted above, there are many competing products and as the market grows many new entrants will come into the marketplace. As

a result, the Company is exposed to many competing products at all price point levels.

Reliance on a Single Offshore Supplier. The Company's current production is expected to continue with a sole source manufacturer located in China, though new suppliers will be used for the new products under development. Adverse changes or developments affecting the current supplier could have a material adverse effect on the Company's ability to continue supplying its vaporizers. Should there be shipment delays the Company may not be able to meet demand needs which in turn would damage the brand reputation. Competing products would quickly absorb any supply shortfall. The Company has a several year track record with the manufacturer but should this relationship change finding an alternative manufacturer would materially impact the business.

Brand Perception. The Company is trying to make the firefly vaporizer a premium vaporizer product that is recognized as such by retailers and consumers. Any negative changes to the firefly brand as a quality vaporizer could have a material adverse effect on the Company's sales, profitability and financial condition.

Intellectual Property. The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time consuming and unpredictable, as may be enforcing these rights against unauthorized use by others.

In addition, other parties may claim that the Company's products infringe on their proprietary or patent-protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages.

Sales and Distribution Risk. The Company sells online directly and through distributors. Historically direct sales have been 37% of total sales and 63% via distributors. In the latter case, the majority of the 63% has been to a company controlled by a member of the Company. While the terms are market rates, concentration risk exists with the reliance on one major distributor. To mitigate this risk the Company is actively engaged in expanding distribution channels.

Product Liability. As a distributor of products that process products to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from ingesting cannabis by using the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of the Company.

Product Recalls. Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to

an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all.

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 its securities. Even if the Company is involved in litigation and wins, litigation could 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.

There is no certainty that the Company will continue to produce revenue, operate profitably or provide a return on investment in the future.

Financial Instruments & Other Instruments

The Company's financial instruments consist of cash, receivables, investments, accounts payable and accrued liabilities. Cash and investments are classified as fair value through profit or loss. Accounts receivables, accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost or amortized cost less any impairment losses related to accounts receivable. The fair value of cash, accounts payable and accrued liabilities are equal to their carrying value due to their short-term maturity. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of arms-length financial instruments approximates their carrying value due to the relatively short-term to maturity.

Critical accounting estimates

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statements of financial position date, could result in a material adjustment to the carry amounts of assets or liabilities. In the event that actual results differ from the assumptions made, relate to, but are not limited to the following:

I. Share-based compensation: The inputs used assessing the fair value of share based payments in the statements of comprehensive income and the inputs associated with the initial and subsequent valuation of options in the statement of equity. Key estimates and assumptions include; the rate of forfeitures of options granted the expected life of the option, the volatility of the value of the Company's common shares and the risk-free interest rate.

II. Intangible assets and impairment of long lived assets: Judgement involved in determining

whether an intangible assets useful life is finite or indefinite. The inputs used in assessing the potential impairment of indefinite life intangibles, key estimates include; determination of cash generating units, future cash flows and discount rates.

III. Estimated useful life and amortization of property, plant and equipment: Amortization of property, plant and equipment is dependent upon estimates of useful lives. Assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account key estimates such as economic and market conditions and the useful lives of assets.

IV. Research costs are expensed as incurred. Development costs are also expensed unless they meet specific criteria related to technical, market and financial feasibility, in which case they are deferred and amortized to operations using the straight-line method over the economic life of the product from the date of completion of the project.

Adoption of new and revised standards and interpretations

As these are the Company's first reported financial statements, IFRS 9 – Financial Instruments: Classification and Measurement was early adopted from inception.

IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting and introduces a single, forward-looking expected loss impairment model.

As these are the Company's first reported financial statements, IFRS 15 – Revenue from Contracts with customers, was early adopted from inception.

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services.

New Accounting Standards and Interpretations Not Yet Adopted

Standards issued but not yet effective up to the date of issuance of the Company's Financial Statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the Financial Statements to be material.

IFRS 2 – "Share-based Payment (Amendment)"

In June 2016, the International Accounting Standards Board (IASB) issued amendments to IFRS 2 to clarify how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on measurement of cash-settled share-based payments;
- Share-based payment transactions with a net settlement feature for withholding tax

obligations; and

- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments to IFRS 2 are effective prospectively for annual periods beginning on or after January 1, 2018.

IFRS 16, 'Leases' – effective for annual periods beginning on or after January 1, 2019, adoption of IFRS 16 will result in substantially all lessee leases being recorded on the balance sheet as an asset with a corresponding liability with both current and long-term portions.

Other MD&A Requirements

The Company's President and Chief Executive Officer and independent accounting firm (Foresight ASG) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.

NWT Holdings LLC

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

As at and for the three months and nine months ended September 30, 2018 and 2017
(Expressed in US Dollars)

NWT Holdings LLC
Condensed Interim Statements of Financial Position
As at September 30, 2018 and December 31, 2017
(Expressed in US Dollars)

	Note	(Unaudited) September 30, 2018	(Audited) December 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents		$ 1,684,755	$ 675,796
Trade receivables	7,9	205	702,864
Prepaid expenses		5,001	8,687
Inventory in-transit		-	54,961
		1,689,961	1,442,308
Non-current assets			
Property, plant & equipment, net	3	26,022	2,300
Intangible assets, net	4	261,295	300,976
TOTAL ASSETS		**$ 1,977,278**	**$ 1,745,584**
LIABILITIES AND MEMBERS' EQUITY			
Current liabilities			
Trade payables	7	$ 1,236,044	$ 1,537,191
Short-term notes	8	765,065	-
Short-term notes due to related parties	7	458,189	455,189
Deferred compensation	5	697,652	725,954
		3,156,950	**2,718,334**
MEMBERS' EQUITY			
Member's capital	6	520,007	520,007
Additional paid-in capital		547,349	406,303
Deficit		(2,247,028)	(1,899,060)
Total Members' Deficiency		(1,179,672)	(972,750)
Total Liabilities and Members' Deficiency		**$ 1,977,278**	**$ 1,745,584**

Commitments (Note 11)
Subsequent Events (Note 12)

On behalf of the Board

"_____" "_____"
Director Director

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

NWT Holdings LLC

Unaudited Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)
For the three and nine months periods ended September 30, 2018 and 2017
(Expressed in US Dollars)

For the period	Notes	Three months ended: September 30, 2018	Three months ended: September 30, 2017	Nine months ended: September 30, 2018	Nine months ended: September 30, 2017
Revenue	7	$ 431,028	$ 1,193,491	$ 2,454,024	$ 4,846,179
Cost of goods sold		199,029	571,366	1,136,587	2,429,688
Gross Profit		231,999	622,125	1,317,437	2,416,491
Operating Expenses					
Salaries & employee expenses		$ 166,205	$ 330,899	$ 602,499	$ 948,298
Product development		142,752	56,874	164,034	210,542
Sales & marketing		30,504	164,104	84,199	545,577
Professional services		294,977	24,440	383,667	111,220
Customer service		30,944	30,888	91,832	114,423
General & administrative		15,443	35,487	37,349	113,032
Warranty		14,594	7,119	29,941	38,040
Depreciation & amortization	3,4	16,733	20,993	45,815	106,391
Interest		36,713	21,519	78,811	85,000
Unit based payments	5	31,041	67,052	141,046	106,914
Total Expenses		779,906	759,375	1,659,192	2,379,437
Income (loss) before tax		$ (547,908)	$ (137,250)	$ (341,755)	$ 37,054
State income tax		(1,962)	-	(1,962)	-
Total income (loss) and comprehensive income (loss)		$ (549,870)	$ (137,250)	$ (343,717)	$ 37,054
Basic and diluted Income (loss) per unit		(13.75)	(3.43)	(8.59)	0.93
Weighted average number of units		40,000	40,000	40,000	40,000

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

NWT Holdings LLC

Unaudited Condensed Interim Statements of Changes in Members' Deficiency
For the nine months ended September 30, 2018 and 2017
(Expressed in US Dollars)

	Members' Equity		Additional Paid-In		
	Units	Amount	Capital	Deficit	Total
Balance, December 31, 2016	40,000	$ 520,007	$ 234,530	$(1,805,467)	$(1,050,930)
Unit-based payment	-	-	106,914	-	106,914
Net Income	-	-	-	37,054	37,054
Balance, September 30, 2017	40,000	$ 520,007	$ 341,444	$(1,768,413)	$ (906,962)

	Members' Equity		Additional Paid-In		
	Units	Amount	Capital	Deficit	Total
Balance, December 31, 2017	40,000	$ 520,007	$ 406,303	$(1,899,060)	$ (972,750)
Unit-based payment	-	-	141,046	-	141,046
Distributions				(4,251)	(4,251)
Net Income	-	-	-	(343,717)	(343,717)
Balance, September 30, 2018	40,000	$ 520,007	$ 547,349	$(2,247,028)	$(1,179,672)

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

NWT Holdings LLC
Unaudited Condensed Statements of Cash Flows
For the nine months ended September 30, 2018 and 2017
(Expressed in US Dollars)

	Nine Months Ended	
	September 30, 2018	**September 30, 2017**
Operating activities:		
Net income for the period	$ (343,717)	$ 37,054
Items not involving cash:		
Depreciation and amortization	45,815	106,391
Share based payment	141,046	106,914
Interest expense	78,811	85,000
Warranty provision	29,941	38,040
Changes in net working capital items		
Trade receivables	702,659	456,825
Prepaid expenses	3,686	(2,710)
Inventory	54,961	-
Accounts payable and accrued liabilities	(331,088)	(1,164,457)
Deferred revenue	-	(558,378)
Deferred compensation	(44,660)	(40,928)
	337,454	**(936,249)**
Investing activities:		
Additions to property, plant & equipment	(29,856)	-
Additions to intangible assets	-	(275)
	(29,856)	**(275)**
Financing activities:		
Repayment on short term loans	(44,378)	(453,863)
Proceeds from promissory note	749,990	-
Distributions for state taxes	(4,251)	-
	701,361	**(453,863)**
Net change in cash	1,008,959	(1,390,387)
Cash, beginning of period	675,796	1,585,930
Cash, end of period	**$ 1,684,755**	**$ 195,543**

During the nine month period ended September 30, 2018, the Company paid interest of $44,378 (September 30, 2017 – nil) and $1,962 in state taxes (September 30, 2017 - nil).

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

1. Nature of Operations

NWT Holdings LLC (the "Company" or "NWT") is a limited liability corporation United States consumer electronics company that is privately held. NWT is a supplier and distributor of high-end vaporizer products to wholesale distributors and online consumers, utilizing a business-to-business and business-to-consumer sales strategy.

The address of the Company's registered office is 24 Roy St. Suite 28, Seattle, WA 98109 USA.

The condensed interim financial statements are as at and for the three months and nine months ended September 30, 2018 and 2017.

2. Basis of Presentation

Statement of Compliance

The Company's unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim financial reporting". These financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2017, which have been prepared in accordance with International Financial reporting standards (IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations committee ("IFRIC").

The interim condensed financial statements for the nine months ended September 30, 2018 and 2017 were approved and authorized for issue by the board of directors on January 17, 2019.

Basis of Measurement

These condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments and equity grants that are measured at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets.

Functional and Presentation Currency

The functional currency of the Company is US dollar which is also the presentational currency of the financial statements.

Significant accounting judgments estimates and assumptions

The preparation of unaudited interim condensed financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgments and key sources of estimation uncertainty related to the application of IFRS.

2. Significant Accounting Policies (continued)

New standards, interpretations and amendments adopted by the company

Adoption of IFRS 15 – Revenue from Contracts with Customers

As permitted, the Company elected to early-adopt IFRS 15 and it was applied from inception. IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

Adoption of IFRS 9 – Financial Instruments

As permitted, the Company elected to early-adopt IFRS 9 and it was applied from inception. IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Financial assets at fair value through comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments.

2. Significant Accounting Policies (continued)

New standards, interpretations and amendments adopted by the company (continued)

Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income.

Measurement

All financial instruments are required to be measured at fair value on initial recognition and, in the case of a financial asset or financial liability not at FVTPL, inclusive of transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes an expected credit loss rate based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

2. Significant Accounting Policies (continued)

New standards, interpretations and amendments adopted by the company (continued)

Summary of the Company's classification and measurements of financial assets and liabilities:

	IFRS 9	
	Classification	**Measurement**
Cash and cash equivalents	FVTPL	Fair value
Trade receivables	Amortized cost	Amortized cost
Short-term notes	Amortized cost	Amortized cost
Short-term notes due to related parties	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost
Deferred compensation	Amortized cost	Amortized cost

Other pronouncements adopted by the company

IFRS 2, "Share-based Payment (Amendment)"

In June 2016, the International Accounting Standards Board (IASB) issued amendments to IFRS 2 to clarify how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on measurement of cash-settled share-based payments;
- Share-based payment transactions with a net settlement feature for withholding tax obligations; and
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments to IFRS 2 are effective prospectively for annual periods beginning on or after January 1, 2018. There has been no impact on the financial statements as a result of the adoption of IFRS 2.

Revenue recognition

Revenue arises mainly from the sale of electronic vaporizers and accessories.

To determine whether to recognize revenue, the Company follows a 5-step process:

1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognizing revenue when/as performance obligation(s) are satisfied.

The Company often enters into transactions involving a range of the Group's products, for example for the delivery of vaporizer hardware and accessories. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

2. Significant Accounting Policies (continued)

Revenue recognition (continued)

The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as deferred revenue in the Statement of Financial Position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Product Sales

Revenue from the sale of hardware is recognized when or as the Company transfers control of the assets to the customer. Significant risks and rewards are generally considered to be transferred when the Company has shipped the product to customers (online sales, business-to-consumer) or when the buyer has received the items (business-to-business), per the agreed upon shipping terms. Invoices for goods or services transferred are due net fifteen days by the customer.

Warranty

The Company warranties its products against defect for a maximum of 24 months from purchase. There are no additional performance obligations to be met and the warranty cannot be purchased separately.

3. Property, Plant and Equipment

	Production/ Tooling	Computer Equipment & Fixtures	Machine Equipment	Total Property, Plant & Equipment
Cost				
Balance, December 31, 2017	$ 365,910	$ 8,410	$ 3,550	$ 377,870
Additions	29,856	-	-	29,856
Balance, September 30, 2018	$ 395,766	$ 8,410	$ 3,550	$ 407,726
Accumulated Amortization				
Balance, December 31, 2017	(363,610)	(8,410)	(3,550)	(375,570)
Depreciation	(6,134)	-	-	(6,134)
Balance, September 30, 2018	$ (369,744)	$ (8,410)	$ (3,550)	$ (381,704)
Net carrying cost, December 31, 2017	$ 2,300	$ -	$ -	$ 2,300
Net carrying cost, September 30, 2018	$ 26,022	$ -	$ -	$ 26,022

3. Property, Plant and Equipment (continued)

For the three months period ended September 30, 2018, the Company recorded $11,870 in depreciation expenses. (Three months ended September 30, 2017 $10,715).

4. Intangible Assets

	Intellectual Property	Website and App Development	Total Intangibles
Cost			
Balance, December 31, 2017	$ 364,102	$ 157,108	$ 521,210
Additions	-	-	-
Balance, September 30, 2018	364,102	157,108	521,210
Accumulated Amortization			
Balance, December 31, 2017	(126,422)	(93,812)	(220,234)
Amortization	(20,928)	(18,753)	(39,681)
Balance, September 30, 2018	(147,350)	(112,565)	(259,915)
Net carrying cost, December 31, 2017	$ 237,680	$ 63,296	$ 300,976
Net carrying cost, September 30, 2018	$ 216,752	$ 44,543	$ 261,295

For the three months period ended September 30, 2018, the Company recorded $4,863 in amortization expenses. (Three months ended September 30, 2017 $10,278).

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

Website development costs that are directly attributable to application and infrastructure development stage, the graphical design stage and the content development stage, to the extent that content is developed for purposes other than to advertise and promote the Company's own products and services, are recognized as intangible assets. Directly attributable costs that are capitalized as part of the website include the website development employee costs.

Capitalized website and App development cost	5 years
Intellectual Property	15 years

5. Deferred Compensation

As at December 31, 2017, the Company accrued $530,080 in principal owed to early employees and owners who deferred their compensation. The deferred compensation bears an interest rate of 12% per annum, compounded daily. Interest and principal are due on demand. During the 9-month period ended September 30, 2018, the Company recognized $60,737 in interest expense.

	Deferred Compensation, Principal	Accrued Interest	Deferred Compensation, Total
Cost			
Balance, December 31, 2016	$ 516,347	$ 110,505	$ 626,852
Proceeds from issuance	72,919	-	72,919
Repayments	(59,186)	-	(59,186)
Interest expense	-	85,369	85,369
Balance, December 31, 2017	$ 530,080	$ 195,874	$ 725,954
Proceeds from issuance	-	-	-
Repayments	(54,661)	(34,378)	(89,039)
Interest expense	-	60,737	60,737
Balance, September 30, 2018	$ 475,419	$ 222,233	$ 697,652

6. Member's capital

Authorized member's capital:

Up to 100,000 Class A Units of Economic Interest and 149,100 Class B Units (collectively "Units")

Member's Capital: Units issued and outstanding

On September 30, 2018 the Company had 40,000 (2017 – 40,000) Class A units outstanding.

Member's Capital: Unit-based payments

The Company has unit-based compensation arrangements consisting of unit options to encourage ownership of the Company's Class B units by its officers, directors and employees. The number of unit options granted, vesting period and contractual life of the securities under these arrangements shall be determined from time to time by the owners. The exercise price of each option shall be determined by the owners based on the fair market value of the units on the date of grant as estimated in accordance with a valuation model approved by the Board.

The Company recognized $nil for the three and nine months ended September 30, 2018, and $5,131 for the three and nine months ended September 30, 2017 in unit-based compensation with respect to unit options granted.

6. Member's capital (continued)

Member's Capital: Unit-based payments

The following table summarizes the unit option activity of the Company during the nine months ended September 30, 2018 and year ended December 31, 2017:

	Options Outstanding	Weighted Average Exercise Price
Outstanding December 31, 2016	1,986	$89.50
Granted	-	-
Exercised	-	-
Cancelled/Forfeited	(69)	89.50
Outstanding and exercisable, December 31, 2017	1,917	$89.50

	Options Outstanding	Weighted Average Exercise Price
Outstanding, December 31, 2017	1,917	$89.50
Granted	-	-
Exercised	-	-
Cancelled/Forfeited	-	-
Outstanding and exercisable, September 30, 2018	1,917	$89.50

The fair value of unit options on the date granted was estimated using the Black-Scholes valuation model. The following assumptions were used:

Risk- free interest rate	0.89%
Dividend yield	Nil
Volatility factor	41%
Expected life	4 years
Unit price	$89.50

Profit Interest

The Company's profit interest awards allow for the additional compensation for services to be provided to the Company by officers, directors and employees. Class B Units granted will vest on terms established by the Members and be issued at no exercise price to the officers, directors or employees.

As at September 30, 2018, the Company had 4,306 profit interest awards issued and outstanding (September 30, 2017 – 4,400). The Company estimates the fair value of profit interest awards based on the equity value of the Company on the date of grant and recorded. For the period ended September 30, 2018, the Company recognized $141,046 and three months ended September 30, 2018 $31,041

6. Member's capital (continued)

(September 30, 2017 - $101,783), charged to unit-based compensation with respect to the profit interest awards.

