A copy of this preliminary prospectus has been filed with the securities regulatory authority in the Province of British Columbia but has not yet become final. Information contained in this preliminary prospectus may not be complete and may have to be amended.

No securities regulatory authority has expressed an opinion about any information contained herein and it is an offence to claim otherwise. This Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

These securities 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 (as such term is defined in Regulation S under the U.S. Securities Act) and may not be offered, sold or delivered, directly or indirectly, in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This prospectus does not constitute an offer to sell or solicitation of an offer to buy any of these securities in the United States. See "Plan of Distribution".

PRELIMINARY PROSPECTUS

Non-Offering Prospectus **October 24, 2018**

CANNARA BIOTECH INC.

(formerly Dunbar Capital Corp.)

$49,400

988,000 Common Shares on exercise or deemed exercise of 988,000 Special Warrants

This preliminary long form prospectus (the "**Prospectus**") is being filed with the securities regulatory authority in the Province of British Columbia to enable Cannara Biotech Inc. (formerly Dunbar Capital Corp.) ("**CannaraBC**", "**we**", "**us**", or "**our**") to become a reporting issuer under the applicable securities legislation in the Province of British Columbia.

No securities are being offered or sold pursuant to this Prospectus. This Prospectus qualifies for distribution (the "**Qualified Shares**") of the Company issuable for no additional consideration upon exercise or deemed exercise of 988,000 special warrants (the "**Special Warrants**") of the Company issued on August 29, 2018 at a price of $0.05 (the "Offering Price") per Special Warrant to purchasers in certain provinces of Canada on a non-brokered private placement basis pursuant to prospectus exemptions under applicable securities legislation and in jurisdictions outside of Canada in compliance with laws applicable to each subscriber, respectively (the "**Offering**"). See "*Plan of Distribution*".

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

	Price	Net Proceeds to the Company[(1)]
Per Special Warrant	$0.05	$0.05
Total	$49,400	$49,400

Notes:
(1) Before deducting the legal, accounting and administrative expenses of the Company in connection with the Offering.

Subject to the terms and conditions of the certificates representing the Special Warrants, each of the Special Warrants entitles the holder thereof to acquire, upon voluntary exercise prior to, or deemed exercise on, the Qualification Date (as defined below), one Qualified Share, subject to adjustment in certain circumstances, without payment of any additional consideration.

The Special Warrants will be deemed to be exercised on the date (the "**Qualification Date**") that is the earlier of (a) the date that is four months and a day following closing date of the Offering (the "**Deemed Exercise Date**"), and (b) the third business day following the date on which a receipt for the final prospectus of the Company qualifying the distribution of the Qualified Shares issuable on exercise of the Special Warrants (the "**Final Receipt**") has been issued, at which time each Special Warrant shall be automatically exercised for one Qualified Share, subject to adjustment in certain circumstances, without payment of any additional consideration and without further action on the part of the holder.

The Special Warrants were purchased by subscribers pursuant to private placement exemptions from the prospectus requirements in the Provinces of British Columbia and Ontario (the "**Qualifying Jurisdictions**") in compliance with laws applicable to each such subscriber, respectively. There is no market through which the Special Warrants may be sold and none is expected to develop. However, pursuant to the terms and conditions of the certificates representing the Special Warrants, the Special Warrants will be deemed to be exercised on the date the Final Receipt for this Prospectus is issued.

In the event that a holder of Special Warrants exercises such securities prior to the earlier of the Qualification Date and the date which is four months and one day after the original date of issuance of the Special Warrants, the Qualifying Shares issued upon exercise of such Special Warrants will be subject to statutory hold periods under applicable securities legislation and shall bear such legends as required by securities laws.

No additional proceeds will be received by the Company in connection with the issuance of the Qualified Shares upon exercise or deemed exercise of the Special Warrants.

CannaraBC, through its subsidiary, operates as an agricultural technology and services company and intends on providing these services to licensed cultivators of cannabis and/or other agricultural crops. Due to the nature of the Company's business, an investment in the Qualified Shares is speculative and involves a high degree of risk that should be considered by potential investors. An investment in the Qualified Shares should only be undertaken by those persons who can afford the total loss of their investment.

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 such securities acquired 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. See "*Risk Factors*" and "*Cautionary Note Regarding Forward-Looking Information*".

Concurrently with the filing of this Prospectus, the Company will list the common shares of the Company (the "**Common Shares**"), the Qualified Shares, all other Common Shares issuable as described in this Prospectus on the Canadian Securities Exchange (the "**Exchange**" or the "**CSE**"). As of the date hereof, the Company has not received conditional approval from the Exchange. The listing of the Common Shares on the CSE (the "**Listing**") will be subject to the Company fulfilling all of the listing requirements of the Exchange, which cannot be guaranteed.

As of the date of this Prospectus, the Company 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.

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

Prospective investors should rely only on the information contained in this Prospectus. Readers should assume that the information appearing in this Prospectus is accurate only as of its date, regardless of its time of delivery. The Company's business, financial condition, results of operations and prospects may have changed since that date.

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

Cannara Biotech Inc.
Suite 2050 – 1055 West Georgia Street
Vancouver, British Columbia
V6E 3P3

Phone: (604) 684-2181

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that relate to the Company's current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled "*Prospectus Summary", "Description of the Business", "Selected Financial Information and 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. The Company 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 Company's intention to complete the listing of the Common Shares on the CSE and all transactions related thereto;
- the Company's expectations regarding its revenue, expenses and operations;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's intention to grow its business and its operations;
- expectations with respect to the success of the Company's research and development concerning cannabis;
- expectations with respect to future production costs and capacity;
- the grant and impact of any license to conduct activities with cannabis or any amendments thereof;
- expectations with respect to the future growth of Company's anticipated medical and/or adult-use recreational cannabis products;
- the benefits, safety, efficacy, dosing and social acceptance of cannabis;
- beliefs and intentions regarding the ownership of material trademarks and domain names used in connection with the design, production, marketing, distribution and sale of our products;
- the Company's competitive position and the regulatory environment in which the Company operates;
- the Company's expectation that revenues derived from its operations will be sufficient to cover its expenses during 2018 and over the next twelve months;
- the Company's expected business objectives for the next twelve months;
- the Company's ability to obtain additional funds through the sale of equity or debt commitments; and
- the development of the Farnham Facility (as defined herein) and the respective costs and timing associated therewith.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward looking statements included in this Prospectus, the Company has made various material assumptions, including but not limited to (i) obtaining the necessary regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) general business and economic conditions; (iv) the Company's ability to successfully execute its plans and intentions; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Company's competitors; and (ix) that our current good relationships with our suppliers, service providers and other third parties will be maintained. 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, prospective purchasers of Common Shares should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "Risk Factors", which include:

- the Company is a development stage company with little operating history, and a history of losses and the Company cannot assure profitability;
- uncertainty about the Company's ability to continue as a going concern;
- Cannara has negative cash flow for the year ended August 31, 2018;
- the Company's actual financial position and results of operations may differ materially from the expectations of management;
- the Company expects to incur significant ongoing costs and obligations relating to its investment in infrastructure, growth, regulatory compliance and operations;
- there are factors which may prevent the Company from the realization of growth targets;
- the Company is subject to changes in Canadian laws, regulations and guidelines, which could adversely affect the Company's future business, financial condition and results of operations;
- there is no assurance that the Company will turn a profit or generate revenues;
- the Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business;
- the Company may be unable to adequately protect its proprietary and intellectual property rights;
- the Company may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against the Company relating to intellectual property rights;
- the Company may become subject to litigation, which may have a material adverse effect on the Company's reputation, business, results from operations and financial condition;
- the Company faces competition from other companies where it will conduct business that may have a higher capitalization, more experienced management or may be more mature as a business;
- if the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the cannabis market;
- there is no assurance that the Company will obtain and retain any relevant licenses and/or regulatory approvals;
- the size of the Company's target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data;
- the Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition;
- the Company will continue to sell securities for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders;
- the Company currently has insurance coverage; however, because the Company's business is ancillary to the cannabis industry, there are additional difficulties and complexities associated with such insurance coverage;

- the Company is currently reliant on a single location. Adverse changes affecting the Farnham Facility, development project could materially affect the Company's plans;
- the Company does not anticipate the ability to immediately diversify its business;
- the Company may face significant competition from other cannabis facilities;
- the Company will be reliant on information technology systems and may be subject to damaging cyberattacks;
- the Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest;
- in certain circumstances, the Company's reputation could be damaged;
- the Company is operating at a regulatory frontier. The cannabis industry is a new industry that may not succeed and, as a result of the Company's ancillary involvement in such industry, the Company's business may suffer;
- the Company may not be able to obtain all necessary licenses and permits or complete construction of its facilities timely, which could, among other things, delay or prevent the Company from becoming profitable;
- regulatory scrutiny of the Company's industry may negatively impact its ability to raise additional capital;
- the enforcement of relevant laws is a significant risk;
- the Company cannot assure you that a market will develop or exist for the Common Shares or what the market price of the Common Shares will be;
- the size of Company's target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data;
- trademark and patent protection may not be available for the intellectual property of the Company;
- The Company will be subject to additional regulatory burden resulting from its intended public listing on the CSE;
- the market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control;
- the Company is subject to uncertainty regarding Canadian legal and regulatory status and changes;
- the Company does not anticipate paying cash dividends;
- future sales of Common Shares by existing shareholders could reduce the market price of the Common Shares; and
- no guarantee on the use of available funds by the Company.