	Equity Awards	Weighted Average Grant Date Fair Value
Outstanding December 31, 2016	3,600	$89.50
Granted	800	258.5
Exercised	-	-
Cancelled/Forfeited	-	-
Outstanding, December 31, 2017	4,400	$150.95
Exercisable, December 31, 2017	3,006	$150.95

	Equity Awards	Weighted Average Exercise Price
Outstanding, December 31, 2017	4,400	$150.95
Granted	-	-
Exercised	-	-
Cancelled/Forfeited	(94)	$89.50
Outstanding September 30, 2018	4,306	$152.30
Exercisable, September 30, 2018	3,516	$152.30

7. Related party transactions

Goods and services:

The Company engages in buying and selling activity with a company jointly owned by one of the members. The Company incurred the following transactions with the related party during the nine months ended September 30, 2018 and 2017:

	September 30 2018	**September 30, 2017**
Purchases made from a company partially owned by a related party	$561,876	$1,454,528
Sales made to a company partially owned by a related party	$680,837	$2,353,681

As at September 30, 2018, the Company had $nil (December 31, 2017 - $558,443) included in trade receivables from the related party and $185,589 (December 31, 2017 - $597,022) included in trade payables to the same related party.

7. Related party transactions (continued)

Compensation of key management personnel:

		September 30, 2018	December 31, 2017
Management compensation	$	464,275	$828,282
Interest expense		63,737	106,957
Unit-based payments		141,046	171,773
	$	669,058	$1,107,012

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and management directors.

Unit-based payments are the fair value of units and profit interest awards granted and vested to key management personnel and directors of the Company under the Company's profits interest plan.

Loans with owners and key management of the Company

In order to fund the early operations of the Company, the owners and key management of the company agreed to defer their compensation for 2015 and 2016 (Note 5).

Prior to December 31, 2015, the Company entered into additional financing with a member for a $89,500 loan with 0% interest per annum in 2013. Additionally, another $80,000 was financed by the member at 5% interest. Accrued interest on the loan is cumulative as $24,588 at September 30, 2018 and $21,588 at December 31, 2017 and included in short-term notes due to related parties.

The Company entered into a financing arrangement with a member on November 17, 2015 for a $500,000 note ("principal balance"), that accrued interest through an escalator, 1% compounded annually until February 9, 2016, 5% until May 9, 2016, and 15% thereafter. As at December 31, 2017, all accrued interest has been paid and the principal balance has been paid in full.

Certain members of the Company assigned intellectual property and obtained a note payable of $250,000 on August 16, 2011 to the Company. The note carries no interest and is repayable on demand.

7. Related party transactions (continued)

The table below shows the schedule for related party loans:

	Related party loan #1	Related party loan #2	Related party loan #3	Accrued Interest	Related party loan, Total
Balance, December 31, 2016	$ 169,500	$ 375,000	$ 250,000	$ 73,517	$ 868,017
Proceeds	-	-	-	-	-
Repayments	-	(375,000)	-	(59,416)	(434,416)
Interest Expense	-	-	-	21,588	21,588
Balance, December 31, 2017	$ 169,500	$ -	$ 250,000	$ 35,689	$ 455,189
Cost					
Balance, December 31, 2017	$ 169,500	$ -	$ 250,000	$ 35,689	$ 455,189
Proceeds	-	-	-	-	-
Repayments	-	-	-	-	-
Interest Expense	-	-	-	3,000	3,000
Balance, September 30, 2018	$ 169,500	$ -	$ 250,000	$ 38,689	$ 458,189

8. Other short-term notes

On July 30, 2018, the Company entered into a $750,000 promissory note and security agreement with Slang Worldwide Inc ("Slang") which was amended and restated on September 25, 2018 (the "Loan"). The Loan has a 12% per annum interest rate, with interest accrued and added to the principal for the first 12 months, but not paid until the Maturity Date (as hereinafter defined). After July 30, 2019, the Company will be required to make interests payments on a monthly basis. The principal amount due under the Loan Agreement together with all outstanding interest, fees and expenses is required to be paid by the Company in full on the earliest of any of the following dates (the "Maturity Date") (i) July 30, 2020; (ii) an Insolvency Default (as such term is defined in the Loan); and (iii) upon demand from Slang following an Event of Default (as such term is defined in the Loan). For the three and nine months ended September 30, 2018, the Company recorded $15,065 in interest expense (September 30, 2017 – nil)

9. Financial risk management

The Company has exposure to the following risks from its use of financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial instruments and policies for managing these risks are detailed below.

Financial instruments measured at fair value are classified into one of the levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

At September 30, 2018, the Company's financial instruments consist of cash, trade receivables, trade payables, notes payable, and deferred compensation. The Company classifies its cash as FVTPL, trade receivables as loans and other receivables measured at amortized cost, and trade payables, notes payable and accrued liabilities as other financial liabilities measured at amortized cost. The fair value of cash is based on level 1 inputs of the fair value hierarchy. The Company is exposed to a variety of financial instrument related risks.

9. Financial risk management (continued)

If Level 2 inputs are available, such as implied valuations from follow-on financing rounds, third party sale negotiations, or market- based approaches, fair value is considered determinable. In cases where fair value is not reasonably determinable, cost may be the best estimate of fair value. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

	September 30, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Loans and receivables:				
Cash	$ 1,684,755	$ 1,684,755	$ 675,796	$ 675,796
Trade receivable	205	205	702,864	702,864
	1,684,960	1,684,960	1,378,660	1,378,660
Financial liabilities				
Other financial liabilities:				
Trade payables	$ 1,236,044	$ 1,236,044	$ 1,537,191	$1,537,191
Deferred compensation	697,652	697,652	725,954	725,954
Short-term notes	765,065	765,065	-	-
Short-term notes due to related parties	458,189	458,189	455,189	455,189
	3,156,950	3,156,950	2,718,334	2,718,334

Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents. The Company's cash is held at major US banks. The Company regularly monitors the credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss. The Company maintains accounts receivable with a limited number of large, credit-worthy customers, and seeks collection within 15 days of sale.

The Company's maximum exposure to credit risk is limited to the carrying amount of the financial assets as summarized below:

	September 30, 2018	December 31, 2017
Trade receivables, net	$ 205	$ 702,864

The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The loss allowance provision is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate.

9. **Financial risk management (continued)**

Credit Risk (continued)

	Current	Aged 1-30 days past due	Aged 31-60 days past due	Aged >60 days past due	Total
Expected loss rate	0.11%	0.11%	0.14%	0.15%	0.2%
Gross carrying amount	185	20	-	-	205
Loss allowance provision, end of year	0	0	-	-	0

Concentration risk

Concentration risk arises as a result of the concentration of financial assets with a company jointly owned by a related party. The table below is a summary of the trade receivables concentration risk by carrying value as a percentage of the total receivables and sales concentration risk as a percentage of total sales.

	Percentage of total	
	September 30, 2018	December 31, 2017
Trade receivables	-	79
Sales	28	42

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company typically settles its financial obligations out of cash. The ability to settle obligations with cash relies on the Company maintaining a positive operational cash flow and by maintaining sufficient cash in excess of anticipated needs. As at September 30, 2018 the Company had a cash balance of $1,684,755 (December 31, 2017, $675,796) and current liabilities of $3,156,950 (December 31, 2017, $2,718,334). All of the Company's liabilities are due within one year, other than notes payable to related parties which are only due upon acquisition by Slang (see note 12).

Interest rate risk

The Company is not subject to interest rate risk on future cash flows, as all of its instruments bear fixed rates of interest.

10. Capital management

Capital is comprised of the Company's shareholder's equity and any debt it may issue, other than trade payables in the normal course of operations. As at September 30, 2018, the Company's members deficit was $1,179,672 (December 31, 2017 $972,750) and liabilities other than accounts payable were

10. Capital management (continued)

$1,920,906 (December 31, 2017 $1,181,143). The Company's objective when managing capital is to safeguard its accumulated capital in order to provide adequate return to members by maintaining a sufficient level of funds, in order to support its ongoing activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size and early development stage of the Company, is reasonable.

The Company is dependent on existing and new revenue streams to fund its activities. The Company will spend its existing working capital on operations, development of new products, and raise additional amounts as needed. The Company is not subject to any externally imposed capital requirements. There have been no changes in the Company's approach to capital management during the period ended September 30, 2018

11. Commitments

The Company has no leases or other commitments.

12. Subsequent Events

The Company has evaluated subsequent events through January 17, 2019 which is the date the financial statements were available to be issued.

On November 29, 2018, the Company's unit holders entered into a Unit and Membership Interest Purchase Agreement ("Agreement") with Slang, where Slang agreed to purchase and the Company's unit holders agreed to sell all of their respective issued and outstanding membership interest and units in the Company. The consideration payable to the Company's units holders of $16,000,000, as adjusted in accordance with the Agreement, is to be paid in cash and common shares of Slang, and is payable by Slang on the Closing Date and Time, as such terms are defined in the Agreement.

SCHEDULE “C”
NCG FINANCIAL STATEMENTS AND MD&A

(see attached)

National Concessions Group, Inc.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2017

Dated January 17, 2019

NATIONAL CONCESSIONS GROUP, INC.

Management Discussion and Analysis

The following Management Discussion and Analysis ("**MD&A**") should be read in conjunction with the National Concessions Group, Inc. (the "**Company**" or the "**NCG**") consolidated financial statements and notes for the year ended December 31, 2017 (the "**Financial Statements**"). This MD&A was prepared with reference to the MD&A disclosure requirements set out by National Instrument 51-102 – *Continuous Disclosure Obligations*. The Financial Statements, together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. Results are reported in Canadian dollars, unless otherwise noted. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Information contained herein is presented as at January 17, 2019 unless otherwise indicated.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain information that may constitute "forward-looking information" and "forward-looking statements" which are based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", or "anticipate", "potential", "proposed", "estimate" 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 estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements included in this MD&A are made only as of the date of this MD&A. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- regulatory risks;
- changes in laws, regulations and guidelines;
- market risks;
- concentration risks;
- limited operating history; and
- competition risks.

Certain of the forward-looking statements and forward-looking information and other information contained herein concerning the cannabis industry and the general expectations of NCG concerning the cannabis industry and concerning NCG are based on estimates prepared by NCG using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which NCG believes to be reasonable. While NCG is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors and NCG has not independently verified such third-party information.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

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 MD&A under "Description of Business" as well as statements regarding the Company's objectives, plans and goals, including future operating results, and economic performance 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. See "Risk Factors" for further details. 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. Accordingly, readers should not place undue reliance on forward-looking statements contained in this MD&A. 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. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward looking statements, unless required by law.

Description of Business

The Company was incorporated on December 19, 2012 under the laws of the State of Colorado. The Company's head office and registered records office is located at 1058 Delaware St, Denver, CO 80204.

The Company's primary function is to sell hardware components, branding components, and marketing materials to licensees of its brand-related intellectual property. NCG does not manufacture or distribute products that contain cannabis.

The Company, NS Holdings, Inc. ("**NSH**") and Allied Concessions Group, Inc. ("**ACG**"), carry on business under the trademark "Organa Brands". NCG is also the sole owner of NCG Transport, LLC ("**NCGT**") which is an entity that has not yet begun business operations.

Significant and Subsequent Events

On August 30, 2016, the Company and Duby, LLC ("**Duby**") entered into a membership interest agreement, where the Company purchased 10% of Duby for USD $30,000. Duby is a social network in which cannabis enthusiasts post and share cannabis related photos. Currently this holding has been diluted to 2%.

On November 10, 2016, the Company and Peoria Partners, LLC ("**Peoria**") entered into an exclusive licensing and distribution deal, whereby the Company was granted an exclusive right to manufacture and distribute edible products using intellectual property owned by Peoria in exchange for fifty percent (50%) of net income arising from the sale of Peoria products.

On January 1, 2017, the Company entered into an asset purchase agreement with various vendors where the Company agreed to acquire substantially all of the assets related to "The Magic Buzz", including the Colorado Trade Name, the USPTO Trademark, and certain assumed liabilities (the "**Magic Buzz Assets**"). Pursuant to the asset purchase agreement, the aggregate purchase price for the Magic Buzz Assets was satisfied by: (i) a cash payment by the Company to the vendors of USD $31,000; and (ii) a promissory note issued by the Company to the seller in the original principal amount of USD $319,000 to be paid by January 1, 2020.

The consideration paid has been allocated to the net assets acquired based on their acquisition date fair values and the excess of the purchase price over the value of the net assets acquired has been recorded as goodwill. The acquisition was accounted for using the acquisition method of accounting under IFRS 3, Business Combinations, which requires that the Company recognize the identifiable assets acquired and the liabilities assumed at their fair values on the date of acquisition. As the Magic Buzz Assets were acquired on January 1, 2017, the operations of the acquired entity have been included in the Financial Statements. The purchase price and assets acquired by the Company pursuant to the asset purchase agreement are summarized below:

Purchase Price		
Cash	$	31,000
Note payable		319,000
		350,000

Assets acquired		
Trademark	$	39,000
Inventory	$	19,000
Equipment	$	20,460
Goodwill		271,540
		350,000

As part of the purchase price the Company provided a note payable in the amount of $319,000 which has a maturity date of January 1, 2020, with an option to extend the note for an additional year at a penalty cost of $5,000. Payments on the note are to be made monthly and are variable based on the total revenue made by the Company on the sales made which are associated with the Magic Buzz trademark acquired.

Operating results for the Magic Buzz Assets did not meet management expectations and the Company recognized a full impairment charge of $310,540 on its goodwill and intangibles in its statement of operations.

On April 28, 2017, the Company, ACG, NSH, and Organa Brands, LLC (the "**Grantors**") issued a USD$2 million convertible note payable to TC Colorado Holdings, LLC, Tuatara Capital Fund I, L.P., and Tuatara Capital Parallel Fund I, L.P. (collectively, "**Tuatara**"). The amount of the note was subsequently increased to a total of USD$4.5 million through a series of amendments on June 1, 2017 and December 1, 2017. On October 16, 2018, Tuatara acquired 918,992 shares of Series A Preferred stock in the Company by converting the USD$4.5 million note and agreed to acquire an additional 234,404 shares of Series A Preferred Stock in the Company for approximately USD$1.3 million. The Company plans to distribute the cash raised from this additional investment to the holders of common stock of the Company prior to closing the Slang Acquisition (as hereinafter defined). Accordingly, Tuatara is one of the holders party to the Slang Acquisition and will be selling all of their shares of the Series A Preferred stock to Slang (as hereinafter defined) thereunder. As part of this investment, Tuatara also acquired 966,833 shares of Series A Preferred stock in NSH for approximately $3.2 million and Tuatara will be a party to the option to acquire the outstanding securities of NSH for 49,500,000 common shares at a deemed price of $0.75 per share (the "**NSH Option**"). As part of the Tuatara investment, the Company and NSH also granted Tuatara a warrant to acquire additional shares of Series A Preferred Stock of the Company if the Slang Acquisition is not completed by January 24, 2018 and additional shares of Series A Preferred Stock of NSH if the NSH Option is not exercised and completed before October 3, 2022. Additionally, if the Slang

Acquisition is not completed by January 24, 2018 the Series A Preferred Stock will convert into shares of common voting stock.

On February 20, 2018, the Company and Fire Cannabis Inc. ("**Slang**") entered into a share exchange agreement, whereby the Company transferred 500,000 of the shares of Slang Organa Brands Inc., a Delaware corporation to Slang in exchange for the issuance by Slang to the Company of 3,000,000 common shares in the capital stock of Slang. The strategic relationship agreement between the Company, Slang and Slang Organa Brands Inc. dated February 20, 2018 governs the rights and obligations of the Company and Slang in relation to brand acquisitions and the distribution of Slang Organa Brands Inc.'s and Slang's products by the Company.

On March 20, 2018, the Company, NSH, ACG and Slang entered into a stock purchase agreement, whereby Slang purchased 339,930 shares of common stock of the Company, a warrant to purchase 339,930 shares of common stock of NSH and a warrant to purchase 327,601 shares of common stock of ACG (the "**Stock Purchase**"). The purchase price for the Stock Purchase consisted of USD $4,500,000 and 2,000,000 Slang common shares at a deemed price of CAD $0.75 per share.

On July 13, 2018, the shareholders of the Company, the Company, NSH and ACG entered into a letter of intent (the "**Slang LOI**") with Slang, which was subsequently amended on September 26, 2018. Pursuant to the terms of the Slang LOI, Slang will acquire 100% of the equity of the Company (the "**Slang Acquisition**"). The purchase price for the Slang Acquisition shall consist of USD $20,000,000 and 82,500,000 Slang common shares at a deemed price of CAD $0.75 per share. As at the date of this MD&A, the Slang Acquisition has not closed.

On October 3, 2018, Slang entered into a USD $1,500,000 promissory note and security agreement with the Company (the "**Loan**"). The Loan has an interest rate of 12% per annum, with interest accrued and payable on a monthly basis commencing October 31, 2018. The principal together with all outstanding interest, fees and expenses is required to be paid in full by the Company on the earliest of any of the following dates (the "**Maturity Date**"): (i) September 30, 2020; (ii) an Insolvency Default (as such term is defined in the Loan); and (iii) upon demand from Slang following an Event of Default (as such term is defined in the Loan).

The Company owns a 20% interest in Agripharm Corp. ("**Agripharm**"), a corporation incorporated under the laws of the Province of Ontario on July 17, 2013, and previously owned 100% by Canopy Growth Corporation ("**Canopy**"). On November 17, 2017, the Company, Canopy and Green House Holdings North America Inc. ("**Green House**", together with the Company and Canopy, the "**Agripharm Shareholders**") entered into a collaborative joint venture whereby Canopy transferred a 20% interest in Agripharm to the Company and a 40% interest to Green House. Canopy remains a 40% shareholder. On November 30, 2017, the Company received a 20% ownership share in Agripharm for the use of intellectual property(the "**IP**") (further described below), over a period of 30 years plus two 5 year renewal periods, valued at $15,083,520. The IP transferred was determined to have a 30 year life, and as such the $15,083,520 has been recorded as deferred revenue and will be amortized over the 30 year period.

In exchange for the transfer of Agripharm shares, NCG granted to Agripharm an exclusive, royalty-free license to use certain proprietary technology, trademarks, know-how and other intellectual property in connection with the production, sale, marketing and distribution of cannabis products solely within Canada. Concurrently, Agripharm sublicensed its rights under such license to Canopy.

Overall Performance

During the year ended December 31, 2017, the Company had net income of $184,319 (December 31, 2016: loss of $2,462,044). At December 31, 2017, the Company had a retained deficit of $1,838,097 (December 31, 2016 - $2,022,416). At December 31, 2017, the Company had $1,160,421 in shareholders' equity (December 31, 2016 - $1,498,102).

For the twelve months ended December 31, 2017, total assets were $24,901,925 (December 31, 2016: $5,014,191) and total liabilities were $23,741,504 (December 31, 2016: $3,516,089).

Revenue

For the year ended December 31, 2017, the Company generated revenues of $11,480,332 (December 31, 2016: $9,739,316). The increase in revenue of $1,741,016 in 2017 represented a 18% increase year-over-year. Sales are primarily to distributors and account for approximately 85% of sales for the fiscal years reported.