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. The assumptions referred to above and described in greater detail under "Risk Factors" should be considered carefully by readers.

The Company's forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this Prospectus (or as of the date they are otherwise stated to be made). Although the

Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. We do not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada.

All of the forward-looking statements contained in this Prospectus are expressly qualified by the foregoing cautionary statements. Investors should read this entire Prospectus and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment.

MARKET AND INDUSTRY DATA

This Prospectus includes market and industry data that has been obtained from third party sources, including industry publications. CannaraBC believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, CannaraBC has not independently verified any of the data from third party sources referred to in this Prospectus or ascertained the underlying economic assumptions relied upon by such sources.

Unless otherwise indicated, information contained in this Prospectus concerning the Company's industry and the markets in which it operates, including general expectations and market position, market opportunities and market share, is based on information from independent industry organizations, other third-party sources (including industry publications, surveys and forecasts) and management studies and estimates.

The Company's estimates are derived from publicly available information released by independent industry analysts and third-party sources as well as data from the Company's internal research, and knowledge of the Canadian cannabis market and economy, and include assumptions made by the Company which management believes to be reasonable based on their knowledge of the Company's industry and markets. The Company's internal research and assumptions have not been verified by any independent source, and it has not independently verified any third-party information. While the Company believes the market position, market opportunity and market share information included in this Prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of the Company's future performance and the future performance of the industry and markets in which it operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the heading "*Forward-Looking Statements*" and "*Risk Factors*".

CONVENTIONS

Certain terms used herein are defined in the "Glossary of Terms". Unless otherwise indicated, references to $ are to Canadian dollars and $USD are to U.S. dollars. All financial information with respect to CannaraBC have been presented in Canadian dollars in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee.

GLOSSARY OF TERMS

The following is a glossary of certain defined terms used throughout this Prospectus. This is not an exhaustive list of defined terms used in this Prospectus and additional terms are defined throughout. Terms and abbreviations used in the financial statements of CannaraBC and Cannara are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

"**$**" means Canadian dollars.

"**ACMPR**" means the Access to Cannabis for Medical Purposes Regulations (Canada) issued pursuant to the CDSA, which came into effect and replaced the MMPR as of August 24, 2016.

"**Affiliate**" means a company that is affiliated with another company as described below:

A company is an "Affiliate" of another company if:

(a) one of them is the subsidiary of the other; or

(b) each of them is controlled by the same Person;

A company is "controlled" by a Person if:

(a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company;

A Person beneficially owns securities that are beneficially owned by:

(a) a Company controlled by that Person, or

(b) an Affiliate of that Person, or

(c) an Affiliate of any Company controlled by that Person.

"**AmalCo**" means the entity resulting from the amalgamation between Cannara and SubCo pursuant to the Transaction.

"**AmalCo Shares**" means the common shares in the capital of AmalCo.

"**AmalCo Shareholders**" means the holders of AmalCo Shares.

"**Amalgamation Agreement**" has the meaning set forth under the heading "*Corporate Structure – Business Combination among CannaraBC, SubCo and Cannara*".

"**Applicable Securities Law**" means applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time.

"**Associate**" means when used to indicate a relationship with a person or company, means:

(a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;

(b) any partner of the person or company;

(c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity;

(d) in the case of a person, a relative of that person, including:

   (i) that person's spouse or child; or

   (ii) any relative of the person or of his spouse who has the same residence as that person; but

(e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

"**Audit Committee**" means the audit committee of the Resulting Issuer.

"**Audit Committee Charter**" means the Audit Committee's Charter, attached hereto as Schedule F.

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**BCAC**" means the *Business Corporations Act* (Canada).

"**Board**" or "**Board of Directors**" means the board of directors, or comparable corporate governing structure, of CannaraBC, Cannara or the Resulting Issuer, as applicable.

"**Business Day**" means a day other than Saturday, Sunday or a statutory holiday in British Columbia, Canada or London, United Kingdom.

"**cannabis**" has the meaning given to such term in the ACMPR.

"**Cannabis Act**" means Bill C-45 "An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts" (Canada), as amended from time to time and as the same may come into force.

"**Cannabis Extracts**" means, collectively, fresh cannabis, cannabis oil and cannabis resin as defined in the Section 56 Class Exemption to the CDSA for Licensed Producers under the ACMPR.

"**Cannara**" means Cannara Biotech Inc., a company existing under the CBCA.

"**Cannara Class A Shares**" means the Class A common shares in the capital of Cannara.

"**Cannara Class B Shares**" means the Class B non-voting common shares in the capital of Cannara.

"**Cannara Financial Statements**" means the audited financial statements of Cannara for the 191-day period from February 21, 2018 (date of incorporation) to August 31, 2018, together with the notes thereto and the auditors' report thereon, as applicable, attached hereto at Schedule C.

"**Cannara MD&A**" means the management's discussion and analysis of Cannara for the period ended August 31, 2018, attached hereto at Schedule D.

"**Cannara Option Plan**" has the meaning set forth under the heading "*Options to Purchase Securities – Cannara*".

"**Cannara Principal Shareholder**" means each of Javaa Private Equity Inc. and FV Pharma Inc.

"**Cannara Shares**" means collectively all Cannara Class A Shares and Cannara Class B Shares issued and outstanding.

"**Cannara Shareholders**" means the holders of Cannara Shares.

"**Cannara Subscription Receipts**" means 179,375,195 subscription receipts of Cannara issued pursuant to the Subscription Receipt Financing at a price of $0.18 per subscription receipt, each subscription receipt being automatically converted into one Cannara Class B Share upon the completion of a transaction which will result in the listing of Cannara's Common Shares or those of the Resulting Issuer on the TSXV or the CSE.

"**CannaraBC**" means Cannara Biotech Inc. (formerly named Dunbar Capital Corp.), a company existing under the BCBCA.

"**CannaraBC Financial Statements**" means the audited financial statements of CannaraBC for the period from October 19, 2017 (date of Incorporation) to August 31, 2018, together with the notes thereto and the auditors' report thereon, as applicable, attached hereto at Schedule A.

“**CannaraBC MD&A**” means the management’s discussion and analysis of CannaraBC for the period from October 19, 2017 (date of Incorporation) to August 31, 2018, attached hereto at Schedule B.

“**CannaraBC Principal Shareholder**” means each of Karan Thakur, Rob Kang and Hari Varshney.

“**CBCA**” means the *Canada Business Corporations Act*;

“**CBD**” means cannabidiol, a naturally occurring cannabinoid constituent of cannabis.

“**CDSA**” means the Controlled Drugs and Substances Act (Canada).

“**CEO**” means Chief Executive Officer.

“**CFO**” means Chief Financial Officer.

“**Common Shares**” means the common shares in the capital of CannaraBC or the Resulting Issuer, as applicable.

“**Company**” means CannaraBC, Cannara, the Resulting Issuer or all three, as the case may be.

“**company**” means, unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

“**Computershare**” means the transfer agent Computershare Investor Services Inc.

“**CSE**” or the “Exchange” means the Canadian Securities Exchange operated by the CNSX Markets Inc..

“**CSE Approval**” means conditional approval or acceptance of the CSE of the listing of the Common Shares on the CSE.

“**Escrow Agreement**” means the escrow agreement to be entered into on the date of the Final Prospectus, among the Company, the Transfer Agent and certain shareholders, pursuant to which 316,835,944 Common Shares will be held in escrow.

“**Escrow Shares**” means the 316,835,944 Common Shares that are held in escrow pursuant to the CSE Escrow Agreement.

“**Farnham Facility**” means the 625,000-square foot facility owned by Cannara and located in Farnham, Québec (see “*Description of the Business – Farnham Facility*”).

“**Final Prospectus**” means the (final) prospectus of CannaraBC, prepared in accordance with NI 41-101.

“**Final Receipt**” means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Final Prospectus in British Columbia.

“**Finder’s Warrants**” means share purchase warrants exercisable to acquire Common Shares and issued to certain finders.

“**FSD Pharma**” means FSD Pharma Inc., a company whose shares are listed on the CSE (CSE:HUGE).

“**FV Pharma**” means FV Pharma Inc., a wholly-owned subsidiary of FSD Pharma.

“**FV Pharma Quebec**” means FV Pharma Québec Inc., a wholly-owned subsidiary of FV Pharma.

“**FV Pharma Lease**” has the meaning set forth under the heading “*Description of the Business – Lease Agreements*”.

“**GAAP**” means generally accepted accounting principles in Canada.

“**Hemp Regulations**” means the Industrial Hemp Regulations (Canada) issued pursuant to the CDSA.

"**IFRS**" means the International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee.

"**IKEA**" means IKEA Distribution Services CA Inc.

"**IKEA Lease**" means the short term lease agreement dated May 3, 2018 between Olymbec and IKEA for the lease of space at the Farnham Facility.

"**Insider**" means:

(a) a director or senior officer of Cannara;

(b) a director or senior officer of Cannara that is an Insider or subsidiary of Cannara,

(c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding voting shares of Cannara; or

(d) Cannara itself if it holds any of its own securities.

"**License**" means the production license for which FV Pharma has applied under the ACMPR.

"**Licensed Producer**" has the meaning given to such term in the ACMPR.

"**LLP**" means a limited liability partnership for a private company in Canada.

"**Management Agreement**" means the management agreement dated June 15, 2018 between Cannara and Olymbec.

"**Marijuana**" has the meaning given to the term "marihuana" in the ACMPR.

"**MD&A**" means management discussion and analysis.

"**MMPR**" means the Marihuana for Medical Purposes Regulations (Canada) issued pursuant to the CDSA and replaced by the ACMPR as of August 24, 2016.

"**Named Executive Officer**" or "**NEO**" means:

(a) the CEO, or comparable position;

(b) the CFO, or comparable position;

(c) each of the issuer's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus, individually, exceeds CAD$150,000 per year; or

(d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the issuer at the end of the most recently completed financial year.

"**NI 41-101**" means National Instrument 41-101 – *General Prospectus Requirements*, of the Canadian Securities Administrators.

"**NI 45-102**" means National Instrument 45-102 – *Resale of Securities*, of the Canadian Securities Administrators.

"**NI 52-110**" means National Investment 52-110 – *Audit Committees*, of the Canadian Securities Administrators.

"**Offering**" means the non-brokered private placement of 988,000 Special Warrants at a price of $0.05 per Special Warrant for total gross proceeds of $49,400. Each Special Warrant entitles the holder to acquire, without further payment, one Qualified Share. The Special Warrants will be deemed to be converted on the day on which a receipt for a (final) prospectus has been issued by the securities regulatory authority in the Province of British Columbia.

"**Olymbec**" means Olymbec Development Inc.

"**Options**" means the options issued pursuant to the Option Plan.

"**Onyx**" means Onyx Hosting Inc.

"**Onyx Lease**" means the *Convention de bail* dated July 25, 2017 between Olymbec and Onyx for the lease of space at the Farnham Facility.

"**Option Plan**" means the Resulting Issuer's stock option plan. See "*Options to Purchase Securities – Resulting Issuer*".

"**Person**", unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"**Pooling Agreement**" has the meaning set forth under the heading "*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer – Pooling Agreements*".

"**Preliminary Prospectus**" means the (preliminary) prospectus of CannaraBC, prepared in accordance with NI 41-101.

"**Preliminary Receipt**" means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Preliminary Prospectus in British Columbia.

"**Principal Regulator**" means the British Columbia Securities Commission.

"**Promoter**" means (a) a person or company who, acting alone or in conjunction with one or more other persons, companies or a combination thereof, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of an issuer, or (b) a person or company who, in connection with the founding, organizing or substantial reorganizing of the business of an issuer, directly or indirectly, receives in consideration of services or property, or both services and property, 10% or more of any class of securities of the issuer or 10% or more of the proceeds from the sale of any class of securities of a particular issue, but a person or company who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a promoter within the meaning of this definition if such person or company does not otherwise take part in founding, organizing, or substantially reorganizing the business.

"**Prospectus**" means collectively, the Preliminary Prospectus and the Final Prospectus (including any Supplemental Material thereto).

"**Pro-Forma Financial Statements**" means the unaudited pro-forma consolidated financial statements of CannaraBC as at August 31, 2018, together with the notes thereto, attached hereto as Schedule E.

"**Qualification Date**" means the date the Special Warrants are deemed to be exercised, which is Deemed Exercise Date or the third business day following the date on which Final Receipt is received.

"**Qualifying Jurisdictions**" means the Provinces of Alberta, British Columbia, Manitoba and Ontario.

"**Qualified Shares**" means the 988,000 Common Shares of the Company issued on exercise or deemed exercise of the Special Warrants, qualified under this Prospectus.

"**Regulation S**" means Regulation S promulgated under the U.S. Securities Act.

"**Resulting Issuer**" means CannaraBC after closing the Transaction.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators.

"**Shareholders**" means the holders of Common Shares.

"**Special Warrant**" means a special warrant issued by the Company entitling the holder the right to acquire, without additional payment, one Qualified Share for each Special Warrant held, the issuance of the Qualified Shares are qualified under this Prospectus.

"**SubCo**" means 11038427 Canada Inc.

"**Subscription Receipt Agreement**" means the agreement dated October 12, 2018 between Cannara and Computershare Trust Company of Canada pursuant to which the Cannara Subscription Receipts were created.

"**Subscription Receipt Financing**" means the non-brokered private placement by Cannara of the Cannara Subscription Receipts.

"**THC**" means delta-9-tetrahydrocannabinol.

"**Transfer Agent**" means the transfer agent and registrar of the Company, being Computershare Investor Services Inc.

"**Transaction**" has the meaning set forth under the heading "*Corporate Structure – Business Combination among CannaraBC, SubCo and Cannara*".

"**Transaction Shares**" has the meaning set forth under the heading "*Corporate Structure – Business Combination among CannaraBC, SubCo and Cannara*".

"**TSXV**" means the TSX Venture Exchange.

SUMMARY OF PROSPECTUS

The following is a summary of the principal features of the Qualifying Shares and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. Capitalized used but not defined in this Summary of Prospectus have the meanings ascribed thereto in the Glossary of Terms.

Principal Business

CannaraBC

CannaraBC was incorporated on October 19, 2017 under the BCBCA under the name "Dunbar Capital Corp." On October 19, 2018, it changed its name to "Cannara Biotech Inc." CannaraBC's head office is located at Suite 400 – 725 Granville Street, Vancouver, British Columbia V7Y 1G5.

The Company has no active business and was incorporated for purpose of undergoing a qualifying transaction to become a reporting issuer and to list on a Canadian stock exchange. See "Description of the Business".

Cannara

Cannara was incorporated on February 21, 2018 under the CBCA as "Cannara Biotech Inc." Cannara's head office and registered and records office is located at 333, boul. Décarie, Suite 200, Montréal, Québec, H4N 3M9.

The Company owns the Farnham Facility which is currently undergoing the first phase of its build-out for cannabis cultivation. Once complete, the Company intends to use technologies and sophisticated growing equipment along with methods in bio-monitored grow rooms monitored by an information technology system to optimize growing conditions and increase plant yield for its own purposes once licensed, or on behalf of licensed producers who lease premises in the Farnham Facility. The benefits of the technology that will be used in the Farnham Facility include:

- Precision agriculture techniques (sensors, data collection, and networked monitoring);
- Automation (monitoring the environment for optimal growing conditions and inventory control); and
- Bio controls (maintain facility through proprietary methods).