The table below sets out the revenue comparison in the fiscal years ended December 31, 2016 and 2017:

	2016	2017	Explanation of Change
Bakked	21,962	894,375	Dabaratus introduced
District Edibles		77,096	Introduced to the market
E-Comm Access & Cheap Glass	990,717	808,402	Decrease due to issues with CC processing
Grav Labs		25,215	Introduced to the market
Magic Buzz	82,310	135,684	Sales growth
O.penVape	8,439,394	9,489,407	Sales growth
Total Product	**9,534,382**	**11,430,179**	
Licensing	127,338	59,932	
Marketing	15,514	6,338	
Shipping	62,081	25,781	
Total Revenue	**9,739,315**	**11,480,332**	

Cost of Goods Sold

For the twelve months ended December 31, 2017, total cost of goods sold was $4,741,269 (December 31, 2016: $5,136,112). Year-over-year, cost of goods sold decreased by $394,843, and cost of goods sold as a percentage of revenue decreased from 53% in 2016 to 41% in 2017. The decrease in cost of sales as a percentage of revenue was primarily driven by the Company actively looking for ways to control direct costs. The Company obtained more favorable pricing from vendors, including volume discounts from select vendors, which lowered the overall costs of items purchased. Furthermore, The Company began outsourcing production, which resulted in reduced headcount and direct-labor expenses.

Operating Expenses

Operating expenses	2017	As % of Revenue	2016	As % of Revenue	YoY Change
Salaries, commissions and benefits	2,442,472	21%	2,460,010	25%	(17,538)
Professional fees	643,156	6%	714,796	7%	(71,640)
General and administrative	510,190	4%	834,518	9%	(324,328)
Marketing	469,908	4%	1,125,994	12%	(656,086)
Travel	358,299	3%	334,689	3%	23,610
Advertising	336,161	3%	600,919	6%	(264,758)
Office Supplies	290,160	3%	156,120	2%	134,040
Rent and parking	279,854	2%	359,620	4%	(79,766)
Depreciation and amortization	214,157	2%	116,928	1%	97,229
Systems and technology	193,895	2%	102,195	1%	91,700
Insurance	162,813	1%	89,237	1%	73,576
Bad debt expense	120,070	1%	64,292	1%	55,778
Total operating expense	6,021,135	52%	6,959,318	72%	(938,183)

For the twelve months ended December 31, 2017, total operating expenses were $6,021,135 (December 31, 2016: $6,959,317) reflecting a year-over-year decrease in expenses of $938,183.

Marketing expenses decreased by $656,086 year-over year, representing a decrease in marketing as a percentage of revenue from 12% for the twelve months ended December 31, 2016 to 4% in December 31, 2017. The decrease in marketing expenses was primarily driven by policy changes in the Company's 'marketing match' program, in which NCG reimbursed licensees a percentage of their total marketing expenditures in support of the Company's brands. In 2017, the reimbursement rate was reduced by half. Additionally, in 2016 NCG incurred a one-time cost of $220,000 related to third-party brand development services.

Salary, commissions, and benefits (the "**Employee-Related Expenses**") amounted to $2,442,472 for the twelve months ended December 31, 2017, representing a decrease of $17,538 from the prior year. As a percentage of revenue, Employee-Related Expenses decreased from 25% for the twelve months ended December 31, 2016 to 21% in 2017. The decrease in Employee-Related Expenses as a percentage of revenue reflects the Company's ability to drive increases in revenue while holding employee-related expenses flat.

Depreciation increased by $33,375 for capital assets and $63,854 for intangibles in the twelve months ended December 31, 2017 compared to the previous year, however, as a percentage of revenue, depreciation expense remained relatively flat.

Bad debt expenses increased by $55,778 from the previous year but remained consistent as a percentage of revenue. Overall the company has not seen an increase in credit risk year to year.

Professional fees decreased by $71,639 from 2016 to 2017. The decrease in professional fees was driven by a reduction in legal fees from litigation on matters that arose and were settled in 2016. No similar events occurred in 2017.

Rent and parking expenses decreased by $79,765 from 2016 to 2017. These decreases were as a result of a related party using the space in 2017 and the Company, ACG and NSH charging back a portion of the rent cost to their related party and therefore reducing the rent burden.

General and administrative expenses for the year ended December 31, 2017, amounted to $510,190, which represented a decrease of $324,328 compared to the prior year, and was a result of management taking efforts to manage costs and reduce unnecessary expenditures.

Liquidity

As at December 31, 2017, the Company had a working capital surplus of $1,002,672 (December 31, 2016: surplus of $2,143,643).

Cash used in operating activities during the year ended December 31, 2017, was ($2,368,575) (December 31, 2016: excess cash from operations of $120,133). Overall, there was a net inflow of $8,895 during 2017.

The Company's account receivables balance was $2,539,981 as of December 31, 2017, which represented an increase of $1,492,685 year-over-year. The increase in accounts receivables reflects both the Company's increase in sales towards the end of fiscal year 2017 and was due to the Company allowing certain related parties to repay their accounts receivable balances at a slower rate to support the growth of their operations.

The Company has historically relied on equity and debt financings to support growth initiatives. While sales have grown and the Company generates cash flow it is still in the growth stage and as a result requires additional funding.

Capital Resources

The Company constantly monitors and manages its capital resources to assess the liquidity necessary to fund operations and capacity expansion. As of December 31, 2017, the Company had a cash balance of $120,997 and current liabilities of $7,806,548. Although the Company's cash balance was lower than its liabilities, the Company had overall positive working capital with current assets of $8,809,220.

It is anticipated that upon the completion of the Slang Acquisition, the Company will have access to sufficient capital to increase sales which will enable it to satisfy its current short-term liabilities as well as near term growth plans. Funding requirements will continue to be monitored and sourced according to performance and operational needs of the Company.

Related Party Transactions

The Company routinely conducts business with its licensees ACG and CalVAPE, Inc. ("**CalVAPE**"). CalVAPE is a subsidiary of California OV, LLC which itself is a wholly-owned subsidiary of NSH. The three entities share common ownership and common management.

NCG has a licensing and distribution agreement (the "**Licensing and Distribution Agreement**") with California OV, LLC whereby NCG granted to California OV, LLC an exclusive license, solely in the State of California, to sell and distribute NCG's licensed products and packaging to government-licensed cannabis retailers and to use NCG's intellectually property associated therewith. This Licensing and Distribution Agreement was entered into on September 30, 2014 and remains in effect in perpetuity unless terminated on standard events of default or as a result of the liquidation or wind-up of California OV, LLC.

Concurrently upon entering into the Licensing and Distribution Agreement, California OV, LLC sublicensed the Licensing and Distribution Agreement, as was allowed by the terms of the agreement, to its subsidiary CalVAPE.

NCG's net product sales to ACG and CalVAPE for the year ended December 31, 2017 were approximately $4,665,000 (December 31, 2016: $4,128,000) and $811,000 (December 31, 2016: $1,352,000), respectively. For the twelve months ended December 31, 2017, ACG and CalVAPE

accounted for approximately 41% and 7% of NCG's net sales (December 31, 2016: 42% and 13%), respectively.

Balances due from related parties consist of the following;

		2017	2016
CalVAPE	$	770,150	167,081
ACG		3,011,630	906,531
Share subscription receivable		350,000	350,000
Other		37,387	65,906
Total	**$**	**4,169,168**	**1,489,518**

Balances due from related parties are unsecured, non-interest bearing and with no specific terms of repayment.

Balances due to related parties consist of the following;

		2017	2016
NSH	**$**	**88,750**	**-**

The balance due to NSH is non-interest bearing with no specific terms of repayment.

	December 31, 2017	December 31, 2016
Management and director compensation	1,756,816	1,337,184

Off-Balance Sheet Arrangements

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

Proposed Transactions

Apart from the proposed acquisitions set out under the heading "*Significant and Subsequent Events*", the Company has not considered any other proposed transactions.

Disclosure of Outstanding Share Data

Description	Authorized Capital of the Corporation	Outstanding as at the date of this MD&A
Common Shares	Unlimited	4,532,397
Series A Preferred Shares	Unlimited	1,153,396

Risks and Uncertainties

Overview

There are a number of risk factors that could cause future results to differ materially from those described herein. The following sets out the principal risks faced by the Company. Additional risks and uncertainties, including those that the Company does not know about or that it currently deems immaterial, could also adversely affect the Company's business and results of operations.

Key Personnel Risks. The Company's efforts are dependent on the skills of the founders and President. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, due to departure or other reasons, this could have a material adverse outcome on the Company and its securities. Key personnel employment contracts will be part of the closing of the Slang Acquisition. As the Company joins the Slang group, additional complementary resources will be available to partially mitigate these risks.

Regulatory Risks. The Company operates in a new industry, which is highly regulated and is in a market which is very competitive and evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Financing Risks. The Company is undercapitalized and requires funding to expand its product offering and to increase its market share. Other better capitalized companies in the market place have equal or better products. As such, funding is required to increase brand awareness and market share. The Slang Acquisition is a mitigating factor to ensure additional distribution channels and financial resources are available to promote the Company's product offering.

Commodity Price Risks. Cannabis and other herbal alternatives are part of a developing market, likely subject to volatile and possibly declining prices year over year, as a result of increased competition. Because cannabis is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. The Company operates in the sector not requiring regulatory approval or licensing. The company is "non-plant touching". As such the Company does not directly handle, process, manufacture, cultivate or distribute cannabis products. The Company's accessories are in support of the products the licensed operators produce.

Competitive Product Risks. The market is characterized by a growing number of new market entrants competing in the same product categories as the Company. As such there is considerable competition in the market place.

Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially

and adversely affect the business, financial condition and results of operations of the Company.

To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

To succeed in the marketplace the Company needs to differentiate itself, which it has done by offering products with superior and distinct branding as well as offering loyalty program offerings through a proprietary app.

Product Offering Risk. The Company competes in several product categories, across multiple price segments. As noted above, there are many competing products and as the market grows many new entrants will come into the market place. As such, the Company is exposed to a multitude of competitive forces.

Reliance on Offshore Suppliers. The extent of our supplier risk is largely political. Current tariffs on Chinese imports are passed on to licensees, but additional tariffs (which will also be passed on) could compress margins for licensees and hurt overall brand performance. The Company does not have supplier concentration issues as it has built in redundancy and backups in the supply chain. The Company has been working directly with Chinese suppliers since 2012 to ensure risk associated with supply and quality are minimized. To further mitigate risk the Company uses a large Chinese company for fulfillment and has not had any supply disruptions. Should there be a catastrophic event with our suppliers, for example, a total loss (fire or natural disaster) this could result in limited stock outs of up to eight (8) weeks and hurt brand and financial performance. The probability of this is considered low.

Brand Perception. Brands serviced by the Company are recognized for their superior quality and consistency. Any changes to the product components or branding could have a material adverse effect on the Company's sales, profitability and financial condition.

Intellectual Property. The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as could be enforcing these rights against unauthorized users.

In addition, other parties may claim that the Company's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages.

Sales and Distribution Risk. The Company sells packaging and product components directly to NSH licensees, therefore its business is materially impacted by the performance of third-parties, particularly their ability to market, sell, and distribute Organa Brands licensed products. The Company vets potential licensees extensively prior to entering into licensing arrangements.

Product Liability. Various product components (food-based ingredients) sold to NSH licensees are designed to be ingested by humans. The Company therefore faces an inherent risk of product liability claims, regulatory action, and litigation if its products are alleged to have caused significant harm or injury.

Product Recalls. Manufacturers and distributors of products are sometimes subject to recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of a recall and any legal proceedings that might arise in connection with a recall. The Company could lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all.

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 result in a decision against the Company, such a decision could adversely affect the Company's ability to continue operating or the value of its securities, and could use significant resources. Even if the Company is involved in litigation and wins, such litigation could redirect significant Company resources, including the time and attention of management and available working capital. Litigation could also create a negative perception of the Company's brand.

Financial Instruments & Other Instruments

The Company's financial instruments consist of cash, receivables, investments, accounts payable and accrued liabilities. Cash and investments are classified as fair value through profit or loss. Accounts receivables, accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost or amortized cost less any impairment losses related to accounts receivable. The fair value of cash, accounts payable and accrued liabilities are equal to their carrying value due to their short-term maturity. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of arms-length financial instruments approximates their carrying value due to the relatively short-term to maturity.

Critical accounting estimates

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statements of financial position date, could result in a material adjustment to the carry amounts of assets or liabilities. In the event that actual results differ from the assumptions made, relate to, but are not limited to the following:

I. Share-based compensation: The inputs used assessing the fair value of share based payments in the statements of comprehensive income and the inputs associated with the initial and subsequent valuation of options in the statement of equity. Key estimates and assumptions include; the rate of forfeitures of options granted the expected life of the option, the volatility of the value of the Company's common shares and the risk-free interest rate.

II. Intangible assets and impairment of long lived assets: Judgement involved in determining whether an intangible assets useful life is finite or indefinite. The inputs used in assessing the potential impairment of indefinite life intangibles, key estimates include; determination of Cash Generating Units, future cash flows and discount rates.

III. Estimated useful life and amortization of property, plant and equipment: Amortization of property, plant and equipment is dependent upon estimates of useful lives. Assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account key estimates such as economic and market conditions and the useful lives of assets.

Adoption of new and revised standards and interpretations

Adoption of IFRS 15 – Revenue from Contracts with Customers

As these are the Company's first reported financial statements, IFRS 15 – Revenue from Contracts with customers, was early adopted from inception.

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services.

Adoption of IFRS 9 – Financial Instruments: Classification and Measurement

As these are the Company's first reported financial statements, IFRS 9 was early adopted from inception.

IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

New accounting standards and interpretations not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's Financial Statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the Financial Statements to be material.

IFRS 16, 'Leases' - effective for annual periods beginning on or after January 1, 2019, adoption of IFRS 16 will result in substantially all lessee leases being recorded on the balance sheet as an asset with a corresponding liability with both current and long-term portions.

Other MD&A Requirements

The Company's President & Chief Executive Officer and independent accounting firm MNP LLP are

responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.

National Concessions Group, Inc.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2017 and 2016

(Expressed in US Dollars)

Independent Auditors' Report

To the Shareholders of National Concessions Group, Inc.:

We have audited the accompanying consolidated financial statements of National Concessions Group, Inc., which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of National Concessions Group, Inc. as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Toronto, Ontario
January 17, 2019

Chartered Professional Accountants
Licensed Public Accountants

National Concessions Group Inc.
Consolidated Statements of Financial Position
As at December 31, 2017 and December 31, 2016
(Expressed in US Dollars)

	Note	December 31, 2017	December 31, 2016	January 1, 2016
ASSETS				
Current assets				
Cash and cash equivalents		$ 120,997	$ 112,102	134,788
Accounts receivable, net	7,8	2,539,981	1,047,296	84,489
Inventory	6	1,478,972	1,050,152	1,426,918
Due from related parties	9	4,169,168	1,489,518	-
Prepaid and other current assets		500,102	530,509	264,501
		8,809,220	4,229,577	1,910,696
Non-current assets				
Property and equipment, net	4	225,630	297,968	280,208
Intangible assets, net	5	428,198	464,146	52,805
Investment in associate	11	15,311,822	-	-
Investments, at fair value	10	127,055	22,500	-
		$ 24,901,925	$ 5,014,191	2,243,709
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	7	$ 1,649,798	$ 1,230,189	1,119,452
Due to related parties	9	88,750	-	134,629
Deferred rent		13,327	47,619	-
Deferred revenue	12	561,312	-	-
Convertible debt	15	3,310,969	-	-
Derivative Liability	15	1,082,798	-	-
Current portion of note payable	3	35,548	-	-
Current portion of long term note payable	14	290,850	291,720	-
Revolving promissory note, net of debt discount	13	773,196	516,406	-
		7,806,548	2,085,934	1,254,081
Non-current liabilities				
Long term note payable	14	1,139,305	1,430,155	-
Deferred revenue	11	14,538,837	-	-
Note payable	3	256,814	-	-
		23,741,504	3,516,089	1,254,081
Shareholders' equity:				
Capital Stock	16	4,140,518	4,140,518	550,000
Treasury stock, at cost	16	(1,142,000)	(620,000)	-
Accumulated deficit		(1,838,097)	(2,022,416)	439,628
Total shareholders' equity		1,160,421	1,498,102	989,628
Total liabilities and shareholders' equity		$ 24,901,925	$ 5,014,191	2,243,709

Commitments (Note 18)
Subsequent events (Note 19)

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

National Concessions Group Inc.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended December 31, 2017 and December 31, 2016
(Expressed in US Dollars)

	Note		2017		2016
Revenue					
Sale of product	7	$	11,462,298	$	9,596,464
Licensing revenue			18,034		142,852
Total revenue			11,480,332		9,739,316
Cost of goods sold	6		4,741,269		5,136,112
Gross profit			6,739,063		4,603,204
Operating expenses					
Salaries, commissions and benefits			2,442,472		2,460,010
Professional fees			643,156		714,796
General and administrative			510,190		834,518
Marketing			469,908		1,125,994
Travel			358,299		334,689
Advertising			336,161		600,919
Office Supplies			290,160		156,120
Rent and parking			279,854		359,620
Depreciation and amortization	4,5		214,157		116,928
Systems and technology			193,895		102,195
Insurance			162,813		89,237
Bad debt expense			120,070		64,292
Total operating expense			6,021,135		6,959,318
Operating income (loss) before other income (expense)			717,928		(2,356,114)
Other income(expense)					
Interest expense			(537,144)		(154,662)
Accretion expense of convertible debt			(325,778)		-
Fair value adjustment of derivative liability			432,011		-
Goodwill and intangible asset impairment			(310,540)		-
Unrealized foreign exchange on investment			220,932		
Share of income (loss) on investment			7,370		
Other income (expense)			(20,460)		48,732
Total other income (expense)			(533,609)		(105,930)
Total comprehensive income (loss)		$	184,319	$	(2,462,044)
Basic and Diluted loss per share		$	0.04	$	(0.51)
Weighted average number of shares			4,190,493		4,844,630

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

National Concessions Group Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2017 and December 31, 2016
(Expressed in US Dollars)

	Common Stock		Treasury	Accumulated	Shareholders'
	Shares	Amount	Stock	Deficit	Equity
Balance, January 1, 2016	4,900,000	$ 550,000	$ -	$ 439,628	$ 989,628
Redemption of shares	(470,000)	-	(620,000)	-	(620,000)
Capital contribution from shareholders	-	3,590,518	-	-	3,590,518
Net loss	-	-	-	(2,462,044)	(2,462,044)
Balance, December 31, 2016	4,430,000	4,140,518	(620,000)	(2,022,416)	1,498,102
Net Loss	-	-	-	184,319	184,319
Redemption of shares	(470,000)	-	(522,000)	-	(522,000)
Balance, December 31, 2017	3,960,000	$ 4,140,518	$(1,142,000)	$ (1,838,097)	$ 1,160,421

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

National Concessions Group Inc.
Consolidated Statement of Cash Flows
For the year ended December 31, 2017 and December 31, 2016
(Expressed in US Dollars)

		2017		2016
Operating activities:				
Net loss for the year	$	184,319	$	(2,462,044)
Items not involving cash:				
Depreciation		214,157		116,928
Deferred rent		(34,292)		47,619
Impairment on investment		66,800		67,500
Bad debt expense		120,070		64,292
Accretion expense of convertible debt		325,778		-
Fair value adjustment of deriviative liability		(432,011)		-
Goodwill and intangible asset impairment		310,540		-
Accretion of discount on revolving promissory note		23,196		23,196
Unrealized foreign exchange gain on investment		(220,932)		
Share of income (loss) on investment		(7,370)		
Amortization of deferred IP revenue		(41,900)		
Changes in non-cash working capital:				-
Accounts receivable		(1,612,754)		(1,027,098)
Inventories		(409,820)		223,430
Prepaid and other current assets		30,407		(266,009)
Due from (to) related parties, net		(1,362,900)		3,068,246
Deferred revenue		58,528		-
Accounts payable		419,609		264,073
		(2,368,575)		120,133
Investing activities:				
Purchases of property and equipment		(10,923)		(85,657)
Purchases of intangible assets		(74,488)		(460,372)
Cash paid on acquisition of a business		(31,000)		-
Investments		(171,355)		(90,000)
		(287,766)		(636,029)
Financing activities:				
Proceeds from loans		2,983,594		750,000
Repayment of loans		(318,358)		(256,790)
		2,665,236		493,210
Net change in cash		8,895		(22,686)
Cash, beginning		112,102		134,788
Cash, ending	$	120,997	$	112,102
Supplemental disclosure of cash flow information:				
Cash paid for interest	$	(66,704)	$	154,662

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

1. Nature of Operations

National Concessions Group Inc. (the "Company" or "NCG") was incorporated under the laws of the State of Colorado on December 19, 2012. NCG was formed to manufacture and distribute portable vaporizer devices and accessories to selected distribution networks. NCG is the sole owner of NCG Transport, LLC (NCGT) an entity which was incorporated on May 18, 2015 and that has not yet begun operations.