The Company's mission is to operate the Farnham Facility for its own purposes once licensed, or to enable other licensed producers of cannabis who lease premises in the Farnham Facility, to enhance both crop quality and yields through proprietary knowledge and the use of clean technology and tools.

The Company is structured to provide a comprehensive range of flexible options to licensed cannabis cultivators, and processors for the cultivation, processing, packaging, and distribution of cannabis and cannabis products. The Company will also provide long-term advisory and consulting services in cannabis crops and products.

See "*Description of the Business*".

Amalgamation Agreement

CannaraBC entered into an Amalgamation Agreement dated October 17, 2018 with Cannara and SubCo, a wholly owned subsidiary of CannaraBC, whereby Cannara Shareholders would acquire a certain number of CannaraBC shares in consideration to amalgamate with SubCo to form AmalCo and continue as one corporation under the BCBCA, resulting in Cannara and SubCo Shares being cancelled and replaced by AmalCo Shares (on the basis of one SubCo Share and one Cannara Share for each AmalCo Share, respectively) and all the property of each of SubCo and Cannara continuing on as to the property of AmalCo.

Following the closing of the Amalgamation Agreement, AmalCo will be the wholly owned subsidiary of CannaraBC (the "**Resulting Issuer**").

Resulting Issuer

The Resulting Issuer's head office and registered and records office will be located at 333, boul. Décarie, Suite 200, Montréal, Québec, H4N 3M9.

The principal business of the resulting issuer will be the same as that of Cannara.

Management, Directors & Officers

Zohar Krivorot	President, CEO and Director
Lennie Ryer	CFO
Charles Spector	Corporate Secretary
Derek Stern	Director
Amy Satov	Director
Besar Xhelili	Director
Thomas Fairfull	Director

See "*Directors and Executive Officers*".

No Proceeds Raised

No proceeds will be raised pursuant to this Prospectus. See "*No Proceeds Raised*".

Funds Available

The gross proceeds paid to the Company from the sale of the Special Warrants pursuant to the Offering were $49,400. The Company will not receive any additional proceeds from the Offering upon the exercise or deemed exercise of the Special Warrants. As at September 30, 2018, the Resulting Issuer had cash of $43,240,379 on a pro forma basis, giving effect to the Transaction, and the Subscription Receipts Financing.

The Resulting Issuer has used, or intends to use, the net proceeds of the Offering and its other available funds as follows:

Item	
Funds Available	
Cash of the Resulting Issuer as at September 30, 2018	$10,952,844
Net funds raised pursuant to the Subscription Receipt Financing	$32,287,535[(1)]
Total Available Funds	**$43,240,379**
Principal Purposes for the Available Funds	
Build out of cultivation facility[(2)]	$8,066,000
General and administrative costs for 12 months[(3)]	$3,078,300
Unallocated working capital to fund ongoing operations and for reviewing business opportunities	$32,096,079
Total	**$43,240,379**

Notes:

(1) The net funds raised pursuant to the Subscription Receipt Financing are held in escrow by Computershare Trust Company of Canada and will only be released upon the completion of a transaction which will result in the listing of Cannara's Common Shares or those of the Resulting Issuer on the TSXV or the CSE.

(2) See "*Business Objective and Milestones*" below.
(3) General and administrative costs are broken down as follows: (i) wages and salaries, (ii) professional fees, (iii) maintenance fees, (iii) office supplies and miscellaneous, and (iv) loan payments.

While the Company currently intends to use the available funds for the purposes set out herein, it will have discretion in the actual application of the available funds, and may elect to use the net proceeds differently than as described herein, if the Company believes it is in its best interests to do so. See "*No Proceeds Raised*".

Risk Factors

An investment in the Company involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Company.

The risks, uncertainties and other factors, many of which are beyond the control of the Company that could influence actual results include, but are not limited to: compliance with regulatory requirements and dependence on obtaining regulatory approvals; limited operating history; reliance on management; requirements for additional financing; competition; dependence on intellectual property; reliance on key inputs; dependence on suppliers and skilled labor; difficulty in forecasting sales; claims for intellectual property infringement; dependence on suppliers and skilled labour; difficulties with forecasting results; conflicts of interest; litigation; price fluctuation of the Common Shares; no earnings or dividend record; limited market for the Company's securities; unconfirmed assumptions for financial projections that may prove materially inaccurate or incorrect; challenges with managing growth; unpredictable operational or investment results; and other factors beyond the control of the Company.

For a detailed description of certain risk factors relating to the Common Shares which should be carefully considered before making an investment decision. See "*Risk Factors*" for further details.

Summary of Financial Information

CannaraBC

The following table sets forth the selected financial information for the period from October 19, 2017 (date of incorporation) to August 31, 2018 and has been derived from the CannaraBC Financial Statements, prepared in accordance with IFRS and attached as Schedule A to this Prospectus. The selected financial information should be read in conjunction with the CannaraBC MD&A and the CannaraBC Financial Statements contained elsewhere in this Prospectus.

	For the period from October 19, 2017 (date of incorporation) to August 31, 2018
Statement of Operations Data	
Total revenues	$0
Total expenses	$75,223
Net loss	$(75,223)
Net loss per Common Share (basic and diluted)	$(1.39)
Balance Sheet Data	**As at August 31, 2018**
Current assets	$108,977
Total assets	$108,977
Current liabilities	$75,300[(1)]
Total liabilities	$73,300[(1)]

	For the period from October 19, 2017 (date of incorporation) to August 31, 2018
Deficit	$(75,223)

Notes:

(1) On November 1, 2017, CannaraBC entered into an advisory service agreement with 1142377 B.C. Ltd., a company with a director in common, for a monthly fee of $3,000 plus taxes to provide business development and corporate advisory services. As at August 31, 2018, $31,500 was due to 1142377 B.C. Ltd. The amount owing to 1142377 B.C. Ltd. is non-interest bearing, unsecured with no specific terms of repayment. This agreement will be terminated upon the completion of the Transaction.

Cannara

The following table sets forth the selected financial information for the period from February 21, 2018 (date of incorporation) to August 31, 2018 has been derived from the Cannara Financial Statements and accompanying notes thereto, prepared in accordance with IFRS and attached as Schedule C to this Prospectus. The selected financial information should be read in conjunction with the Cannara MD&A and the Cannara Financial Statements contained elsewhere in this Prospectus.

	For the period from February 21, 2018 (date of incorporation) to August 31, 2018
Statement of Operations Data	
Total revenues	$432,637
Total expenses	$2,249,769
Net loss	$(2,112,897)
Net loss per Common Share (basic and diluted)	$(0.01)
Balance Sheet Data	**As at August 31, 2018**
Current assets	$13,484,718
Total assets	$28,860,298
Current liabilities	$1,163,886
Total liabilities	$14,117,877
Deficit	$(2,112,897)

Resulting Issuer

The following table contains certain unaudited pro forma consolidated financial information for the Company as at and for the period ended August 31, 2018 and gives effect to completion of the Transaction and the Subscription Receipt Financing as if they had occurred as of August 31, 2018. This information should be read together with the Pro Forma Financial Statements of the Company, attached as Schedule E, along with the CannaraBC Financial Statements and the Cannara Financial Statements contained elsewhere in this Prospectus.

	As at August 31, 2018
Balance Sheet Data	
Current assets	$45,881,233

	As at August 31, 2018
Total assets	$61,256,813
Current liabilities	$1,239,186
Total liabilities	$14,193,177
Deficit	$(3,791,560)

CORPORATE STRUCTURE

Name, Address and Incorporation of Company

The Company was incorporated on October 19, 2017 under the BCBCA under the name "*Dunbar Capital Corp.*" On October 19, 2018, it changed its name to "Cannara Biotech Inc."

The head office and registered and records office of the Company is located at Suite 400 – 725 Granville Street, Vancouver, British Columbia V7Y 1G5.

Name, Address and Incorporation of Cannara

Cannara was incorporated on February 21, 2018 under the CBCA as "Cannara Biotech Inc."

The Company's head office and registered and records office is located at 333, boul. Décarie, Suite 200, Montréal, Québec H4N 3M9.