The Company's head office and registered office is located at 1058 Delaware St, Denver, CO 80204.

2. Significant Accounting Policies

a) Statement of compliance

The Company's consolidated financial statements have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") as issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the years ended December 31, 2017 and 2016. These are the Company's first reported consolidated financial statements under IFRS and are subject to IFRS 1, first-time adoption of IFRS.

b) First-time adoption of IFRS

The Company and its subsidiary have not previously issued IFRS financial statements.

These consolidated financial statements were authorized for issuance by the Company's Board of Directors ("Board") on January 17, 2019.

c) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

d) Functional and presentation of foreign currency

The consolidated financial statements are presented in US dollars unless otherwise noted, which reflects the presentation and functional currency of the Company.

e) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, NCGT. All significant intercompany balances and transactions were eliminated on consolidation.

2. Significant Accounting Policies (continued)

f) Significant accounting judgments estimates and assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets or liabilities in the event that actual results differ from the assumptions made, relate to, but are not limited to the following:

I) Impairment of non-financial assets:

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the asset and a suitable discount rate in order to calculate present value. As at December 31, 2017 and December 31, 2016, management is not aware of any indicators of impairment of non-financial assets.

II) Estimated useful life and amortization of property, and equipment and intangible assets:

Amortization of property, and equipment and intangible assets is dependent upon estimates of useful lives.

g) Equipment

Equipment is measured at cost less accumulated amortization and impairment losses. Amortization is provided using the straight-line method over the following periods:

Computer equipment	2 years
Furniture and fixtures	10 years
Machinery and equipment	2-7 years

An asset's residual value, useful life and amortization method are reviewed at each financial year end and adjusted if appropriate. When parts of an item of property, and equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of the equipment and are recognized in profit or loss.

Amortization of property, and equipment is dependent upon estimates of useful lives. Assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account key estimates such as economic and market conditions and the useful lives of assets.

2. Significant Accounting Policies (continued)

h) Impairment of tangible and intangible assets other than goodwill

Long-lived assets, including property and equipment and finite life intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. Long-lived assets that are not amortized are subject to an annual impairment test or earlier if there is an indication that the asset may be impaired.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

i) Business combination and goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired, and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date allocated to the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

j) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity.

2. Significant Accounting Policies (continued)

k) Income taxes

NCG is an S-Corporation, and therefore has elected to pass corporate income, losses, deductions, and credits through to their shareholders for federal tax purposes. No provision for income taxes has been provided in the accompanying consolidated financial statements because as an S-Corporation management believes that the Company is not subject to income taxes, and, that such taxes are the responsibility of the individual shareholders. Its members are required to submit quarterly tax deposits based on the earnings of the S-Corporation. The Company accrues for and makes tax distributions so that its members may submit their appropriate tax payments.

l) Earnings per unit

The Company presents basic and diluted earnings per share data for its common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which comprise warrants and share options issued. Items with an anti-dilutive impact are excluded from the calculation.

m) Revenue recognition

To determine whether to recognize revenue, the Company follows a 5-step process:

1 Identifying the contract with a customer

2 Identifying the performance obligations

3 Determining the transaction price

4 Allocating the transaction price to the performance obligations

5 Recognizing revenue when/as performance obligations are satisfied.

The Company does not offer services for the goods it manufactures and distributes and therefore the Company's performance obligation is directly related to the sale of its manufactured products or the licensing of these products.

For product sales, revenue is recognized when the Company has shipped the product to customer, and control of the product has been transferred to the customer, per the agreed upon shipping terms. The Company recognizes licensing revenue when the underlying product has been sold by the licensee, and the Company is entitled to their related fee based on the terms in the licensee contract.

Contract obligations arise when the Company has received payments for goods not yet delivered to the customer based on the shipping terms.

2. Significant Accounting Policies (continued)

n) Investments at fair value

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category.

This category also contains equity investments. The Company accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in Duby Ltd. at FVOCI. Assets in the category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

o) Investment in Associates

The Company holds equity investments in associates. An associate is an entity over which the Company has significant influence and is neither a controlled subsidiary nor a jointly controlled entity. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies.

The Company accounts for equity investments using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and is subsequently increased or decreased to recognize the Company's share of earnings or losses of the associate, and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings or losses of associates are recognized through net income or loss during the year. Cash distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment in the associate.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the greater of its fair value less costs to sell and value in use (i.e. present value of its future cash flows). If the recoverable amount of an investment in an associate is less than its carrying amount, then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of the recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through net income or loss in the period in which the reversal occurs.

2. Significant Accounting Policies (continued)

p) Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a previous event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the expected future cash flows.

q) Intangible Assets Valuation

Intangible assets with definite useful lives consist of capitalization of actual costs of creating the intangible asset, before that asset is brought to public market. Capitalized costs included website development cost before the website went live to the public, and trademarks acquired in a business combination. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial reporting period. Intangible assets with definite useful lives will be amortized on a straight-line basis over their estimated useful lives. Website development costs are amortized over 5 years and trademarks over 15 years.

Subsequent expenditure on the maintenance of the website are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in the Statement of operations.

r) Development Costs

Research costs are expensed as incurred. Development costs are also expensed unless they meet specific criteria related to technical, market and financial feasibility, in which case they are deferred and amortized to operations using the straight-line method over the economic life of the product from the date of completion of the project.

s) New and revised IFRS in issue but not yet effective

In January 2016, the IASB issued IFRS 16, Leases, was issued in January 2016, and is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have also adopted IFRS 15. IFRS 16 provides a comprehensive model for the measurement, presentation and disclosure of leases and supersedes IAS 17, Leases. The adoption of IFRS 16 will result in substantially all lessee leases being recorded on the balance sheet as an asset with a corresponding liability with both current and long-term portions.

The Company is currently assessing the impact of this standard.

2. Significant Accounting Policies (continued)

t) Adoption of new and revised standards and interpretations

Adoption of IFRS 15 – Revenue from Contracts with Customers

As these are the Company's first reported financial statements, IFRS 15 – Revenue from Contracts with customers, was early adopted from inception.

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services.

This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

Adoption of IFRS 9 – Financial Instruments: Classification and Measurement

As these are the Company's first reported financial statements, IFRS 9 was early adopted from inception.

IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

2. Significant Accounting Policies (continued)

Financial assets at fair value through comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, and, in the case of a financial asset or financial liability not at FVTPL, inclusive of transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability.

Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

2. Significant Accounting Policies (continued)

Impairment - continued

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Summary of the Company's classification and measurements of financial assets and liabilities:

	IFRS 9	
	Classification	**Measurement**
Cash and cash equivalents	FVTPL	Fair value
Accounts receivable	Amortized cost	Amortized cost
Due from related parties	Amortized cost	Amortized cost
Investments at fair value	FVTPL	Fair value
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Long term note payable	Amortized cost	Amortized cost
Note payable	Amortized cost	Amortized cost
Revolving promissory note, net of debt discount	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost
Convertible debt	Amortized cost	Amortized cost
Derivative liability	FVTPL	Fair value

3. Acquisition of a business

On January 1, 2017 the Company acquired the assets of the corporation SC-GH Holdings, LLC, and certain trademarks and tradenames owned by Inspired Specialty Products, LLC and an individual. The corporation is engaged in the preparation, manufacture, assembly and creation of non-THC infused drinks, drink formulas, and recipes to be sold to producers and thereafter infused with THC. The trade name and trademark acquired was "The Magic Buzz".

The consideration paid has been allocated to the net assets acquired based on their acquisition date fair values and the excess of the purchase price over the value of the net assets acquired has been recorded as goodwill. The acquisition was accounted for using the acquisition method of accounting under IFRS 3, Business Combinations, which requires that the Company recognize the identifiable assets acquired and the liabilities assumed at their fair values on the date of acquisition. As the business was acquired on January 1, 2017 the operations of the acquired entity have been included in the consolidated financial statements for the full fiscal year.

3. Acquisition of a business (continued)

The transaction can be summarized as follows:

Purchase Price		
Cash	$	31,000
Note payable		319,000
		350,000

Assets acquired		
Trademark	$	39,000
Inventory	$	19,000
Equipment	$	20,460
Goodwill		271,540
		350,000

The excess purchase consideration over the net fair value of financial and other tangible and intangible assets acquired was allocated to goodwill. Goodwill is attributed to post-acquisition synergies. The goodwill is not deductible for tax purposes and any transaction costs incurred were expensed in the period.

As part of the purchase price the entity provided a note payable for $319,000 maturing January 1, 2020, with an option to extend the note for an additional year at a penalty cost of $5,000. Payments on the note are to be made monthly and are variable based on the total revenue made by the Company on the sales made associated with the trademark acquired.

The following transactions occurred on the note during the year:

	Note Payable
January 1, 2017	-
Proceeds from issuance	319,000
Repayment	(26,638)
	292,362
Less current portion	35,548
December 31, 2017	256,814

Operating results for the Magic Buzz would not meet management expectations and the Company recognized a full impairment charge of $310,540 on its goodwill and intangibles in its Statement of Operations.

The recoverable amount of the Magic Buzz CGU was determined based on a value in use calculation which uses cash flow projections based on financial budgets covering a five-year period and an after-tax weighted average cost of capital (WACC) discount rate of 26% to 29% (32.2% to 33.6% pre-tax WACC) per annum. The cash flows for the five-year period have been extrapolated using a steady 25% per annum growth rate.

4. Property and Equipment

The property and equipment consisted of:

	Furniture and fixtures	Machinery and equipment	Computers	Total Property & Equipment
Cost				
Balance, January 1, 2016	$128,498	$189,261	$29,651	$347,410
Additions	50,937	15,512	19,208	85,657
Balance, December 31 2016	179,435	204,773	48,859	433,067
Additions	500	29,368	1,515	31,383
Balance, December 31, 2017	$179,935	$234,141	$50,374	$464,450
Accumulated Deprecation				
Balance, January 1, 2016	$19,714	$37,662	$7,377	$64,753
Deprecation	13,844	37,021	19,481	70,346
Balance, December 31, 2016	33,558	74,683	26,858	135,099
Deprecation	17,847	68,687	17,187	103,721
Balance, December 31, 2017	$51,405	$143,370	$44,045	$238,820
Net carrying cost, December 31, 2016	**$145,877**	**$130,090**	**$22,001**	**$297,968**
Net carrying cost, December 31, 2017	**$128,530**	**$90,771**	**$6,329**	**$225,630**

5. Intangible Assets

Intangible assets consisted of:

	Software	Trademark	Total Intangibles
Cost			
Balance, January 1, 2016	$52,231	-	$52,231
Additions	460,372	-	460,372
Balance, December 31 2016	512,603	-	512,603
Additions	74,488	39,000	113,488
Impairment	-	(39,000)	(39,000)
Balance, December 31, 2017	$587,091	-	$587,091
Accumulated Amortization			
Balance, January 1, 2016	$1,875	-	$1,875
Amortization	46,582	-	46,582
Balance, December 31, 2016	48,457	-	48,457
Amortization	110,436	-	110,436
Balance, December 31, 2017	$158,893	-	$158,893
Net carrying cost, December 31, 2016	**$464,146**	**-**	**$464,146**
Net carrying cost, December 31, 2017	**$428,198**	**-**	**$428,198**

6. Inventory

The following comprise inventory:

Category	2017	2016
Batteries	91,141	181,742
Cartridges	420,402	254,867
Packaging	459,130	262,284
Finished Goods	251,004	295,152
Other	141,286	56,107
Inventory in-transit	116,009	-
Total	**1,478,972**	**1,050,152**

The Company classifies slow-moving inventory, not expected to be consumed or realized in cash in its normal operating cycle, as a non-current asset. Inventory is periodically reviewed for potential obsolescence, and the Company writes down inventory based on its assessment of market conditions. Management determined a reserve for obsolete inventory was not necessary at December 31, 2017 (2016 - $nil).

During the year, the total inventory expensed through cost of goods sold was $4,544,717 (2016 - $4,801,865).

7. Related party transactions

The Company routinely conducts business with Allied Concessions Group ("ACG") and California Open Vape (CalVAPE). ACG has common ownership and common management with NCG and CalVAPE had common ownership with NCG. All entities are separate entities due to the US marijuana regulation licensing requirements. ACG and CalVAPE operate labs that manufacture oil and packages and markets products to be sold to dispensaries. NCG provides all packaging and marketing materials for their operations. ACG products are sold in the State of Colorado, whereas CalVAPE products are sold in the state of California.

NCG's net product sales to ACG and CalVAPE for the year ended December 31, 2017 were approximately $4,665,000 (2016 - $4,128,000) and $811,000 (2016 – 1,352,000) respectively. ACG and CalVAPE accounted for approximately 41% (2016 - 42%) of NCG net sales, 40% and 7% respectively (2016 - 42% and 13%, respectively).

As of December 31, 2017, NCG held accounts receivable balances with ACG and CalVAPE for merchandise of approximately $544,131 (2016 - $593,739) and $1,422,364 (2016 - $125,940) respectively.

As of December 31, 2017, NCG held an accounts payable balance with ACG of approximately $101,129 (2016 – $nil). No accounts payable balances were held with CalVAPE.

The Company paid the following amounts for management and director compensation;

	December 31, 2017	December 31, 2016
Management and director compensation	1,756,816	1,337,184

8. Accounts receivables

Accounts receivables consist of the following;

	2017	2016
Trade	2,668,414	1,057,443
Expected credit losses	(128,433)	(10,147)
	2,539,981	**1,047,296**

The Company provides for expected credit losses ("ECLs") based on its assessment of probability of specific losses, estimates of future individual exposures and provisions based on historical experience.

The aging of receivables is as follows:

	2017	2016
Current	83,961	53,801
Aged 1-30 days past due	507,521	268,480
Aged 31-60 days past due	515,481	98
Aged 61-90 days past due	241,596	7,965
Aged >90 days past due	1,319,855	727,099
Expected credit losses	(128,433)	(10,147)
	2,539,981	1,047,296

9. Due from (to) Related Parties

Balances due from related parties consist of the following;

		2017	2016
CalVAPE	$	770,150	167,081
ACG		3,011,630	906,531
Share subscription receivable		350,000	350,000
Other		37,387	65,906
Total	**$**	**4,169,168**	**1,489,518**

Balances due from related parties are unsecured, non-interest bearing and with no specific terms of repayment. Refer to Note 7 for details on relationships.

Balances due to related parties consist of the following;

		2017	2016
NS Holdings, Inc.	**$**	**88,750**	**-**

Balance is non-interest bearing with no specific terms of repayment.

10. Investments

During the year ended December 31, 2017, the Company invested an additional $90,000 in Duby, Inc, ("Duby") bringing the total investment cost to $180,000. This investment represents a 2% membership interest in Duby. Duby provides a network for people to gain and share knowledge around their experiences. NCG invested in Duby for a strategic marketing purpose. Duby is a private company, no quoted market prices are available for its shares.

During the year ended December 31, 2017, the Company recognized an impairment loss of $66,800 (2016 - $67,500) on the Duby investment.

	Duby Investment
Cost	
Balance, January 1, 2016	$-
Cost of investment	90,000
Impairment	(67,500)
Balance, December 31 2016	22,500
Cost of investment	90,000
Impairment	(66,800)
Balance, December 31, 2017	**$45,700**

On November 30, 2017 the Company entered into a memorandum of understanding with various other parties that would allow the parties to expand business into Florida. Based on the agreement the Company was to provide initial funding of $81,355 to obtain Florida business licenses and up to an additional $159,000 to fund the operations of the new entity once it has been formed. The investment will give the Company a 26.5% ownership in the new entity once formed. As at December 31, 2017 the balance of this investment reflected only the initial funding of $81,355.

10. Investments (continued)

Summary of investment balances:

Investment	$
Duby	45,700
Florida expansion	81,355
Total Investments	**127,055**

11. Investment in Associate

On November 30, 2017 the Company received a 20% ownership share in Agripharm Corp. (Agripharm), a licensed producer located in Creemore, Ontario, for the use of intellectual property, over a period of 30 years plus two 5 year renewal periods, valued at $15,083,520. As such, the IP transferred has been recorded as deferred revenue and will be amortized over the 30 year period. During the year ended December 31, 2017 the Company recognized as license revenue $41,900 in the consolidated statement of operations and comprehensive loss, refer to note 12. The investment is accounted for under the equity method as an investment in associate. The following changes in the investment occurred during the year;

Investment	$
December 31, 2017	15,083,520
Foreign exchange gain	220,932
Share of income	7,370
December 31, 2018	**15,311,822**

12. Deferred Revenue

Deferred revenue can be summarized as follows:

Deferred revenue	$
Agripharm	15,041,621
Other	58,528
	15,100,149
Less current portion	561,312
Total deferred revenue	**14,538,837**

13. Revolving Promissory Note

In March 2016, the Company entered into a Revolving Promissory Note (the “Note”) providing for a borrowing amount of up to $773,196 with funds provided at a 97% discount rate. The Company drew the entire amount for inventory and equipment purchases. The Note had an 18% interest with a 6-month interest only period of $10,653 and 6 months principal and interest payments of $142,045 beginning in September 2016 with a maturity date of February 2017. The note is secured by a general security agreement over all current or future assets of the Company. In March 2017, the Company renewed its Note, and re-borrowed funds up to the $773,196 maximum at the same terms as the loan was initially let at in 2016, and due in February 2018. During the year, the Company did not make all scheduled debt repayments and as a result the revolving promissory note was in default. No penalties have been imposed on the Company as a result of the default and the whole balance of the loan is presented as current.

13. Revolving Promissory Note (continued)

	Revolving Promissory Note
March 24, 2016	773,196
Repayment	(256,790)
January 1, 2017	**516,406**
Proceeds from issuance	750,000
Repayment	(516,406)
Accretion of discount	23,196
December 31, 2017	**773,196**

During the year, the Company recognized interest and accretion expense on the note of $98,201 (2016 - $93,844).