Business Combination among CannaraBC, SubCo and Cannara

CannaraBC entered into the amalgamation agreement dated October 17, 2018 with Cannara and SubCo, a wholly owned subsidiary of CannaraBC (the "**Amalgamation Agreement**"), whereby Cannara Shareholders would receive CannaraBC shares in consideration of all the Cannara outstanding shares. Concurrently, Cannara will amalgamate with SubCo to form AmalCo and continue as one corporation under the BCBCA, resulting in Cannara and SubCo Shares being cancelled and replaced by AmalCo Shares (on the basis of one SubCo Share and one Cannara Share for each AmalCo Share, respectively) and all the property of each of SubCo and Cannara continuing on as to the property of AmalCo (the "**Transaction**").

Pursuant to the Transaction, CannaraBC will: (a) issue to Cannara Shareholders 476,667,330 Common Shares at a price of $0.18 per Common Share (the "**Transaction Shares**") in exchange for all of the issued and outstanding Cannara Shares; (b) assume and honor the outstanding Cannara Subscription Receipts; and (c) assume and honor the outstanding Cannara Options and Cannara Warrants.

Certain of the Transaction Shares will be subject to escrow and voluntary pooling pursuant to the Escrow Agreement (defined herein) and Pooling Agreement (defined herein). See "*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer – Pooling Agreements*"

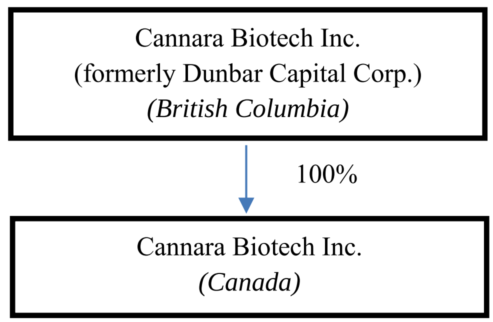
The transaction is subject to, among other things, the restructuring of CannaraBC's board of directors and management and the approval of the respective boards of directors and shareholders, as applicable.

As a result of the Transaction, Cannara will become a wholly-owned subsidiary of the Resulting Issuer and the business of Cannara will be the business of the Resulting Issuer. The former Cannara Shareholders will own approximately 71.62% of the issued and outstanding Common Shares upon completion of the Transaction (excluding Common Shares issued upon conversion of the Cannara Subscription Receipts).

Following the Transaction, the Resulting Issuer's head office and its registered and records office will be located at 333, boul. Décarie, Suite 200, Montréal, Québec H4N 3M9.

Intercoporate Relationships

Before completion of the Transaction, the Company did not have any inter-corporate relationships. The following diagram summarizes the structure of the entities upon completion of the Transaction. See "*The Transaction*".



GENERAL DEVELOPMENT OF THE BUSINESS

Before the acquisition of Cannara, the Company had no active business. Accordingly, the business discussion set forth below relates to the business of Cannara, which, upon closing of the Transaction, will become the business of the Company.

History

CannaraBC

The Company has no active business and was incorporated on October 19, 2017 under the BCBCA for purpose of undergoing a qualifying transaction to become a reporting issuer and to list on a Canadian stock exchange. See "*Description of the Business*".

- On August 29, 2018, CannaraBC issued 8,525,000 Common Shares at a price of $0.005 as part of a seed round financing for aggregate proceeds of $42,925.
- On August 29, 2018, CannaraBC issued a total of 988,000 Special Warrants at the Offering Price pursuant to the Offering.

Cannara

Cannara Biotech Inc. was incorporated on February 21, 2018 under the CBCA. Since that date, it has pursued the activities described below.

- On July 19, 2018, Cannara completed an initial brokered private placement for gross proceeds of $17,665,233, consisting of 176,652,330 Cannara Class B Shares at a price of $0.10 per Class B Share.
- On October 19, 2018, Cannara completed the Subscription Receipt Financing for aggregate gross proceeds of $32,287,535, consisting of 179,375,195 Cannara Subscription Receipts.

DESCRIPTION OF THE BUSINESS

General

The business of the Resulting Issuer will effectively be the business of Cannara. The Company has a 625,000 square feet indoor facility located at 1144 Magenta Boulevard East, Farnham, Quebec (the "**Farnham Facility**") that is currently undergoing extensive renovations to allow for the cultivation of cannabis and the production and processing of cannabis products. Through certain strategic partnerships, the Company intends to be an integrated company operating across the entire cannabis value chain, cultivating, producing and growing cannabis, but also selling branded products in the medicinal and recreational cannabis spaces. The Company believes its strong focus on—and investment in—brand, market and product differentiation will create a dominant market position with the potential to generate a significant and sustained return on invested capital over the long-term. In particular, the Company believes that the size of the Farnham Facility and the resulting economies of scale and use of modern technology, such as lights and nutrients, indoor growing techniques (as opposed to outdoor or greenhouse growing) and its focus on a wide range of branded consumer products, will enable it to gain a competitive advantage in the Canadian marketplace.

Farnham Facility

Acquisition and Management

Cannara acquired the Farnham Facility from Olymbec pursuant to a Deed of Sale dated June 15, 2018 (the "**Sale Agreement**") for a price of $12,550,000 payable on or before April 6, 2021, which purchase price is secured by a first ranking hypothec and bears interest at an annual rate of 11%, calculated and payable monthly. Pursuant to the Management Agreement, Cannara also acquired Olymbec's rights and obligations under two lease agreements (see "*Description of the Business – Lease Agreements*").

On June 15, 2018, Cannara entered into a Management Agreement with Olymbec (the "**Management Agreement**") whereby Olymbec would manage the Farnham Facility on an indefinite term. The Management Agreement provides for the following terms: (i) a monthly management fee equal to 5% of the rental income collected; (ii) a monthly supervision fee equal to 5% of cost of operation of the Farnham Facility; and (iii) fees for other services that shall be all of the costs to provide services that are actually incurred.

Technical Specifications

The Farnham Facility is a multipurpose facility the Company intends to use for both the production and downstream processing of cannabis products as described elsewhere in this Prospectus. The Company anticipates that growing cannabis indoors will offer superior product quality and higher crop yields. Since the Farnham Facility is located in the province of Québec, it also benefits from among the lowest electricity costs in North America.[1]

The Farnham Facility has the following characteristics that make it an advantageous location for cannabis cultivation:

- 625,000 square feet of indoor space
- Up to 32 foot ceilings in certain parts of the facility
- 27 acres of land
- Zoning that the City of Farnham has recognized as permitting cannabis products
- Support from the municipality and population of Farnham
- 45-minute drive from downtown Montreal
- Access to affordable labour force
- Strong security levels including key pass entry access, thick walls, guard booth, security perimeter, solid ceiling and cameras, which will upon completion of the Phase I construction program comply with all security requirements under the Cannabis Act

[1] Hydro Quebec, http://hydroquebec.com/data/documents-donnees/pdf/comparison-electricity-prices.pdf

- Controlled environment including control over temperature, light source, CO_2 production and humidity
- Positive pressure growing rooms

Facility Build-out and Upgrades

The Farnham Facility is currently undergoing major renovations in order to allow it to be used for the cultivation and sale of cannabis products. Phase I of the renovations, with a budget of approximately $8,000,000, have been ongoing since July 2018 and are expected to be completed by Q1 2019. They include finishing the Farnham Facility's interior and installing the electrical, plumbing and ventilation systems required to carry on the Company's business. Phase I will cover an area of approximately 120,000 square feet and includes the build-out of 18 grow rooms. Phases II (230,000 square feet) and III (277,000 square feet) are planned for 2020 and 2022, respectively, and have not yet been budgeted. Cannara will not undertake any further construction until and unless market conditions and its business activities warrant, as phases II and III consist solely of the expansion of the usable space in the Farnham Facility. The Company does not foresee any unusual risks associated with these renovations other than possible cost overruns and delays customary for all large-scale construction projects (see "*Risk Factors – There are factors which may prevent the Company from the realization of growth targets. The Company is currently in expansion from early development stage*").

The Farnham Facility will provide technologies and growing equipment along with methods in bio-monitored grow rooms monitored by an information technology system to optimize growing conditions and increase plant yields. The benefits of the technology used in the Farnham Facility include:

- Precision agriculture techniques (sensors, data collection, and networked monitoring);
- Automation (monitoring the environment for optimal growing conditions and inventory control); and
- Bio controls (maintain facility through proprietary methods).

The Farnham Facility will use an indoor growing technique, which allows for a more controlled environment than the alternatives of outdoor or greenhouse growing. Unlike those alternatives, indoor growing allows the cultivator to fully control light, nutrients, humidity and other factors affecting plant growth. Indoor growing also reduces the risk of infections, disease, mould and other risks to the crop, while increasing potency.

Cannabis License and Agreement with FV Pharma Quebec

Cultivation License

The Company currently does not hold a license to produce cannabis under the ACMPR (a "**License**"). The Company has entered into the FV Pharma Lease with FV Pharma Quebec, an applicant to become a licensed producer under the ACMPR in the Province of Québec. Under the FV Pharma Lease, FV Pharma intends to carry on all cannabis cultivation, cannabis product production and sales activities, while Cannara intends to supply industry expertise and inputs to FV Pharma Quebec (while also assuming the costs of carrying on those activities). See "*Risk Factors — There is no assurance that the Company will obtain and retain any relevant licenses*".

FSD Pharma, the parent company of FV Pharma Quebec, holds a License in the Province of Ontario, operating out of a 620,000 square foot facility located in Cobourg, Ontario. FV Pharma Quebec submitted its application for the License to Health Canada on August 13, 2018 (file #10-MM1058) and currently has no reason to believe that it will not be granted. See "*Risk Factors — There is no assurance that the Company will obtain and retain any relevant licenses*".

Lease with FV Pharma Quebec

The Company has entered into a Lease Agreement with FV Pharma Quebec dated May 31, 2018 (the "**FV Pharma Lease**") under which Cannara has leased a 105,523 square feet space at the Farnham Facility to FV Pharma Quebec for FV Pharma Quebec to cultivate cannabis under its License, if received, for a term of two years from the date that

FV Pharma Quebec is issued its License. Rent for the premises occupied by FV Pharma Quebec at the Farnham Facility is based on the financial results of the business carried on by FV Pharma Quebec at the Farnham Facility. FV Pharma Quebec will pay Cannara rent, the amount of which will be based on the financial success of the FV Pharma Quebec's cultivation activities at the Farnham Facility, in the event that FV Pharma Quebec receives its License. As of the date hereof, the Company has no reason to believe that FV Pharma Quebec will not be granted the License.

The Company and FV Pharma Quebec plan to have the first harvest of cannabis in the first half of 2019, which is contingent upon FV Pharma Quebec obtaining its License (See "*Risk Factors — Reliance on License*").

Principal Products and Services

Cannabis Products

Through its agreement with FV Pharma Quebec, the Company plans to use the Farnham Facility for the cultivation of cannabis plants and the production and downstream processing of cannabis products using plant materials grown at the facility. Some products will be unprocessed (e.g. dried flowers), while others will be processed (e.g. oil derived from the cannabis leaves). The Company expects to offer products in the medicinal and recreational spaces, which may include products in the categories of beverages, edibles, or pet medicine. The Government of Canada has announced that it intends to legalize the productions and sale cannabis beverages and edibles in 2019, until which time the Company will not be actively pursuing those markets (see "*Market and Regulatory Overview"*).

The Company plans to transform its cannabis products into finished goods inside the Farnham facility. Cannabis cultivation at the Farnham Facility will not be cyclical or seasonal, as the nature of indoor cultivation operations allows for a constant production all year round. The demand for cannabis products is also considered non-cyclical in current legal cannabis markets around the world.

The Company does not anticipate any difficulty with sources, pricing and availability of raw materials (e.g. fertilizers, rockwool and nutrients) given current supply conditions in the Canadian cannabis industry. However, Cannara could be subject to supply fluctuations in the future if conditions were to change (see "*Risk Factors – the cultivation of cannabis includes risks inherent in an agricultural business including the risk of crop loss, sudden changes in environmental conditions, equipment failure, product recalls and others*).

Distribution Methods

The Company will deploy different distribution methods to address sales of medicinal cannabis to patients who hold valid prescriptions and for recreational use sales to licensed wholesalers and retailers in Canada.

Sales to medical cannabis patients fall primarily under federal jurisdiction. The Company will accept direct orders via the internet and retail the products from its distribution center to customers' doors via postal service for patients across Canada holding a medical prescription, which the Company has verified.

Recreational cannabis sales in Canada are subject to both Federal and Provincial legislation, and each province has implemented specific regulations pertaining to the sale of cannabis and cannabis related products within their respective territory. The Company will accept orders placed by authorized B2B and B2G wholesalers possessing the appropriate permits and licenses.

Within the Province of Quebec, all retail distribution for recreational cannabis is limited to sales through authorized outlets of the Société québécoise du cannabis (SQDC). The Company intends to negotiate a supply agreement with the SQDC once our Facility construction is complete and we have secured the necessary licenses. There is no guarantee that the Company will be successful in negotiating a supply agreement with the SQDC on terms satisfactory to the Company.

If and when authorized under the law, the Company plans to operate e-commerce platforms for all its brands to be distributed directly to customers.

Marketing and Brand Strategies

To establish the optimal marketing and brand strategies, Cannara conducted market analyses with respect to market size and growth, competitor analysis, customer segments and product trends in the cannabis space. The sources for these analyses were mature cannabis market studies from California, Colorado, Oregon and Washington and available forecast data from Canadian cannabis market studies.[2] Cannara has established the brand strategies summarized below for its seven consumer packaged cannabis goods brands. These brands and products are subject to evolve as both Cannara's business plan and the cannabis market evolve.

Nativa

Nativa (www.nativa.com) is a recreational brand that carries the tagline "Nature, lit". The product assortment for this brand consists of dried marijuana flower, oil, concentrates, vapes and vape accessories, as well as cartridges and pre-rolls. The brand is positioned as a premium, high quality brand. In the marketing communications, an emphasis will be put on the quality of Cannara's indoor-grown cannabis for which it has the highest selection standards. The brand will attract first and repeated consumers with very high credentials.

Cannabar

Cannabar (www.cannabar.com) is a recreational brand in the edibles space with the tagline: "Confections on another level". The product assortment for this brand will comprise of chocolate bars, granola bars, as well as protein bars for pre- and post-workout. It will offer both single serve and regular size formats. This brand will be positioned as a "good value for money" among cannabis products brands. The single serve sizes will attract impulse, on-the-go buyers that want to eat cannabis products away from home—a growing consumer segment. This brand will appeal to active lifestyle enthusiasts, amateur athletes and outdoor adventurers.

Gummyz

Gummyz (www.gummyz.com) is a recreational brand in the edibles space with the tagline: "Fun that fits in your pocket". The product assortment for this brand consists of chewable gummy candies offered in multiple flavours and in micro-dose or macro-dose formats. The products will be shelf stable, non-perishable items and are intended to be an easy on-the-go impulse purchase. This brand will feature a product line including a variety of accurately dosed candies in a variety of flavours. The Gummyz micro-dose products is intended to appeal mostly to mature female consumers while the macro-dose products, are intended to appeal to younger male consumers. The Company intends to meet all branding and packaging requirements set out under the Cannabis Act (see "*Market and Regulatory Overview*").

Brew

Brew (www.brew.com) is a recreational brand in the beverage space with the tagline: "Push your boundaries". The product assortment for this brand comprises of a variety of cannabis-infused cold brew coffee, tea, soda and Kambucha. The brand is positioned as a classic quality, premium priced brand. Brew will attract experienced connoisseurs of cannabis who are open and daring to try something new in the form of a cannabis-infused beverage.

Liquid CBD

Liquid CDB (www.liquidcbd.com) is a recreational brand in the beverage space with the tagline: "Imagine your zen". The product assortment for Liquid CBD consists of CBD-infused water, sparkling beverages, and vitamin-enhanced water. The positioning of this brand is one of mass appeal with good value for certain anticipated health benefits. Liquid CBD will appeal to health & wellness conscious consumers of both genders.

[2] Principal sources include *A Society in Transition, an Industry Ready to Bloom* (Deloitte, 2018), *Now we Know What Californians are Smoking* (BDS Analytics, September 2017); *Legalized Cannabis: Fiscal Considerations* (November 1, 2016); *Recreational Marijuana: Insights and Opportunities* (Deloitte, 2016).

Earth Magic

Earth Magic (www.earthmagic.com) is a consumer brand in the medicinal space with the tagline: "Back to our roots". The product assortment for Earth Magic includes 12 patents filed for soft gels, derma (e.g. body lotions), toothpaste, lip balm, oil tinctures, ointments and various topical (see below "*Intellectual Property*"). This brand is intended to be a premium-priced, medicinal option for those looking for off-the-shelf relief in pharma retail locations. This brand is intended to be a homeopathic, natural and herbal option.