14. Long Term Note payable

On November 18, 2016 the Company entered into a promissory note agreement for a total principal amount of $1,750,000. The note is unsecured, bears interest at 15% per annum and has a term of 60 months, with repayments made on a monthly basis. The note carries a pre-payment penalty, of 12% if the balance is repaid before the first anniversary of the note and 10% and 8% if the note is repaid before the second and third anniversaries, respectively. During the year, repayments of $291,720 were made on the note.

The future minimum principal repayments on the note are as follows;

2018	290,850
2019	337,605
2020	391,877
2021	409,823
	1,430,155
Less current portion	290,850
Note payable	**1,139,305**

All assets of NCG have been pledged as security for the above loan. During the year, the Company recognized interest expense on the note of $237,173 (2016 - $21,875).

15. Convertible Note

On April 28, 2017 the Company entered into a convertible promissory note agreement. The note carries an initial term of 180 days during which time the holder has the option to convert the note to preferred units. During the initial term, the note has an annual interest rate of 10.75%. The note can be converted to Series A Preferred shares at the conversion ratio of (Initial term balance)/ (Borrower Value + Initial Term Balance), whereas the initial term balance shall include principal and accrued interest, and the borrower value is based on a pre-money valuation of the Company. If the note is not converted within the initial term, the note will be extended for an 18 month period. During the extended term, the note has an annual interest rate of 12.75% with monthly repayments over the term of the note. During the extended term, the Company can prepay the remaining loan balance without penalty.

15. Convertible Note (continued)

On October 11, 2017 and subsequently December 1, 2017 the agreement was amended for the principal balance to be increase to $2,750,000 and $4,500,000 respectively. The terms of the amended agreement were consistent with the initial agreement except the initial 180 days period which was re-set at each amended agreement date.

Details of the Company's convertible note are as follows:

	Convertible Debt	Derivative liability
January 1, 2017	-	-
Proceeds from issuance	4,500,000	-
Allocation to derivative liability	(1,514,809)	1,514,809
Accretion expense	325,778	
Fair value adjustment	-	(432,011)
December 31, 2017	**3,310,969**	**1,082,798**

For the year ending December 31, 2017, total interest paid and expensed, related to the convertible note, was $183,594.

16. Share Capital

Authorized shares:

1,000,000 authorized shares

Shares issued and outstanding:

On November 18, 2016 the Company agreed to redeem 470,000 shares from one member for $620,000.

During the year ended December 31, 2016, capital contributions were made by existing members for a total of $3,590,518 in order to repay amounts owed to related parties, related through common ownership.

For the year ended December 31, 2016 there were 4,430,000 shares issued and outstanding.

On June 28, 2017 Company agreed to redeem 470,000 shares from one member for $522,000.

As at December 31, 2017 the Company had 3,960,000 shares issued and outstanding with a value of $4,140,518.

On February 5, 2018 there was a stock split of 1:100 and shares in the financial statements have been retrospectively adjusted for this amount.

17. Financial risk management

Financial instruments measured at fair value are classified into one of levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

At December 31, 2017, the Company's financial instruments consist of cash and cash equivalents, accounts receivables, investments, due from related parties, due to related parties, convertible debt, derivative liability, notes payable, and accounts payable and accrued liabilities. The fair values of cash, accounts receivable, due to related parties, due from related parties, and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term to maturity. The Company classifies its cash and investments, except of those in a joint venture, as FVTPL, convertible debt and notes payable as loans and receivables, and accounts payable and accrued liabilities and deferred rent as other financial liabilities. The fair value of cash is based on level 1 inputs of the fair value hierarchy, and the fair value of the derivative liability is based on level 3 inputs. The Company is exposed to a variety of financial instrument related risks.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation, resulting in financial loss to the Company. Such risks arise primarily from certain financial assets held by the Company consisting of accounts receivable. The Company's maximum exposure to credit risk is limited to the carrying amount of the financial assets, refer to note 8.

The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The loss allowance provision is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate. The provision matrix below shows the expected credit loss rate at each aging category of receivables.

	Gross Carrying Amount	Lifetime expected credit loss allowance	Expected loss rate
Current	83,961	82	0.00%
Aged 1-30 days past due	507,521	1,339	0.05%
Aged 31-60 days past due	515,481	1,503	0.06%
Aged 61-90 days past due	241,596	3,368	0.13%
Aged >90 days past due	1,319,855	122,141	4.58%
	2,668,414	128,433	4.81%

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company typically settles its financial obligations out of cash and occasionally will settle liabilities with the issuance of common shares. The ability to settle obligations with cash relies on the Company raising financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at December 31, 2017, the Company had a cash balance of $120,997 and excess working capital of $1,002,672.

16. Financial risk management (continued)

The Company has mitigated its liquidity risk by entering into additional capital transactions to provide funding after yearend, as well as expanding its product base to allow future growth and sales.

Interest rate risk

The Company is not subject to interest rate risk on future cash flows, as all of its instruments bear fixed rates of interest.

Capital management

Capital is comprised of the Company's shareholder's equity and any debt it may issue, other than trade payables in the normal course of operations. As at December 31, 2017, the Company's shareholders' equity was $1,160,421 and liabilities other than accounts payable were $22,091,706. The Company's objective when managing capital is to safeguard its accumulated capital in order to provide adequate return to shareholders by maintaining a sufficient level of funds, in order to support its ongoing activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size and early development stage of the Company, is reasonable.

The Company is dependent on external financing to fund its activities. The Company will spend its existing working capital on operations and raise additional amounts as needed. The Company is not subject to any externally imposed capital requirements. There have been no changes in the Company's approach to capital management during the year ended December 31, 2017.

18. Commitments

The Company leases office space and warehouse in Denver, Colorado. The office space lease expires February 2019, and management is reviewing the lease options along with the renewal option on the current lease. The office space is 7,026 square feet which offices the management team, operational support teams and sales team. Rent expense for these leases for the year ended December 31, 2017 was approximately $158,000 (2016 - $158,000).

Future minimum lease payments at December 31, 2017 are approximately as follows:

Year Ending		Total
2018		168,600
2019		14,100
Total	$	182,700

Approximately $98,000 of the rent commitment has been prepaid by the Company, which will be drawn on over the remaining term of the lease.

19. Subsequent events

The Company evaluated subsequent events from December 31, 2017 through January 17, 2019 and has determined there have been no subsequent events for which disclosure is required other than:

On February 5, 2018, the Company authorized an additional 6.5 million shares of common stock. Shareholders holding shares prior to December 31, 2014 (original shareholders), were granted a 100x multiplier on their shares.

On February 5, 2018, 107,530 and 41,506 shares were issued to two key management personnel for consideration of notes payable of $450,000 and $150,000 respectively. An additional 41,506 and 41,925 shares were issued to a third parties for as stock compensation for $150,000 and cash of $250,000.

On February 20, 2018, the Company and Fire Cannabis Inc. ("Slang") entered into a share exchange agreement, whereby the Company transferred 500,000 of the shares of Slang Organa Brands Inc., a Delaware corporation to Slang in exchange for the issuance by Slang to the Company of 3,000,000 common shares in the capital stock of Slang. The strategic relationship agreement between the Company, Slang and Slang Organa Brands Inc. dated February 20, 2018 governs the rights and obligations of the Company and Slang in relation to brand acquisitions and the distribution of Slang Organa Brands Inc.'s and Slang's products by the Company.

On March 20, 2018, the Company, NSH, ACG and Slang entered into a stock purchase agreement, whereby Slang purchased 339,930 shares of common stock of the Company, a warrant to purchase 339,930 shares of common stock of NSH and a warrant to purchase 327,601 shares of common stock of ACG (the "Stock Purchase"). The purchase price for the Stock Purchase consisted of USD $4,500,000 and 2,000,000 Slang common shares at a deemed price of CAD $0.75 per share.

On April 7, 2018, the Company bought out the employment contract of Ralph Morgan in the amount of $400,000. A cash payment of $250,000 along with reimbursable expenses of $13,818 were paid on April 9, 2018. A termed payment of $150,000 will be paid over the remaining 8 months of the year.

On July 13, 2018, the shareholders of the Company, the Company, NSH and ACG entered into a letter of intent (the "Slang LOI") with Slang, which was subsequently amended on September 26, 2018. Pursuant to the terms of the Slang LOI, Slang will acquire 100% of the equity of the Company (the "Slang Acquisition"). The purchase price for the Slang Acquisition shall consist of USD $20,000,000 and 82,500,000 Slang common shares at a deemed price of CAD $0.75 per share. As at the date of this MD&A, the Slang Acquisition has not closed.

On October 3, 2018, Fire Cannabis Inc. entered into a USD $1,500,000 promissory note and security agreement with the Company (the "Loan"). The Loan has an interest rate of 12% per annum, with interest accrued and payable on a monthly basis commencing October 31, 2018. The principal together with all outstanding interest, fees and expenses is required to be paid in full by the Company on the earliest of any of the following dates (the "Maturity Date"): (i) September 30, 2020; (ii) an Insolvency Default (as such term is defined in the Loan); and (iii) upon demand from Slang following an Event of Default (as such term is defined in the Loan).

On October 11, 2018 the Company authorized up to 9,500,000 shares, of which 2,000,000 would be preferred stock with a par value of $0.001, and 7,500,000 would be common stock with a par

value of $0.001. Subsequent to the authorization, the option on the convertible debt was exercised and the debt was converted to preferred shares.

National Concessions Group, Inc.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS FOR THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

Dated January 17, 2019

NATIONAL CONCESSIONS GROUP, INC.

Management Discussion and Analysis

The following Management Discussion and Analysis ("**MD&A**") should be read in conjunction with the National Concessions Group, Inc. (the "**Company**" or the "**NCG**") unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 and 2017 (the "**Financial Statements**"). This MD&A was prepared with reference to the MD&A disclosure requirements set out by National Instrument 51-102 – *Continuous Disclosure Obligations*. The Financial Statements, together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. Results are reported in Canadian dollars, unless otherwise noted. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Information contained herein is presented as at January 17, 2019, unless otherwise indicated.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain information that may constitute "forward-looking information" and "forward-looking statements" which are based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", or "anticipate", "potential", "proposed", "estimate" 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 estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements included in this MD&A are made only as of the date of this MD&A. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- regulatory risks;
- changes in laws, regulations and guidelines;
- market risks;
- concentration risks;
- limited operating history; and
- competition risks.

Certain of the forward-looking statements and forward-looking information and other information contained herein concerning the cannabis industry and the general expectations of NCG concerning the cannabis industry are based on estimates prepared by NCG using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which NCG believes to be reasonable. While NCG is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors and NCG has not independently verified such third-party information.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that forward-looking statements will prove to be accurate,

as actual results and future events could differ materially from those anticipated in such statements. 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 MD&A under "Description of Business" as well as statements regarding the Company's objectives, plans and goals, including future operating results, and economic performance 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. See "Risk Factors" for further details. 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. Accordingly, readers should not place undue reliance on forward-looking statements contained in this MD&A. 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. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward looking statements, unless required by law.

Description of Business

The Company was incorporated on December 19, 2012 under the laws of the State of Colorado. The Company's head office and registered records office is located at 1058 Delaware St, Denver, CO 80204.

The Company's primary function is to sell hardware components, branding components, and marketing materials to licensees of its brand-related intellectual property. NCG does not manufacture or distribute products that contain cannabis.

The Company, NS Holdings, Inc. ("**NSH**") and Allied Concessions Group, Inc. ("**ACG**"), carry on business under the trademark "Organa Brands". NCG is also the sole owner of NCG Transport, LLC ("**NCGT**") which is an entity that has not yet begun business operations.

Significant and Subsequent Events

On September 1, 2016, the Company and Duby, Inc. ("**Duby**") entered into a membership interest agreement, where the Company purchased 10% of Duby for USD $30,000. Duby is a social network in which cannabis enthusiasts post and share cannabis related photos. Currently this holding has been diluted to 2%.

On November 11, 2016, the Company and Peoria Partners, LLC ("**Peoria**") entered into an exclusive licensing and distribution deal, whereby the Company was granted an exclusive right to manufacture and distribute edible products using intellectual property owned by Peoria in exchange for sixty percent (60%) of the gross revenue arising from the sale of Peoria products.

On January 1, 2017, the Company entered into an asset purchase agreement with various vendors where the Company agreed to acquire substantially all of the assets related to "The Magic Buzz", including the Colorado Trade Name, the USPTO Trademark, and certain assumed liabilities (the "**Magic Buzz Assets**"). Pursuant to the asset purchase agreement, the aggregate purchase price for the Magic Buzz Assets was satisfied by: (i) a cash payment by the Company to the vendors of USD $31,000; and (ii) a promissory note issued by the Company to the seller in the original principal amount of USD $319,000 to be paid by January 1, 2020.

The consideration paid has been allocated to the net assets acquired based on their acquisition date fair values and the excess of the purchase price over the value of the net assets acquired has been recorded as goodwill. The acquisition was accounted for using the acquisition method of accounting under IFRS 3, Business Combinations, which requires that the Company recognize the identifiable assets acquired and the liabilities assumed at their fair values on the date of acquisition. As the Magic Buzz Assets were acquired on January 1, 2017, the operations of the acquired entity have been included in the Financial Statements. The purchase price and assets acquired by the Company pursuant to the asset purchase agreement are summarized below:

Purchase Price		
Cash	$	31,000
Note payable		319,000
		350,000

Assets acquired		
Trademark	$	39,000
Inventory		19,000
Equipment		20,460
Goodwill		271,540
		350,000

As part of the purchase price the Company provided a note payable in the amount of $319,000 which has a maturity date of January 1, 2020, with an option to extend the note for an additional year at a penalty cost of $5,000. Payments on the note are to be made monthly and are variable based on the total revenue made by the Company on the sales made which are associated with the Magic Buzz trademark acquired.

Operating results for the Magic Buzz Assets did not meet management expectations and the Company recognized a full impairment charge of $310,540 on its goodwill and intangibles in its statement of operations.

On April 28, 2017, the Company, ACG, NSH, and Organa Brands, LLC (the "**Grantors**") issued a USD$2 million convertible note payable to TC Colorado Holdings, LLC, Tuatara Capital Fund I, L.P., and Tuatara Capital Parallel Fund I, L.P. (collectively, "**Tuatara**"). The amount of the note was subsequently increased to a total of USD$4.5 million through a series of amendments on June 1, 2017 and December 1, 2017. On October 16, 2018, Tuatara acquired 918,992 shares of Series A Preferred stock in the Company by converting the USD$4.5 million note and agreed to acquire an additional 234,404 shares of Series A Preferred Stock in the Company for approximately USD$1.3 million. The Company plans to distribute the cash raised from this additional investment to the holders of common stock of the Company prior to closing the Slang Acquisition (as hereinafter defined). Accordingly, Tuatara is one of the holders party to the Slang Acquisition and will be selling all of their shares of the Series A Preferred stock to Slang (as hereinafter defined) thereunder. As part of this investment, Tuatara also acquired 966,833 shares of Series A Preferred stock in NSH for approximately $3.2 million and Tuatara will be a party to the option to acquire the outstanding securities of NSH for 49,500,000 common shares at a deemed price of $0.75 per share (the "**NSH Option**"). As part of the Tuatara investment, the Company and NSH also granted Tuatara a warrant to acquire additional shares of Series A Preferred Stock of the Company if the Slang Acquisition is not completed by January 24, 2019 and additional shares of Series A Preferred Stock of NSH if the NSH Option is not exercised and completed before October 3, 2022. Additionally, if the Slang

Acquisition is not completed by January 24, 2019 the Series A Preferred Stock will convert into shares of common voting stock.

On February 20, 2018, the Company and Fire Cannabis Inc. ("**Slang**") entered into a share exchange agreement, whereby the Company transferred 500,000 of the shares of Slang Organa Brands Inc., a Delaware corporation to Slang in exchange for the issuance by Slang to the Company of 3,000,000 common shares in the capital stock of Slang. The strategic relationship agreement between the Company, Slang and Slang Organa Brands Inc. dated February 20, 2018 governs the rights and obligations of the Company and Slang in relation to brand acquisitions and the distribution of Slang Organa Brands Inc.'s and Slang's products by the Company.

On March 20, 2018, the Company, NSH, ACG and Slang entered into a stock purchase agreement, whereby Slang purchased 339,930 shares of common stock of the Company, a warrant to purchase 339,930 shares of common stock of NSH and a warrant to purchase 327,601 shares of common stock of ACG (the "**Stock Purchase**"). The purchase price for the Stock Purchase consisted of USD $4,500,000 and 2,000,000 Slang common shares at a deemed price of CAD $0.75 per share.

On July 13, 2018, the shareholders of the Company, the Company, NSH and ACG entered into a letter of intent (the "**Slang LOI**") with Slang, which was subsequently amended on September 26, 2018. Pursuant to the terms of the Slang LOI, Slang will acquire 100% of the equity of the Company (the "**Slang Acquisition**"). The purchase price for the Slang Acquisition shall consist of USD $20,000,000 and 82,500,000 Slang common shares at a deemed price of CAD $0.75 per share. The purchase agreement was finalized on November 29, 2018.

On October 3, 2018, Slang entered into a USD $1,500,000 promissory note and security agreement with the Company (the "**Loan**"). The Loan has an interest rate of 12% per annum, with interest accrued and payable on a monthly basis commencing October 31, 2018. The principal together with all outstanding interest, fees and expenses is required to be paid in full by the Company on the earliest of any of the following dates (the "**Maturity Date**"): (i) September 30, 2020; (ii) an Insolvency Default (as such term is defined in the Loan); and (iii) upon demand from Slang following an Event of Default (as such term is defined in the Loan).

The Company owns a 20% interest in Agripharm Corp. ("**Agripharm**"), a corporation incorporated under the laws of the Province of Ontario on July 17, 2013, and previously owned 100% by Canopy Growth Corporation ("**Canopy**"). On November 17, 2017, the Company, Canopy and Green House Holdings North America Inc. ("**Green House**", together with the Company and Canopy, the "**Agripharm Shareholders**") entered into a collaborative joint venture whereby Canopy transferred a 20% interest in Agripharm to the Company and a 40% interest to Green House. Canopy remains a 40% shareholder. On November 30, 2017, the Company received a 20% ownership share in Agripharm for the use of intellectual property (the "**IP**") (further described below), over a period of 30 years plus two 5 year renewal periods, valued at $15,083,520. The IP transferred was determined to have a 30 year life, and as such the $15,083,520 has been recorded as deferred revenue and will be amortized over the 30 year period.

In exchange for the transfer of Agripharm shares, NCG granted to Agripharm an exclusive, royalty-free license to use certain proprietary technology, trademarks, know-how and other intellectual property in connection with the production, sale, marketing and distribution of cannabis products solely within Canada. Concurrently, Agripharm sublicensed its rights under such license to Canopy.

Overall Performance

For the nine months ended September 30 2018, the Company had a net income of $3,664,223 (September 30, 2017: $359,433) At September 30, 2018, the Company had an accumulated earnings of $1,826,126 (December 31, 2017 – deficit of $1,838,097). At September 30, 2018, the Company had $9,944,859 in shareholders' equity (December 31, 2017 - $1,160,421).

For the nine months ended September 30, 2018, total assets were $33,263,578 (December 31, 2017: $24,901,925) and total liabilities were $23,318,719 (December 31, 2017: $23,741,504).

During the nine months ended September 30, 2018, members drawings totaled $379,785 (December 31, 2017 – Nil).

Revenue

For the nine months ended September 30, 2018, the Company generated revenues of $11,699,259 (September 30, 2017: $8,820,455). The 33% increase in revenue in the comparable nine month periods was primarily due to a late 2017 product introduction in California and the Company utilizing a new distributor. A further breakdown of revenues is detailed below.

The table below sets out the revenue comparison in the periods ended September 30, 2018 and 2017:

	2018	2017	% Change	Comment
Bakked	481,061	624,390	-23%	Seeing stronger sales with other brands and reduction in this brand due to less market interest in the product
District Edibles	2,679,725	78	3446048%	New product introduced to the market
E-Comm Access & Cheap Glass	6,791	32,304	-79%	Moving away from this product line
Grav Labs	8,586	20,141	-57%	Moving away from this product line
Magic Buzz	62,209	57,461	8%	
O.penVape	7,705,622	8,000,394	-4%	
Organa Brands	34,796	47,467	-27%	
Pressies	93,240	-		New product introduced to the market
Total Product	**11,072,029**	**8,782,234**	26%	
Licensing revenue	521,775	11,250	4538%	Increase due to licensing services provided to Agripharm
Marketing revenue	72,318	1,059	6729%	
Shipping revenue	3,657	25,912	-86%	
Finance charges	29,480	-		
Total Revenue	**11,699,259**	**8,820,455**		

Cost of Goods Sold

For the nine months ended September 30, 2018, total cost of goods sold was $4,898,537 (September 30, 2017: $3,329,521). Year-over-year, cost of goods sold increased by $1,569,016, and cost of goods sold as a percentage of revenue increased from 38% in 2017 to 42% in 2018. Although there was a slight increase in cost of sales as a percentage of revenue, overall the margins have remained consistent between the periods.

	Nine Months ended September 30, 2018	As a % of Revenue	Nine Months ended September 30, 2017	As a % of Revenue
Operating expenses				
Salaries, commissions and benefits	2,131,237	18%	2,116,612	24%
Professional fees	832,741	7%	422,915	5%
General and administrative	437,538	4%	361,860	4%
Travel	196,226	2%	300,519	3%
Marketing	105,982	1%	329,168	4%
Advertising	78,540	1%	206,828	2%
Depreciation and amortization	188,739	2%	151,004	2%
Rent and Parking	112,072	1%	254,444	3%
Office Supplies	32,227	0%	235,134	3%
Systems and technology	65,050	1%	161,893	2%
Insurance	154,018	1%	93,097	1%
Bad debt expense (recovery)	(14,631)	0%	-	0%
Total operating expense	4,319,739		4,633,474	

For the nine months ended September 30, 2018, total operating expenses were $4,319,739 (September 30, 2017: $4,633,474) reflecting a year-over-year decrease in expenses of $313,735.

Marketing expenses decreased by $223,186 year-over year, representing a decrease in marketing as a percentage of revenue from 4% for the nine months ended September 30, 2017 to 1% in September 30, 2018. The decrease in marketing expenses was primarily driven by policy changes in the Company's 'marketing match' program, in which NCG reimbursed licensees a percentage of their total marketing expenditures in support of the Company's brands.

Salary, commissions, and benefits (the "**Employee-Related Expenses**") amounted to $2,131,237 for the nine months ended September 30, 2018 (September 30, 2017: $2,116,612), representing a increase of $14,625 from the prior year. As a percentage of revenue, Employee-Related Expenses decreased from 24% for the nine months ended September 30, 2017 to 18% in 2018. The decrease in Employee-Related Expenses as a percentage of revenue reflects the Company's ability to drive increases in revenue while holding employee-related expenses flat.

Depreciation increased by $37,735 for capital assets compared to the previous year, however, as a percentage of revenue, depreciation expense remained relatively flat, indicating that capital asset purchases are in line with the growth in revenue.

The Company was able to recover on customer balances previously provided for resulting in a bad debt recovery of $14,631. Overall the Company has not seen an increase in credit risk year to year.

Professional fees increased by $409,826 from 2017 to 2018. The increase in professional fees was driven by increased corporate activity as well as the Company engaging a professional public relations company in the period ending September 30, 2018.

Rent and parking expenses decreased by $142,372 from 2017 to 2018. These decreases were as a result of a related party using the space in 2017 and the Company, ACG and NSH charging back a portion of the rent cost to their related party and therefore reducing the rent burden.

General and administrative expenses for the nine months ended September 30, 2018, amounted to $437,538 (September 30, 2017: $361,860), which represented an increase of $75,678 compared to the prior period, however, as a percentage of revenue, the amount has remained consistent.

Liquidity

As at September 30, 2018, the Company had a working capital surplus of $6,737,055 (December 31, 2017: surplus of $1,002,672).

Cash used in operating activities during the nine months ended September 30, 2018, was $2,737,068 (September 30, 2017: $2,170,266). Overall, there was a net inflow of $52,451 during the nine month period ending September 30, 2018 which was consistent with the nine month period ending September 30, 2017.

The Company's account receivables balance was $4,271,316 as of September 30, 2018 as compared with $2,539,981 as of December 31, 2017, which represented an increase of $1,731,335 during the nine month period. The increase in accounts receivables reflects both the Company's increase in sales and was due to the Company allowing certain related parties to repay their accounts receivable balances at a slower rate to support the growth of their operations.

The Company historically has relied on vendor financings and debt financings to support growth initiatives. While sales have grown and the Company generates cash flow it is still in the growth stage and thus requires additional funding. Future growth initiatives and funding are anticipated to occur upon the completion of the sale of the Company to Slang. The sale to Slang was a direct result of its initiative to continue expanding and obtaining a source of funding for growth.

Capital Resources

The Company constantly monitors and manages its capital resources to assess the liquidity necessary to fund operations and capacity expansion. As of September 30, 2018, the Company had a cash balance of $173,448 (December 31, 2017: $120,997) and current liabilities of $7,862,784 (December 31, 2017: $7,806,548). Although the Company's cash balance was lower than its liabilities, the Company had overall positive working capital with current assets of $14,599,839.

It is anticipated that upon the completion of the Slang Acquisition, the Company will have access to sufficient capital to increase sales which will enable it to satisfy its current short-term liabilities as well as near term growth plans. Funding requirements will continue to be monitored and sourced according to performance and operational needs of the Company.

Related Party Transactions

The Company routinely conducts business with its licensees ACG and CalVAPE, Inc. ("**CalVAPE**") and GNT Oregon, LLC ("**GNT Oregon**"). CalVAPE is a subsidiary of California OV, LLC which itself is a wholly-owned subsidiary of NSH. ACG and GNT Oregon have common ownership and common management with NCG and CalVAPE had common ownership with NCG.

All entities are separate entities due to the US marijuana regulation licensing requirements. ACG, GNT Oregon and CalVAPE operate labs that manufacture oil and packages and markets products to be sold to dispensaries. NCG provides all packaging and marketing materials for their operations. ACG products are sold in the State of Colorado, whereas GNT Oregon's products are sold in the state of Oregon, and CalVAPE products are sold in the state of California.

NCG's net product sales to ACG, CalVAPE and GNT Oregon for the period ended September 30, 2018, were approximately $2,682,000, $3,054,000, and $327,000, respectively. ACG, CalVAPE and GNT Oregon accounted for approximately 23%, 26% and 3% of NCG net sales, respectively.

As of September 30, 2018, NCG held an accounts payable balance with ACG of approximately $nil (December 31, 2017 – $101,129). No accounts payable balances were held with GNT Oregon or CalVAPE.

Balances due from related parties consist of the following;

		September 30, 2018
CalVAPE	$	3,003,918
ACG		3,642,821
Due from shareholder		985,627
GNT Oregon		300,830
Other		91,705
Total	$	8,024,901

Balances due from related parties are unsecured, non-interest bearing and with no specific terms of repayment.

Balances due to related parties consist of the following:

		2018	2017
NS Holdings, Inc.	**$**	**170,947**	**88,750**

Balance is non-interest bearing with no specific terms of repayment.

	Year ended December 31, 2017	Year ended December 31, 2016	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Management and director compensation	1,756,816	1,337,184	592,929	598,997

Off-Balance Sheet Arrangements

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

Proposed Transactions

Apart from the proposed acquisitions set out under the heading "*Significant and Subsequent Events*", the Company has not considered any other proposed transactions.

Disclosure of Outstanding Share Data

Description	Authorized Capital of the Corporation	Outstanding as at the date of this MD&A
Common Shares	Unlimited	4,532,397
Series A Preferred Shares	Unlimited	1,153,396

Risks and Uncertainties

Overview

There are a number of risk factors that could cause future results to differ materially from those described herein. The following sets out the principal risks faced by the Company. Additional risks and uncertainties, including those that the Company does not know about or that it currently deems immaterial, could also adversely affect the Company's business and results of operations.

Key Personnel Risks. The Company's efforts are dependent on the skills of the founders and President. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, due to departure or other reasons, this could have a material adverse outcome on the Company and its securities. Key personnel employment contracts will be part of the closing of the Slang Acquisition. As the Company joins the Slang group, additional complementary resources will be available to partially mitigate these risks.

Regulatory Risks. The Company operates in a new industry, which is highly regulated and is in a market which is very competitive and evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Financing Risks. The Company is undercapitalized and requires funding to expand its product offering and to increase its market share. Other better capitalized companies in the market place have equal or better products. As such, funding is required to increase brand awareness and market share. The Slang Acquisition is a mitigating factor to ensure additional distribution channels and financial resources are available to promote the Company's product offering.

Commodity Price Risks. Cannabis and other herbal alternatives are part of a developing market, likely subject to volatile and possibly declining prices year over year, as a result of increased competition. Because cannabis is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. The Company operates in the sector not requiring regulatory approval or licensing. The company is "non-plant touching". As such the

Company does not directly handle, process, manufacture, cultivate or distribute cannabis products. The Company's accessories are in support of the products the licensed operators produce.

Competitive Product Risks. The market is characterized by a growing number of new market entrants competing in the same product categories as the Company. As such there is considerable competition in the market place.

Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Company.

To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

To succeed in the marketplace the Company needs to differentiate itself, which it has done by offering products with superior and distinct branding as well as offering loyalty program offerings through a proprietary app.

Product Offering Risk. The Company competes in several product categories, across multiple price segments. As noted above, there are many competing products and as the market grows many new entrants will come into the market place. As such, the Company is exposed to a multitude of competitive forces.

Reliance on Offshore Suppliers. The extent of our supplier risk is largely political. Current tariffs on Chinese imports are passed on to licensees, but additional tariffs (which will also be passed on) could compress margins for licensees and hurt overall brand performance. The Company does not have supplier concentration issues as it has built in redundancy and backups in the supply chain. The Company has been working directly with Chinese suppliers since 2012 to ensure risk associated with supply and quality are minimized. To further mitigate risk the Company uses a large Chinese company for fulfillment and has not had any supply disruptions. Should there be a catastrophic event with our suppliers, for example, a total loss (fire or natural disaster) this could result in limited stock outs of up to eight (8) weeks and hurt brand and financial performance. The probability of this is considered low.

Brand Perception. Brands serviced by the Company are recognized for their superior quality and consistency. Any changes to the product components or branding could have a material adverse effect on the Company's sales, profitability and financial condition.

Intellectual Property. The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as could be enforcing these rights against unauthorized users.

In addition, other parties may claim that the Company's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages.

Sales and Distribution Risk. The Company sells packaging and product components directly to NSH licensees, therefore its business is materially impacted by the performance of third-parties, particularly their ability to market, sell, and distribute Organa Brands licensed products. The Company vets potential licensees extensively prior to entering into licensing arrangements.

Product Liability. Various product components (food-based ingredients) sold to NSH licensees are designed to be ingested by humans. The Company therefore faces an inherent risk of product liability claims, regulatory action, and litigation if its products are alleged to have caused significant harm or injury.

Product Recalls. Manufacturers and distributors of products are sometimes subject to recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of a recall and any legal proceedings that might arise in connection with a recall. The Company could lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all.

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 result in a decision against the Company, such a decision could adversely affect the Company's ability to continue operating or the value of its securities, and could use significant resources. Even if the Company is involved in litigation and wins, such litigation could redirect significant Company resources, including the time and attention of management and available working capital. Litigation could also create a negative perception of the Company's brand.

Financial Instruments & Other Instruments

The Company's financial instruments consist of cash, receivables, investments, accounts payable and accrued liabilities. Cash and investments are classified as fair value through profit or loss. Accounts receivables classified as amortized cost, accounts payable and accrued liabilities classified as other financial assets or liabilities, are measured at amortized cost or amortized cost less any impairment losses related to accounts receivable. The fair value of cash, accounts payable and accrued liabilities are equal to their carrying value due to their short-term maturity. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of arms-length financial instruments approximates their carrying value due to the relatively short-term to maturity.

Critical accounting estimates

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statements of financial position date, could result in a material adjustment to the carry amounts of assets or liabilities. In the event that actual results differ from the

assumptions made, relate to, but are not limited to the following:

I. Share-based compensation: The inputs used assessing the fair value of share based payments in the statements of comprehensive income and the inputs associated with the initial and subsequent valuation of options in the statement of equity. Key estimates and assumptions include: the rate of forfeitures of options granted the expected life of the option, the volatility of the value of the Company's common shares and the risk-free interest rate.

II. Intangible assets and impairment of long lived assets: Judgement involved in determining whether an intangible assets useful life is finite or indefinite. The inputs used in assessing the potential impairment of indefinite life intangibles, key estimates include: determination of Cash Generating Units, future cash flows and discount rates.

III. Estimated useful life and amortization of property, plant and equipment: Amortization of property, plant and equipment is dependent upon estimates of useful lives. Assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account key estimates such as economic and market conditions and the useful lives of assets.

Adoption of new and revised standards and interpretations

Adoption of IFRS 15 – Revenue from Contracts with Customers

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services.

This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

Adoption of IFRS 9 – Financial Instruments: Classification and Measurement

IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

New accounting standards and interpretations not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's Financial Statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the Financial Statements to be material.

IFRS 16, ‘Leases’ - effective for annual periods beginning on or after January 1, 2019, adoption of IFRS 16 will result in substantially all lessee leases being recorded on the balance sheet as an asset with a corresponding liability with both current and long-term portions.

Other MD&A Requirements

The Company’s President & Chief Executive Officer and independent accounting firm MNP LLP are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.

National Concessions Group, Inc.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2018 and 2017

(Expressed in US Dollars)

National Concessions Group Inc.
Condensed Interim Consolidated Statement of Financial Position
As at September 30, 2018 and December 31, 2017
(Expressed in US Dollars)

	Note		(Unaudited) As at September 30, 2018	(Audited) As at December 31, 2017
ASSETS				
Current assets				
Cash and cash equivalents		$	173,448	120,997
Accounts receivable, net	8, 18		4,271,316	2,539,981
Inventory	6		1,808,841	1,478,972
Due from related parties	10		8,024,901	4,169,168
Prepaid and other current assets			321,333	500,102
			14,599,839	8,809,220
Non-current assets				
Property and equipment, net	4		1,167,542	225,630
Intangible assets, net	5		444,396	428,198
Investment in associate	12		14,329,149	15,311,822
Investments at fair value	11		2,722,652	127,055
		$	33,263,578	24,901,925
LIABILITIES AND MEMBERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities		$	2,358,334	1,649,798
Current portion of lease liability	9		66,350	-
Due to related parties	10		170,947	88,750
Deferred rent			5,222	13,327
Deferred revenue	13		502,784	561,312
Convertible debt	16		4,057,817	3,310,969
Derivative liability	16		-	1,082,798
Current portion of note payable	3		24,401	35,548
Current portion of long term note payable	15		325,255	290,850
Revolving promissory note, net of debt discount	14		351,674	773,196
			7,862,784	7,806,548
Non-current liabilities				
Long term lease liability	9		153,650	-
Long term note payable	15		890,876	1,139,305
Deferred revenue	13		14,161,749	14,538,837
Note payable	3		249,660	256,814
			23,318,719	23,741,504
Shareholders' equity:				
Shareholders capital	17		9,640,518	4,140,518
Treasury stock, 4,700 shares, at cost	17		(1,142,000)	(1,142,000)
Shareholder distributions			(379,785)	-
Retained earnings (accumulated deficit)			1,826,126	(1,838,097)
Total shareholders' equity			9,944,859	1,160,421
Total liabilities and shareholders' equity		$	33,263,578	24,901,925
Commitments (Note 19)				
Subsequent Events (Note 20)				

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

National Concessions Group Inc.

Unaudited Condensed Interim Consolidated Statement of Operations and Comprehensive Income/Loss

For the three and nine months ended September 30, 2018 and 2017
(Expressed in US Dollars)

	Note		Three Months ended September 30, 2018	Three Months ended September 30, 2017	Nine Months ended September 30, 2018	Nine Months ended September 30, 2017
Revenue						
Net sales	7	$	4,247,703	3,046,280	11,177,484	8,809,205
Licensing revenue			125,696	11,250	521,775	11,250
Total revenue			4,373,399	3,057,530	11,699,259	8,820,455
Cost of goods sold	6		1,740,708	1,723,684	4,898,537	3,329,521
Gross profit			2,632,691	1,333,846	6,800,722	5,490,934
Operating expenses						
Salaries, commissions and benefits			672,534	553,034	2,131,237	2,116,612
Professional fees			530,186	159,792	832,741	422,915
General and administrative			211,308	165,455	437,538	361,860
Travel			58,792	86,714	196,226	300,519
Marketing			48,564	72,066	105,982	329,168
Advertising			37,263	98,511	78,540	206,828
Depreciation and amortization	4,5		77,440	48,749	188,739	151,004
Rent and Parking			36,109	63,535	112,072	254,444
Office Supplies			10,383	38,536	32,227	235,134
Systems and technology			32,310	23,557	65,050	161,893
Insurance			65,819	25,723	154,018	93,097
Bad debt expense (recovery)			(29,603)	-	(14,631)	-
Total operating expense			1,751,105	1,335,672	4,319,739	4,633,474
Operating income (loss)			881,586	(1,826)	2,480,983	857,460
Other income (expense)						
Interest expense			(185,568)	(16,930)	(615,634)	(141,971)
Accretion expense of convertible debt			(269,533)	(63,595)	(746,848)	(63,595)
Stock based compensation expense			-	-	(150,000)	-
Fair value adjustment of deriviative liability	16		386,940	-	1,082,798	-
Gain on sale of investment	11		-	-	1,331,009	-
Fair value adjustment on investment	11		1,331,009		1,331,009	
Unrealized foreign exchange on investment			170,843	-	(543,879)	-
Share of income (loss) on investment			(186,996)	-	(505,215)	-
Other income			-	(315,606)	-	(292,461)
Total other income (expense)			1,246,695	(396,131)	1,183,240	(498,027)
Total comprehensive income (loss)		$	2,128,281	(397,957)	3,664,223	359,433

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

National Concessions Group Inc.