PetLeaf

PetLeaf (www.petleaf.com) is a brand in the pet medicinal space with the tagline "Devoted to your pet's wellness, furever". The product assortment for this brand will include three patents filed for CBD-infused edibles, oils and toothpaste (see below "*Intellectual Property*"). Care products such as creams, ointments and gel caps as well as pet treats will be specifically aimed at providing relief for symptoms associated with certain ailments. PetLeaf is a value brand that will use quality ingredients to provide homeopathic pain relief and preventative care to animals. This brand will appeal to pet owners who are conscious, mindful, connected to nature, the earth and the well-being of all animals.

Lease Agreements

Under the Sales Agreement (see above "*Farnham Facility*"), Cannara also sub-leases some of the space at the Farnham Facility to third parties to derive rental income. The Company has leased a total of 439,074 square feet of the Farnham Facility as follows:

- 105,523 square feet of space to FV Pharma Quebec pursuant to the FV Pharma Lease. The term is for two years commencing on the date that FV Pharma obtains its License from Health Canada to cultivate and sell cannabis products from the Farnham Facility.

- 57,158 square feet to Onyx pursuant to a rental agreement dated July 25, 2017 (the "**Onyx Lease**"). The term of the Onyx Lease ends on September 30, 2022.

- 276,393 square feet to IKEA under a rental agreement dated May 3, 2018 (the "**IKEA Lease**"). The term of the IKEA Lease ends on November 30, 2018 and may be extended by IKEA up to five times (in six month increments) until September 30, 2022.

For the calendar year 2019, Cannara expects to receive an aggregate of approximately $2,000,000 in annual rental payments from Onyx and IKEA collectively, assuming IKEA renews the IKEA Lease for an additional 12-months.

Competition

General

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and production and marketing experience than the Company.

Financing for companies in the cannabis sector is generally more difficult than other sectors, given the future uncertainties for the regulatory framework. Further, because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. If the number of users of medical and recreational marijuana in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products and pricing strategies.

The fast-growing market for legalized cannabis in Canada has created a competitive environment for cannabis producers as well as other types of companies who provide goods and services to the cannabis industry. To remain competitive, the Company will require a continued high level of investment in its facilities, products and technologies, distribution, research and development, marketing, sales and client support. However, there remains a significant lack of traditional sources of bank lending and equity capital available to fund the operations of companies in the cannabis sector. Management believes that the Company can continue to expand its cannabis-related holdings by providing tailored, compliant, and financially attractive sources of funding and/or equity investment to cannabis and cannabis-connected companies. Because of the rapid growth of the cannabis industry, the Company faces competition from other companies in the sector who are accessing the equity capital markets. Established pharmaceutical companies are also entering the cannabis space and could become potential competition or potential partners to the cannabis industry. See "*Risk Factors*".

The Company believes it has an advantage in the cannabis-growing sector over most of its competitors in Canada that grow cannabis in greenhouse facilities because the Farnham Facility is an indoor growing facility. Indoor growing offers superior quality and yield. Indoor growing offers very low risk of infections, diseases, odors, and mold/mildew – while offering control over humidity, temperature, light source, CO2 production and pest control. Indoor growing therefore leads to the highest standards of quality and superior taste profile as it produces higher quality flowers in addition to providing a higher annual crop yield. The Company believes this will be a key differentiating factor as the majority of its competitors are growing cannabis in greenhouse facilities.

Competitor Comparison

As Canadian law has until now prohibited the cultivation, sale and use of cannabis for recreational purposes, it is difficult to identify the Company's main potential competitors in this business sector. Based on management's knowledge of the active companies in the industry, the Company is of the view that the following businesses could potentially compete with Cannara in its market. Cannara is not currently able to assess market size or other competitive factors.

Competitor	Description of Business	Operations Location
Cannex Capital Holdings Inc.	Delivers comprehensive solutions for developing, operating, branding, and supplying licensed cannabis cultivators and producers throughout the United States.	California; Washington, U.S.A.
iAnthus Capital Holdings, Inc.	iAnthus was created to capitalize on the rapidly growing U.S. regulated cannabis market and the unique opportunity that exists for providing capital investment and expert management services ("**value-added capital**") to licensed cultivators, product manufacturers and dispensaries.	Florida; Maryland; Massachusetts; New Mexico; Nevada; New York; Oregon; Rhode Island; Vermont, U.S.A.
MPX Bioceutical Corporation	Multinational diversified cannabis company focused on the medical and adult use cannabis markets. The company has a growing presence in the U.S. with imminent plans for ten dispensaries and four production facilities in four states. It also has a production facility under construction in Canada as well as a pending license application to Health Canada.	Arizona; Nevada; Massachusetts; Maryland, U.S.A.

CannaRoyalty Corp.	CannaRoyalty invests flexibly, assembling its platform of holdings via royalty agreements, equity interests, secured convertible debt, and licensing agreements in various businesses in the United States and Canada.	California; Washington; Arizona; Florida; Nevada, U.S.A. Canada
Liberty Health Sciences Inc.	Acquire and operate U.S. – based companies in the medical cannabis market. Liberty is committed to delivering high-quality, clean and safe pharmaceutical grade cannabis to patients while optimizing returns to our shareholders.	Florida, U.S.A.
Terra Tech Corp.	Vertically integrated cannabis-focused agriculture company that is committed to cultivating and providing the highest quality medical cannabis and other agricultural products.	California; Nevada, U.S.A.
Friday Night Inc.	Owns and controls cannabis and hemp-based assets in Las Vegas Nevada as well as an international cannabis and mining security logistics consulting firm.	Nevada, U.S.A.
Golden Leaf Holdings Ltd.	One of the largest cannabis oil and solution providers in North America and is a leading cannabis company in Oregon. With a product portfolio built around recognized brands, Cannara strives to provide cannabis users with superior value and experience.	Oregon, U.S.A.

Employees, Specialized Skills and Knowledge

As of the date hereof, CannaraBC has no employees, consultants or contractors. The operations of CannaraBC are managed by its directors and officers.

As of the date of this Prospectus, Cannara has 13 employees. Cannara also relies on consultants and contractors to conduct its operations. The operations of Cannara are managed by its directors and officers.

At the completion of the Transaction, the Resulting Issuer expects to have 20 employees. The Resulting Issuer will also rely on consultants and contractors to conduct its operations. The operations of the Resulting Issuer will be managed by its directors and officers.

If FV Pharma Quebec obtains its License and after the Phase I construction project is completed, the Resulting Issuer is expected to have approximately 60 to 70 employees.

The nature of the Company's business requires specialized knowledge and technical skill around the cultivating, harvesting, production, and regulations of cannabis and the cannabis industry. The required skills and knowledge to succeed in this industry are available to the Company through certain members of the Company's management, directors, officers, and advisory teams.

Intellectual Property

Patents

The Company currently relies on trade secrets and proprietary knowledge. As of the date of this Prospectus, Cannara had filed 17 US patent applications for the following cannabinoid-infused products:

Product Type	Patent Filing #	Date Filed	Expected properties & benefit
Toothpaste	62/680,656	June 5, 2018	Anti-cariogenic, antibacterial, antiviral, antifungal.
Lip balm	62/684,825	June 14, 2018	Anti-inflammatory, moisturizing, antiviral, antibacterial.
Herpes ointment	62/687,329	June 20, 2018	Analgesic, antiviral, anti-inflammatory, anti-pruritic; reduces duration and severity of lesions.
Apthous ulcer cream	62/690,513	June 27, 2018	Analgesic, anti-inflammatory, anti-pruritic, soothing; reduces duration and severity of incidence.
Pet wellness oil	62/694,060	July 5, 2018	Daily preventative treatment for skin, fur, joint and cardiac health; reduces anxiety (loud noise and separation anxiety).
Pet lesion treatment	62/700,392	July 19, 2018	Anti-inflammatory, analgesic, antiviral, antibacterial, anti-fungal and anti-carcinogenic.
Pet dentifrice	62/700,391	July 19, 2018	Analgesic, anti-inflammatory, antibacterial, anti-cariogenic.
Bath salts	62/703,799	July 26, 2018	Anti-inflammatory, anxiolytic, analgesic.
Onychomycosis patch	62/703,649	July 25, 2018	Anti-fungal.
Shingles ointment	62/713,707	August 2, 2018	Analgesic, anti-inflammatory, anti-pruritic, antiviral.
Sunscreen	62/719,170	August 17, 2018	Protection against ultraviolet rays.
Burn treatment lotion	62/721,776	August 23, 2018	Analgesic, anti-inflammatory, anti-pruritic; reduces duration and severity of mechanical, thermal and sun burns.
Acne facial wash/scrub	62/726,510	September 4, 2018	Prevention and reduction of incidence.
Psoriasis cream	62/727,658	September 6, 2018	Analgesic, anti-inflammatory, anti-pruritic; reduces duration and severity of lesions.
Shampoo	62/731,416	September 14, 2018	Prevent and reduce dandruff, promote hair growth and reduce hair loss.
Post-workout supplement	62/731,416	October 9, 2018	Analgesic, anti-inflammatory; promote muscle growth and repair.
Detoxifier	62/745,706	October 15, 2018	Counteracts effects of excess THC, anxiolytic.
Appetite suppressant	Being processed	October , 2018	Reduction of appetite.