Unaudited Condensed Consolidated Statement of Changes in Shareholders' Equity

For the nine months ended September 30, 2018 and September 30, 2017
(Expressed in US Dollars)

	Shareholders' Equity		Treasury	Shareholders	Retained	Total
	Shares	Amount	Stock	Distribution	Earnings	Equity
Nine Months ended September 30, 2017						
Balance, December 31, 2016	4,430,000	$ 4,140,518	$ (620,000)	$ -	$ (2,022,416)	$ 1,498,102
Net Income	-	-	-	-	359,433	359,433
Redemption of shares	(470,000)	-	(522,000)	-	-	-
Balance, September 30, 2017	3,960,000	4,140,518	(1,142,000)	-	(1,662,983)	1,857,535
Nine Months ended September 30, 2018						
Balance, December 31, 2017	3,960,000	$ 4,140,518	$ (1,142,000)	$ -	$ (1,838,097)	$ 1,160,421
Net income	-	-	-	-	3,664,223	3,664,223
Issuance of capital stock	572,397	5,500,000	-	-	-	5,500,000
Shareholder distributions	-	-	-	(379,785)	-	(379,785)
Balance, September 30, 2018	4,532,397	9,640,518	(1,142,000)	(379,785)	1,826,126	9,944,859

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

National Concessions Group Inc.

Unaudited Condensed Consolidated Statement of Cash Flows

For the nine months ended September 30, 2018 and September 30, 2017
(Expressed in US Dollars)

For the period ended	Nine Months ended September 30, 2018	Nine Months ended September 30, 2017
Operating activities:		
Net income for the period	$ 3,664,223	$ 359,433
Items not involving cash:		
Depreciation and amortization	188,739	151,004
Deferred rent	(8,105)	-
Bad debt expense (recovery)	(14,631)	-
Accretion expense of convertible debt	746,848	63,595
Stock based compensation expense	150,000	-
Fair value adjustment of deriviative liability	(1,082,798)	-
Unrealized foreign exchange loss on investment	543,879	-
Share of income (loss) on investment	505,215	-
Gain on sale of investment	(1,331,009)	-
Fair value adjustment on investment	(1,331,009)	-
Changes in non-cash working capital:		
Accounts receivable	(1,716,704)	(905,754)
Inventory	(329,869)	(136,287)
Prepaid and other current assets	178,769	(154,690)
Deferred revenue	(435,616)	-
Due from (to) related parties, net	(3,173,536)	(2,794,008)
Accounts payable and accrued liabilities	708,536	1,246,441
	(2,737,068)	(2,170,266)
Investing activities:		
Purchases of property and equipment	(816,229)	(1,497)
Purchases of intangible assets	(110,620)	(61,998)
Investments	-	(90,000)
	(926,849)	(153,495)
Financing activities:		
Proceeds from loans	-	2,532,985
Repayment of loans	(653,847)	(157,269)
Shareholder distributions	(379,785)	-
Issue of share capital	4,750,000	-
	3,716,368	2,375,716
Net change in cash	52,451	51,955
Cash, beginning of the period	120,997	112,102
Cash, end of the period	$ 173,448	$ 164,057
Supplemental disclosure of cash flow information:		
Shares issued for debt	$ 600,000	$
Cash paid for interest	183,673	125,041

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

1. Nature of Operations

National Concessions Group Inc. (the "Company" or "NCG") was incorporated under the laws of the State of Colorado on December 19, 2012. NCG was formed to manufacture and distribute portable vaporizer devices and accessories to selected distribution networks. NCG is the sole owner of NCG Transport, LLC (NCGT) an entity which was incorporated on May 18, 2015 and that has not yet begun operations.

The Company's head office and registered office is located at 1058 Delaware St, Denver, CO 80204.

The condensed interim consolidated financial statements are as at and for the three and nine months ended September 30, 2018 and 2017.

2. Significant Accounting Policies

a) Statement of compliance

The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim financial reporting". These consolidated financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2017, which have been prepared in accordance with International Financial reporting standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations committee ("IFRIC").

The condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 and 2017 were approved and authorized for issue by the board of directors on January 17, 2019.

b) Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Functional and presentation of foreign currency

The consolidated financial statements are presented in US dollars unless otherwise noted, which reflects the presentation and functional currency of the Company.

d) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, NCGT. All significant intercompany balances and transactions were eliminated on consolidation.

2. Significant Accounting Policies (continued)

e) Significant accounting judgments estimates and assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last audited consolidated financial statements.

f) Revenue recognition

To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligations are satisfied.

The Company does not offer services for the goods it manufactures and distributes and therefore the Company's performance obligation is directly related to the sale of its manufactured products or the licensing of these products.

For product sales, revenue is recognized when the Company has shipped the product to the customer, and control of the product has been transferred to the customer, per the agreed upon shipping terms. The Company recognizes licensing revenue when the underlying product has been sold by the licensee, and the Company is entitled to their related fee based on the terms in the licensee contract.

Contract obligations arise when the Company has received payments for goods not yet delivered to the customer based on the shipping terms.

2. Significant Accounting Policies (continued)

g) Adoption of new and revised standards and interpretations

Adoption of IFRS 15 – Revenue from Contracts with Customers

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services.

Adoption of IFRS 9 – Financial Instruments: Classification and Measurement

IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Financial assets at fair value through comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income. All of the Company's equity investments are measured at fair value with changes in fair value presented in profit or loss, except for investments accounted for using the equity method.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, and, in the case of a financial asset or financial liability not at FVTPL, inclusive of transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability.

2. Significant Accounting Policies (continued)

Measurement continued

Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

2. Significant Accounting Policies (continued)

Impairment (continued)

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Summary of the Company's classification and measurements of financial assets and liabilities:

	IFRS 9	
	Classification	**Measurement**
Cash and cash equivalents	FVTPL	Fair value
Accounts receivable	Amortized cost	Amortized cost
Due from related parties	Amortized cost	Amortized cost
Investments at fair value	FVTPL	Fair value
Investment in associate	Cost	Equity method
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Long term note payable	Amortized cost	Amortized cost
Note payable	Amortized cost	Amortized cost
Revolving promissory note, net of debt discount	Amortized cost	Amortized cost
Lease liability	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost
Convertible debt	Amortized cost	Amortized cost
Derivative liability	FVTPL	Fair value

3. Acquisition of a business

On January 1, 2017 the Company acquired the assets of the corporation SC-GH Holdings, LLC, and certain trademarks and tradenames owned by Inspired Specialty Products, LLC and an individual. The corporation is engaged in the preparation, manufacture, assembly and creation of non-THC infused drinks, drink formulas, and recipes to be sold to producers and thereafter infused with THC. The trade name and trademark acquired was "The Magic Buzz".

The consideration paid has been allocated to the net assets acquired based on their acquisition date fair values and the excess of the purchase price over the value of the net assets acquired has been recorded as goodwill. The acquisition was accounted for using the acquisition method of accounting under IFRS 3, Business Combinations, which requires that the Company recognize the identifiable assets acquired and the liabilities assumed at their fair values on the date of acquisition. As the business was acquired on January 1, 2017 the operations of the acquired entity have been included in the consolidated financial statements for all periods presented.

3. Acquisition of a business (continued)

The transaction can be summarized as follows:

Purchase Price		
Cash	$	31,000
Note payable		319,000
		350,000

Assets acquired		
Trademark	$	39,000
Inventory		19,000
Equipment		20,460
Goodwill		271,540
		350,000

The excess purchase consideration over the net fair value of financial and other tangible and intangible assets acquired was allocated to goodwill. Goodwill is attributed to post-acquisition synergies. The goodwill is not deductible for tax purposes and any transaction costs incurred were expensed in the period.

As part of the purchase price the entity provided a note payable for $319,000 maturing January 1, 2020, with an option to extend the note for an additional year at a penalty cost of $5,000. Payments on the note are to be made monthly and are variable based on the total revenue made by the Company on the sales made associated with the trademark acquired.

The following transactions occurred on the note during the period:

	Note Payable
December 31, 2017	292,362
Repayment	(18,301)
	274,061
Less current portion	24,401
September 30, 2018	249,660

Operating results for the Magic Buzz would not meet management expectations and the Company recognized a full impairment charge of $310,540 on its goodwill and intangibles in its Statement of Operations in the year ended December 31, 2017.

The recoverable amount of the Magic Buzz CGU was determined based on a value in use calculation which uses cash flow projections based on financial budgets covering a five-year period and an after-tax weighted average cost of capital (WACC) discount rate of 26% to 29% (32.2% to 33.6% pre-tax WACC) per annum. The cash flows for the five-year period have been extrapolated using a steady 25% per annum growth rate.

4. Property and Equipment

The following table shows the movement in property and equipment:

	Furniture and fixtures	Machinery and equipment	Computers	Leasehold Improvements	Total Property & Equipment
Cost					
Balance, December 31, 2017	$179,935	$234,141	$50,374	$0	$464,450
Additions	2,153	982,088	20,934	31,054	$1,036,229
Balance, September 30, 2018	$182,088	$1,216,229	$71,308	$31,054	$1,500,679
Accumulated Amortization					
Balance, December 31, 2017	$51,405	$143,370	$44,045	$0	$238,820
Amortization	13,458	70,102	10,757	0	$94,317
Balance, September 30, 2018	$64,863	$213,472	$54,802	$0	$333,137
Net carrying cost, September 30, 2018	**$117,225**	**$1,002,757**	**$16,506**	**$31,054**	**$1,167,542**
Net carrying cost, December 31, 2017	**$128,530**	**$90,771**	**$6,329**	**$0**	**$225,630**

5. Intangible Assets

The following table shows the movement in intangible assets:

	Software	Total Intangibles
Cost		
Balance, December 31, 2017	$587,091	$587,091
Additions	110,620	110,620
Balance, September 30, 2018	$697,711	$697,711
Accumulated Amortization		
Balance, December 31, 2017	$158,893	$158,893
Amortization	94,422	94,422
Balance, September 30, 2018	$253,315	$253,315
Net carrying cost, September 30, 2018	**$444,396**	**$444,396**
Net carrying cost, December 31, 2017	**$428,198**	**$428,198**

6. Inventory

The following comprise inventory:

Category		September 30, 2018
Batteries	$	181,348
Cartridges		678,660
Packaging		679,633
Finished Goods		161,681
Other		107,519
Total	$	1,808,841

The Company classifies slow-moving inventory, not expected to be consumed or realized in cash in its normal operating cycle, as a non-current asset. Inventory is periodically reviewed for potential obsolescence, and the Company writes down inventory based on its assessment of market conditions. Management determined a reserve for obsolete inventory was not necessary at September 30, 2018 or December 31, 2017.

During the period, the total inventory expensed through cost of goods sold was $4,559,255 (December 31, 2017 - $4,544,717) excluding shipping and selling costs.

7. Related party transactions

The Company routinely conducts business with Allied Concessions Group ("ACG"), California Open Vape ("CalVAPE") and GNT Oregon ("GNT"). ACG and GNT have common ownership and common management with NCG and CalVAPE had common ownership with NCG. All entities are separate entities due to the US marijuana regulation licensing requirements. ACG, GNT and CalVAPE operate labs that manufacture oil and packages and markets products to be sold to dispensaries. NCG provides all packaging and marketing materials for their operations. ACG products are sold in the State of Colorado, whereas GNT's products are sold in the state of Oregon, and CalVAPE products are sold in the state of California.

NCG's net product sales to ACG, CalVAPE and GNT Oregon for the period ended September 30, 2018, were approximately $2,682,000, $3,054,000, and $327,000 respectively. ACG, CalVAPE and GNT accounted for approximately 23%, 26% and 3% of NCG net sales, respectively.

As of September 30, 2018, NCG held accounts receivable balances with ACG, CalVAPE, and GNT Oregon for merchandise of approximately $584,974 (December 31, 2017 - $544,131), $2,710,434 (December 31, 2017 - $1,422,364) and $417,519 (December 31, 2017 - $nil) respectively. These balances were included in accounts receivable.

As of September 30, 2018, NCG held an accounts payable balance with ACG of approximately $nil (December 31, 2017 – $101,129). No accounts payable balances were held with GNT or CalVAPE.

Total management and director compensation for the period amount to:

	Nine months ended September 30, 2018	Year ended December 31, 2017
Management and director compensation	592,929	669,124

8. Accounts receivables

Accounts receivables consist of the following;

	September 30, 2018	December 31, 2017
Trade	4,365,550	2,668,414
Expected credit losses	(94,234)	(128,433)
	4,271,316	2,539,981

The Company provides for ECLs based on its assessment of probability of specific losses, estimates of future individual exposures and provisions based on historical experience.

	September 30, 2018	December 31, 2017
Current	1,156,338	83,961
Aged 1-30 days past due	1,018,804	507,521
Aged 31-60 days past due	324,954	515,481
Aged 61-90 days past due	294,884	241,596
Aged >90 days past due	1,570,570	1,319,855
Expected credit losses	(94,234)	(128,433)
	4,271,316	2,539,981

9. Lease Liability

The Company financed the purchase of equipment under a finance lease. As of September 30, 2018 the amount payable under the lease was $220,000. As at September 30, 2018 the net carrying amount included in machinery and equipment was $220,000.

The future annual minimum payments due under finance lease obligations are as follows:

	Within 1 year	1 to 5 years	Total
September 30, 2018			
Future minimum lease payments	83,000	162,000	245,000
Finance charges	(16,650)	(8,350)	(25,000)
Present value of minimum lease payments	**66,350**	**153,650**	**220,000**

10. Due from (to) Related Parties

Balances due from related parties consist of the following;

		September 30, 2018	December 31, 2017
CalVAPE	$	3,003,918	770,150
ACG		3,642,821	3,011,630
Due from shareholder		985,627	-
GNT Oregon		300,830	350,000
Other		91,705	37,388
Total	$	8,024,901	4,169,168

10. Due from (to) Related Parties (continued)

Included in the balance with CalVAPE is an unsecured promissory note with a principal value of $1,106,473 which has an interest rate of 10% per annum, maturing on February 15, 2023, with repayments beginning in March 2018. As of September 30, 2018 no interest income has been recorded on the note as no interest or principal repayments have been received. As such, the full note balance has been presented as current. All other balances, including the remaining balance with CalVAPE are unsecured, non-interest bearing and with no specific terms of repayment. Refer to Note 7 for details on relationships.

Balances due to related parties consist of the following;

		September 30, 2018	December 31, 2017
NS Holdings, Inc.	$	170,947	88,750
Total	$	170,947	88,750

Balance is non-interest bearing with no specific terms of repayment.

11. Investments

During prior periods the Company invested a total of $180,000 in Duby, Inc, (“Duby”). This investment represents a 2% equity interest in Duby. Duby provides a network for people to gain and share knowledge around their experiences. NCG invested in Duby for a strategic marketing purpose. Duby is a private company, no quoted market prices are available for its shares. No additional investments were made in the period ended September 30, 2018.

During the year ended December 31, 2017, the Company recognized an impairment of $66,800 (2016 - $67,500) on the Duby investment. No additional impairment was recognized on the investment for the period ending September 30, 2018.

On November 30, 2017 the Company entered into a memorandum of understanding with various other parties that would allow the parties to expand business into Florida. Based on the agreement the Company was to provide initial funding of $81,355 to obtain Florida business licenses and up to an additional $159,000 to fund the operations of the new entity once it has been formed. The investment will give the Company a 26.5% ownership in the new entity once formed. As at September 30, 2018 the balance of this investment reflected only the initial funding of $81,355, as the Florida business is still waiting to obtain their licence.

During the period, the Company incorporated a new 100% owned subsidiary, Slang Organa Brands, Inc., (“SOB”). Subsequent to the incorporation of SOB, the Company sold 50% of its shares to Fire Cannabis Inc., (“Slang”) in exchange for 3,000,000 shares in Slang. At the time of the exchange SOB had not yet begun operations and as of September 30, 2018 the entity is not operational. As such, the fair value of SOB has been determined to be $nil. The shares in Slang have been valued using level 3 fair value inputs, and were initially valued at $0.44 per share and subsequently re-valued to $0.89 per share. The value at September 30, 2018 of $2,595,597 includes a period end foreign exchange loss of $66,421.

11. Investments (continued)

Summary of investment balances:

Investment	September 30, 2018	December 31, 2017
Duby	45,700	45,700
Florida expansion	81,355	81,355
Slang	2,595,597	-
Total Investments	**2,722,652**	**127,055**

12. Investment in Associate

On November 30, 2017 the Company received a 20% ownership share in Agripharm Corp. (Agripharm), a licensed producer located in Creemore, Ontario, for the use of intellectual property ("IP"), over a period of 30 years plus two 5 year renewal periods, valued on initial recognition at $15,083,520. As such, the IP transferred has been recorded as deferred revenue and will be amortized over the 30 year period. During the period ended September 30, 2018 the Company recognized as license revenue $377,088 (3 month period ended September 30, 2018 - $125,696) in the consolidated statement of operations and comprehensive income (loss), refer to note 13.

As at September 30, 2018 a foreign exchange loss was recognized on the investment as follows;

Investment	$
December 31, 2017	15,083,520
Foreign exchange gain	220,932
Share of income	7,370
December 31, 2017	**15,311,822**
Foreign exchange loss	(477,458)
Share of losses	(505,215)
September 30, 2018	**14,329,149**

13. Deferred Revenue

Deferred revenue can be summarized as follows:

	$
Agripharm	15,041,621
Other	58,528
December 31, 2017	**15,100,149**
Recognized as revenue	(435,616)
	14,664,533
Less current portion	502,784
Total deferred revenue	**14,161,749**

During the three month period ended September 30, 2018 total deferred revenue recognized as revenue was $125,696.

14. Revolving Promissory Note

In March 2016, the Company entered into a Revolving Promissory Note (the "Note") providing for a borrowing amount of up to $773,196 with funds provided at a 97% discount rate. The Company drew the entire amount for inventory and equipment purchases. The Note had an 18% interest with a 6-month interest only period of $10,653 and 6 months principal and interest payments of $142,045 beginning in September 2016 with a maturity date of February 2017. The note is secured by a general security agreement over all current or future assets of the Company. In March 2017, the Company renewed its Note, and re-borrowed funds up to the $773,196 maximum at the same terms as the loan was initially lent at in 2016, and due in February 2018. As of September 30, 2018 the Company had not made all of the scheduled repayments on the loan. No penalties have been imposed on the Company as a result of the default and the whole balance of the loan is presented as current. Subsequent to period end, the full loan balance was repaid without penalty.

	Revolving Promissory Note
January 1, 2017	**516,406**
Proceeds from issuance	750,000
Repayment	(516,406)
Accretion of discount	23,196
December 31, 2017	773,196
Repayment	(421,522)
September 30, 2018	**351,674**

During the period, the Company recognized interest and accretion expense on the note of $52,191 (December 31, 2017 - $98,201).

15. Long Term Note payable

On November 18, 2016 the Company entered into a promissory note agreement for a total principal amount of $1,750,000 with Anthony Frischknecht, a third party. The note is unsecured, bears interest at 15% per annum and has a term of 60 months, with repayments made on a monthly basis. The note carries a pre-payment penalty, of 12% if the balance is repaid before the first anniversary of the note and 10% and 8% if the note is repaid before the second and third anniversaries, respectively.

	Long-term borrowings
January 1, 2017	**1,721,875**
Repayment	(291,720)
December 31, 2017	1,430,155
Repayment	(214,024)
	1,216,131
Less current portion	325,255
September 30, 2018	**890,876**

15. Long Term Note Payable (continued)

The future minimum principal repayments on the note are as follows;

	$
2018	76,826
2019	337,605
2020	391,877
2021	409,823
	1,216,131
Less current portion	325,255
Long term note payable	**890,876**

All assets of NCG have been pledged as security for the above loan. During the period, the Company recognized interest expense on the note of $156,825 (December 31, 2017 - $237,173).

16. Convertible Note

On April 28, 2017 the Company entered into a convertible promissory note agreement with Tuatara Capital Parallel Fund I, L.P ('Tuatara'), a third party. The note carries an initial term of 180 days during which time the holder has the option to convert the note to preferred units. During the initial term, the note has an annual interest rate of 10.75%. The note can be converted to Series A Preferred shares at the conversion ratio of (Initial term balance)/ (Borrower Value + Initial Term Balance), whereas the initial term balance shall include principal and accrued interest, and the borrower value is based on a pre-money valuation of the Company. If the note is not converted, within the initial term the note will be extended for an 18 month period. During the extended term, the note has an annual interest rate of 12.75% with monthly repayments over the term of the note. During the extended term, the Company can prepay the remaining loan balance without penalty. On October 11, 2017 and subsequently December 1, 2017 the agreement was amended for the principal balance to be increase to $2,750,000 and $4,500,000 respectively. The terms of the amended agreement were consistent with the initial agreement except the initial 180 days period which was re-set at each amended agreement date.

Details of the Company's convertible note are as follows:

	Convertible Debt	**Derivative liability**
December 31, 2017	3,310,969	1,082,798
Accretion expense	746,848	-
Fair value adjustment	-	(1,082,798)
September 30, 2018	**4,057,817**	**-**

For the period ending September 30, 2018, total interest paid and expensed, related to the convertible note, was $390,320 (December 31, 2017 - $183,594). Prior to expiry of the conversion option, conversion was requested by the holder and was subsequently exercised after period end.

17. Share Capital

Authorized shares:

6,500,000 authorized shares

Shares issued and outstanding:

On February 5, 2018, the Company authorized up to 6.5 million shares of common stock. Shareholders holding shares prior to December 31, 2014 (original shareholders), were granted a 100x multiplier on their shares.

On February 5, 2018, 107,530 and 41,506 shares were issued to two key management personnel for consideration of notes payable of $450,000 and $150,000 respectively. An additional 41,506 and 41,925 shares were issued to a third parties for stock compensation of $150,000 and cash of $250,000.

On March 20, 2018, 339,930 shares were issued to a single party for cash of $4,500,000.

As at September 30, 2018 the Company had 4,532,397 shares issued and outstanding with a value of $9,640,518.

As at September 30, 2018 the Company had 940,000 treasury shares with a value of $1,142,000.

18. Financial risk management

Financial instruments measured at fair value are classified into one of levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

At September 30, 2018, the Company's financial instruments consist of cash and cash equivalents, accounts receivables, investments at fair value, investment in associate, due from related parties, due to related parties, lease liability, convertible debt, derivative liability, notes payable, and accounts payable and accrued liabilities. The fair values of cash, accounts receivable, due to related parties, due from related parties, and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term to maturity. The Company classifies its cash and investments at fair value, as FVTPL. Convertible debt, notes payable and accounts payable and accrued liabilities as other financial liabilities. The investment in associates are accounted for using the equity method. The fair value of cash is based on level 1 inputs of the fair value hierarchy, and the fair value of the derivative liability is based on level 3 inputs. The Company is exposed to a variety of financial instrument related risks.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation, resulting in financial loss to the Company. Such risks arise primarily from certain financial assets held by the Company consisting of accounts receivable. The Company's maximum exposure to credit risk is limited to the carrying amount of the financial assets, refer to note 8.

18. Financial risk management (continued)

The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The loss allowance provision is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate. The provision matrix below shows the expected credit loss rate at each aging category of receivables.

	Gross Carrying Amount	Lifetime expected credit loss allowance	Expected loss rate
Current	1,156,338	620	0.01%
Aged 1-30 days past due	1,018,804	3,141	0.07%
Aged 31-60 days past due	324,954	3,688	0.08%
Aged 61-90 days past due	294,884	3,902	0.09%
Aged >90 days past due	1,570,570	82,883	1.90%
	4,365,550	94,234	2.16%

The Company has large balances due from related parties as disclosed in note 10. The Company has common management with these related parties and can therefore require the entities to make repayments on demand and when cash becomes available. As such, management has assessed that there is no credit risk on these balances.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company typically settles its financial obligations out of cash and occasionally will settle liabilities with the issuance of common shares. The ability to settle obligations with cash relies on the Company raising financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at September 30, 2018, the Company had a cash balance of $173,448 and excess working capital of $6,737075. The Company has mitigated its liquidity risk by entering into additional capital transactions to provide funding after period end, as well as expanding its product base to allow future growth and sales. The capital transactions are projected to include a working capital injection of up to $20,000,000 over the next year which will help the Company in meeting current obligations as well as expand their product base. Finally, the Company has continued to demand repayment from related parties resulting in approximately $692,000 repaid on the related party balances, including accounts receivables balances, subsequent to period end.

Interest rate risk

The Company is not subject to interest rate risk on future cash flows, as all of its instruments bear fixed rates of interest.

Capital management

Capital is comprised of the Company's shareholder's equity and any debt it may issue, other than trade payables in the normal course of operations. As at September 30, 2018, the Company's shareholders' equity was $9,944,859 and liabilities other than accounts payable were $20,960,385. The Company's objective when managing capital is to safeguard its accumulated capital in order to provide adequate return to shareholders by maintaining a sufficient level of funds, in order to support its ongoing activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management

18. Financial risk management (continued)

Capital management (continued)

to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size and early development stage of the Company, is reasonable.

The Company is dependent on external financing to fund its activities. The Company will spend its existing working capital on operations and raise additional amounts as needed. The Company is not subject to any externally imposed capital requirements. There have been no changes in the Company's approach to capital management during the period ended September 30, 2018.

19. Commitments

The Company leases office space and a warehouse in Denver, Colorado. The office space lease expires February 2019, and management is reviewing the lease options along with the renewal option on the current lease. The office space is 7,026 square feet which offices the management team, operational support teams and sales team. Rent expense for these leases for the period ended September 30, 2018 was approximately $126,900 (December 31, 2017 - $158,000). The Company also had two equipment leases which have been capitalized in the financial statements. Both leases had a two year term, commencing June 2018. As of period end, no payments have been made on the lease obligations.

Future minimum lease payments at September 30, 2018 are approximately as follows:

Year Ending	Total
2018	75,300
2019	134,100
2020	92,000
Total	**301,400**

Approximately $56,000 of the rent commitment has been prepaid by the Company, which will be drawn on over the remaining term of the lease.

20. Subsequent events

The Company evaluated subsequent events from September 30, 2018 through January 17, 2019 and has determined there have been no subsequent events for which disclosure is required other than:

On October 3, 2018, Fire Cannabis Inc. entered into a USD $1,500,000 promissory note and security agreement with the Company (the "Loan"). The Loan has an interest rate of 12% per annum, with interest accrued and payable on a monthly basis commencing October 31, 2018. The principal together with all outstanding interest, fees and expenses is required to be paid in full by the Company on the earliest of any of the following dates (the "Maturity Date"): (i) September 30, 2020; (ii) an Insolvency Default (as such term is defined in the Loan); and (iii) upon demand from Slang following an Event of Default (as such term is defined in the Loan).

20. Subsequent Events (continued)

On October 11, 2018 the Company authorized up to 9,500,000 shares, of which 2,000,000 would be preferred stock with a par value of $0.001, and 7,500,000 would be common stock with a par value of $0.001. Subsequent to the authorization, the option on the convertible debt was exercised and the debt was converted to preferred shares.

On October 16, 2018, Tuatara acquired 918,992 shares of Series A Preferred stock in NCG by converting the USD$4.5 million note and agreed to acquire an additional 234,404 shares of Series A Preferred Stock in NCG for approximately USD$1.3 million.

On November 29, 2018, the Company's shareholders entered into a share purchase agreement with Slang Worldwide Inc. ("Slang") where Slang agreed to acquire 92.5% of the Company's equity (Slang acquired 7.5% of the Company's equity on March 20, 2018) ("NCG purchase") and Slang option to purchase 100% of the equity of Allied Concessions Group, Inc and NS Holdings Inc. The NCG purchase is to be satisfied with USD $20,000,000 cash and 65,000,000 common shares and 17,500,000 restricted shares of Slang.

SCHEDULE “D”
AUDIT COMMITTEE CHARTER

(See attached)

SLANG WORLDWIDE INC.

AUDIT COMMITTEE CHARTER

I. GENERAL

1. Mandate and Purpose of the Committee

The purpose of the Audit Committee (the "**Committee**") is to assist the board of directors (the "**Board**") of SLANG Worldwide Inc. (the "**Company**") in fulfilling its oversight responsibilities relating to:

(a) the integrity of the Company's financial statements;

(b) the Company's compliance with legal and regulatory requirements, as they relate to the Company's financial statements;

(c) the qualifications, independence and performance of the external auditor;

(d) internal controls and disclosure controls;

(e) the performance of the Company's internal audit function; and

(f) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

2. Authority of the Committee

(a) The Committee has the authority to:

(i) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(ii) set and pay the compensation for any advisors employed by the Committee; and

(iii) communicate directly with the internal and external auditors.

(b) The Committee has the authority to delegate to individual members or subcommittees of the Committee.

II. PROCEDURAL MATTERS

1. Composition

The Committee will be composed of a minimum of three members.

2. Member Qualifications

(a) Every Committee member must be a director of the Company.

(b) A majority of the members of the Committee must be "independent" as defined in NI 52-110.

(c) Every Committee member must be “financially literate” as defined in NI 52-110.

(d) At least one member of the Committee will have accounting or related financial management experience or expertise.

3. Member Appointment and Removal

Members of the Committee will hold office until the next annual meeting of the shareholders.

4. Committee Structure and Operations

(a) **Chair**

Each year, the Board will appoint one member of the Committee to act as Chair of the Committee. The Chair of the Committee may be removed at any time at the discretion of the Board. If, in any year, the Board does not appoint a Chair, the incumbent Chair will continue in office until a successor is appointed.

If the Chair of the Committee is absent from any meeting, the Committee will select one of the other members of the Committee to preside at that meeting.

(b) **Meetings**

The Chair of the Committee will be responsible for developing and setting the agenda for Committee meetings. The Chair, in consultation with the Committee members, will determine the schedule and frequency of the Committee meetings. However, the Committee will meet at least four times per year.

(c) **Notice**

(i) Notice of the time and place of every meeting will be given by email or by phone to each member of the Committee at least 24 hours before the time fixed for that meeting.

(ii) The external auditor of the Company will be given notice of every meeting of the Committee and, at the expense of the Company, will be entitled to attend and be heard at that meeting.

(iii) If requested by a member of the Committee, the external auditor will attend every meeting of the Committee held during the term of office of the external auditor.

(d) **Quorum**

A majority of the Committee will constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

(e) **Attendees**

The Committee may invite any of the directors, officers and employees of the Company and any advisors as it sees fit to attend meetings of the Committee.

During each meeting of the Committee, the Committee will meet with only Committee members present in person or by other permitted means.

(f) **Secretary**

Unless otherwise determined by resolution of the Board, the corporate secretary of the Company, or his or her nominee, will act as the Secretary to the Committee.

(g) **Records**

Minutes of meetings of the Committee will be recorded and maintained by the Secretary to the Committee and will be subsequently presented to the Committee for review and approval.

(h) **Liaison**

The Chief Financial Officer will act as management liaison with the Committee.

5. Committee and Charter Review

The Committee will conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter, in accordance with the process developed by the Board. The Committee will conduct that review and assessment in such manner as it deems appropriate and report the results to the Board.

The Committee will also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as any best practice guidelines recommended by regulators or an applicable stock exchange, and will recommend any required or desirable changes to the Board.

6. Reporting to the Board

The Committee will report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

III. RESPONSIBILITIES

1. Financial Reporting

(a) The Committee is responsible for reviewing and recommending approval to the Board of:

(i) the Company's financial statements, MD&A and annual and interim profit or loss news releases; and

(ii) prospectus type documents.

(b) The Committee is also responsible for:

(i) discussing with management and the external auditor the quality of generally accepted accounting principles ("**GAAP**"), not just the acceptability of GAAP;

(ii) discussing with management any significant variances between comparative reporting periods and across comparable business units;

(iii) in the course of discussion with management and the external auditor, identifying problems or areas of concern and ensuring those matters are satisfactorily resolved;

(iv) engaging the external auditor to perform a review of the interim financial reports and reviewing their findings, however, no formal report from the external auditor will be required;

(v) reviewing the financial statements of the Company's subsidiaries, as well as the consolidated financial statements and financial statements for the Company pension plans, joint ventures and the like;

(vi) requiring a representation letter from management similar to that provided by the external auditor; and

(vii) reviewing all financial information and earnings guidance provided to analysts and rating agencies.

2. External Auditor

(a) The Company's external auditor is required to report directly to the Committee.

(b) The Committee is responsible for recommending to the Board:

(i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and

(ii) the compensation of the external auditor.

(c) The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.

3. Relationship with the External Auditor

(a) The Committee is responsible for reviewing the proposed audit plan and the proposed audit fees (to ensure fee containment).

(b) The Committee is also responsible for:

(i) establishing effective communication processes with management and the external auditor so that it can objectively monitor the quality and effectiveness of the external auditor's relationship with management and the Committee;

(ii) receiving and reviewing regular reports from the external auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditors' final report;

(iii) reviewing, at least annually, a report from the external auditor on all relationships and engagements for non-audit services that may reasonably be thought to bear on the independence of the auditor;

(iv) meeting regularly in private with the external auditor; and

(v) receiving at least annually a report by the external auditor on the audit firm's internal quality control.

4. Accounting Policies

The Committee is responsible for:

(a) reviewing the Company's accounting policy note to ensure completeness and acceptability with GAAP as part of the approval of the financial statements;

(b) proactively discussing and reviewing the impact of proposed changes in accounting standards or securities policies or regulations;

(c) reviewing with management and the external auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;

(d) ensuring by discussion with management and the external auditor that the underlying accounting policies, disclosures and key estimates and judgments are considered to be the most appropriate in the circumstances (within the range of acceptable options and alternatives);

(e) discussing with management and the external auditor the clarity and completeness of the Company's financial disclosures made under continuous disclosure requirements; and

(f) reviewing benchmarks of the Company's accounting policies to those followed in its industry.

5. Risk and Uncertainty

(a) The Committee is responsible for reviewing, as part of its approval of the financial statements, uncertainty notes and disclosures.

(b) The Committee, in consultation with management, will identify the principal business risks and decide on the Company's "appetite" for risk. The Committee is responsible for reviewing related risk management policies and recommending those policies for

approval by the Board. The Committee is then responsible for communicating and assigning to the applicable Board committee those policies for implementation and ongoing monitoring.

(c) The Committee is responsible for requesting the external auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are being managed or controlled.

6. Controls and Control Deviations

(a) The Committee is responsible for reviewing:

(i) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and

(ii) major points contained in the auditor's management letter resulting from control evaluation and testing.

(b) The Committee is also responsible for:

(i) receiving reports from management when significant control deviations occur;

(ii) establishing a Company-wide culture that conveys basic values of ethical integrity as well as legal compliance and strong financial reporting and control;

(iii) reviewing plans of the internal and external auditors to ensure the combined evaluation and testing of control is comprehensive, well-coordinated, cost effective and appropriate to risks, business activities and changing circumstances;

(iv) participating in the review and appointment of key people involved in financial reporting (i.e., the Chief Financial Officer, the manager of internal audit, etc.);

(v) reviewing Chief Executive Officer and Chief Financial Officer certification matters including matters relating to disclosure controls and procedures;

(vi) reviewing annually a formal report prepared by management on the effectiveness of the Company's control systems;

(vii) reviewing fraud prevention policies and programs and monitoring their implementation; and

(viii) examining whether extension of its oversight of control systems into non-financial areas (e.g., operations) is appropriate.

7. Compliance with Laws and Regulations

(a) The Committee is responsible for discussing the Company's compliance with tax and financial reporting laws and regulations, if and when issues arise.

(b) The Committee is responsible for reviewing regular reports from management and others (e.g., internal and external auditors) concerning the Company's compliance with financial related laws and regulations, such as:

(i) tax and financial reporting laws and regulations;

(ii) legal withholdings requirements;

(iii) environmental protection laws; and

(iv) other matters for which directors face liability exposure.

(c) The Committee is responsible for providing input to and reviewing the Company's Code of Business Conduct and Ethics.

(d) The Committee is responsible for expanding its review to include a broader set of laws and regulations that must be complied with (e.g., compliance with privacy laws in electronic commerce systems).

(e) The Committee with other Board committees is responsible for annually reviewing reports from other Board committees on management's processes to ensure compliance with the Company's Code of Business Conduct and Ethics.

8. Relationship with the Internal Auditor

(a) The Committee is responsible for reviewing:

(i) the appointment of the internal auditor;

(ii) the internal auditor's terms of reference;

(iii) the overall scope of the internal audit;

(iv) the majority of reports issued by the internal auditor; and

(v) management's response to the internal auditor's reports.

(b) The Committee is responsible for approving the reporting relationship of the internal auditor to ensure appropriate segregation of duties is maintained and the internal auditor has direct access to the Committee.

(c) The Committee is responsible for ensuring that the internal auditor's involvement with financial reporting is coordinated with the activities of the external auditor.

(d) If no internal audit function exists, the Committee is responsible for regularly reviewing the need for such a function.

9. Other Responsibilities and Issues

(a) The Chair of the Committee is responsible for ensuring the information received by the Committee is responsive to important performance measures and to the key risks the Committee oversees.

(b) The Committee is responsible for the investigation of any matters that fall within the Committee's responsibilities and has the explicit authority to do so.

(c) The Committee is responsible for receiving and reviewing reports from the internal and external auditors on their review of the officer and senior executive expense accounts.

(d) The Committee is responsible for approving policies on political donations and commissions paid to suppliers or customers and for receiving reports from the internal and/or external auditors on their review of those donations and commissions.

(e) The Committee is responsible for reviewing and providing management with its views on funding matters, financing strategies, capital structure etc., as well as appropriate accounting and presentation issues related thereto.

10. Pre-Approval of Non-Audit Services

The Committee is responsible for pre-approving all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor.

11. Review of Public Disclosure

The Committee will review the following disclosures in advance of their public release by the Company:

(a) the Company's financial statements, MD&A and annual and interim profit or loss news releases;

(b) earnings guidance; and

(c) financial outlooks and future-oriented financial information;

The Committee is responsible for being satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and must periodically assess the adequacy of those procedures.

12. Submission Systems and Treatment of Complaints

The Committee is responsible for establishing procedures for:

(a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

13. Hiring Policies

The Committee is responsible for reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Slang Worldwide Inc., hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Slang Worldwide Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 17th day of January, 2019.

(signed) "Peter W.J. Miller"
Peter W. J. Miller
Chief Executive Officer and Promoter

(signed) "Kelly Ehler"
Kelly Ehler
Chief Financial Officer

(signed) "Chris Driessen"
Chris Driessen
Director

(signed) "William Levy"
William Levy
Director and Promoter

(signed) "Joel Leetzow"
Joel Leetzow
Promoter

(signed) "Keith Stein"
Keith Stein
Promoter

(signed) "Mario Boscarino"
Mario Boscarino
Promoter

(signed) "Mihalis Belantis"
Mihalis Belantis
Promoter