Trademarks

As of the date of this Prospectus, Cannara had filed 16 provisional Canadian trademarks applications for the following marks:

Mark	Design (if any)	Date Filed	Filing #
CANNARA*	None	March 19, 2018	CA 1888955
CANNARA & LEAF Design*		March 19, 2018	CA 1888957
LIQUID CBD & Design		August 21, 2018	CA 1916062
CANNABAR*	None	August 21, 2018	CA 1916047
GUMMYZ*	None	August 21, 2018	CA 1916054
PET LEAF*	None	August 21, 2018	CA 1916058
BREW BEVERAGES*	None	August 21, 2018	CA 1916053
EARTH MAGIC*	None	August 21, 2018	CA 1916049
CANNABAR & Design*		August 21, 2018	CA 1916065
GUMMYZ & Design		August 21, 2018	CA 1916068
PET LEAF & Design*	None	August 21, 2018	CA 1916069
BREW BEVERAGES & Design*		August 21, 2018	CA 1916064
LIQUID CBD	None	August 21, 2018	CA 1916052
EARTH MAGIC & Design*		August 21, 2018	CA 1916067
FLORAGEL*	None	October 9, 2018	CA 1924186
SCARLET LABS*	None	October 9, 2018	CA 1924197

* The Company intends to file trademark applications for these marks in the United States.

Ability to Access Public and Private Capital

The Company has historically, and continues to have, access to equity financing from the public and prospectus exempt (private placement) markets in Canada. Specifically. if such equity and/or debt financing was no longer available in the public markets in Canada due to changes in applicable law, then the Company expects that it would have access to raise equity and/or debt financing privately. Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Company's projects. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. See "*Risk Factors*".

Future Developments

General

The Company will continue to evaluate the changing cannabis regulatory landscape within Canada and abroad to expand operations in opportune locations. The Company will also evaluate new technologies which may be utilized in the Company's Farnham Facility in the future. The Company does not intend to directly develop new technology itself.

If FV Pharma is unable to obtain the License, Cannara will evaluate the full range of alternatives to allow it to carry on its business. Without limitation, such alternatives may include the acquisition of the holder of a license issued under the Cannabis Act, a business partnership with the holder of such a license or an application by Cannara itself for such a license.

Research Partnership

The Company is also in discussions with a leading Quebec university to enter into a partnership whereby the parties would pursue joint research and development activities at the Farnham Facility, the goal of which would be to jointly develop intellectual property in which each would hold rights. Cannara anticipates that these discussions will either lead to an agreement or be definitively terminated before the end of 2018.

Additional Products

The Company intends to partner with leading manufacturers in the beverage, confectionery and other consumer products industries to produce cannabis-related products (including those described under "*Marketing and Branding Strategies*" below) inside its multi-purpose Farnham Facility once Health Canada regulations allow for the production and sale of such products. While Cannara is in ongoing discussions with such potential partners, it is not yet in a position to enter into any agreements due in particular to the fact that such derivative edible products are not yet legal for sale in Canada. The Government of Canada has announced its intention to allow such sales by October 2019 (see "*Market and Regulatory Overview*").

MARKET AND REGULATORY OVERVIEW

Market Overview

The international cannabis industry continues to go through a period of strong growth as deregulation and increased consumer interest are poised to drive the market past US$30 billion by 2021. The forecasted Canadian cannabis market is expected to reach CAD $5.8 billion in the first year after the expected cannabis legalization in October 2018. [3]

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[3] *A Society in Transition, an Industry Ready to Bloom* (Deloitte, 2018).

The Company believes the full potential of domestic and international cannabis markets is not yet realized. The decriminalization of cannabis for both medical treatment and recreational applications is a well adopted global trend and the Company is well positioned to capture any future growth in the cannabis industry.

To the Company's knowledge, there are currently eight holders in Quebec of cultivation licenses under the Cannabis Act. Cannara is of the view that these Quebec-based suppliers will be unable to provide a sufficient quantity of cannabis to meet demand in that province. Section 23.2 of the Act Respecting the Société des Alcools du Québec provides that the Société Québécoise du Cannabis, the state-owned cannabis retail monopoly in the Province of Quebec, may make its cannabis purchases preferentially from producers situated in the territory of Québec. The Company therefore believes that there is a significant market opportunity for increased Quebec-based supply of cannabis.

Summary of the ACMPR

The ACMPR replaced the Marijuana for Medical Purposes Regulations (the "**MMPR**") as the governing regulations in respect of the production, sale and distribution of medical cannabis and related oil extracts in 2016. The replacement regulations were implemented as a result of the ruling by the Federal Court of Canada in the case of Allard v Canada which found the MMPR unconstitutional as it violated the plaintiffs' rights under Section 7 of the Canadian Charter of Rights and Freedoms due to the restrictions placed on a patient's ability to reasonably access medical cannabis.

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

(a) continue to access quality-controlled cannabis by registering with Licensed Producers;

(b) register with Health Canada to produce a limited amount of cannabis for their own medical purposes; or

(c) designate someone else to produce it for them.

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

Reporting Requirements under the ACMPR

The ACMPR imposes certain reporting requirements on Licensed Producers such as the Company, including the requirement to keep records regarding, among other things, activities with cannabis, including all transactions (sale, exportation and importation), all fresh or dried cannabis or cannabis oils returned from patients, and an inventory of cannabis. Records, including communications regarding reports for healthcare licensing authorities (both sent and received) must be kept for at least two years in an easily auditable format and be made available to Health Canada upon request.

If there are any serious adverse reactions to fresh or dried cannabis or cannabis oil, Licensed Producers must also provide a case report to Health Canada within 15 days of a Licensed Producer becoming aware of such reaction. Licensed Producers are also required to prepare, on an annual basis, and maintain a summary report that contains a concise and critical analysis of all adverse reactions to have occurred during the previous 12 months, and such serious adverse reactions reports must be retained by the Licensed Producer for 25 years after the day on which they were made.

Adult Use Cannabis

The Company 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, strictly regulate and restrict access to cannabis, completed its review and published its report outlining its recommendations. On April 13, 2017, the Canadian Federal Government released Bill C-45, An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and Other Acts (the "**Cannabis Act**"), to regulate the production, distribution and sale of cannabis for unqualified adult use. On June 21, 2018, the Cannabis Act received Royal Assent and on October 17, 2018 the Cannabis Act came into force.

The Cannabis Act provides a licensing and permitting scheme for the production, importation, exportation, testing, packaging, labelling, sending, delivery, transportation, sale, possession and disposal of cannabis for non-medical (i.e., adult use) use, to be implemented by, recently released, regulations made under the Cannabis Act. 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. Transitional provisions of the Cannabis Act provide that every license issued under Section 35 of the ACMPR that is in force immediately before the day on which the Cannabis Act comes into force is deemed to be a licence issued under the Cannabis Act, and that such licence will continue in force until it is revoked or expires.

On October 5, 2017, the Parliamentary Standing Committee on Health presented proposed amendments to the Cannabis Act including, among other things, an amendment that would permit cannabis edibles and concentrates to be sold, to come into force no later than 12 months after the Cannabis Act comes into force.

On November 10, 2017, the Government of Canada proposed that combined federal tax on cannabis flowering material contained in a final packaged product for adult use purposes should not exceed $1 per gram or 10% of the producer's sale price, whichever is higher, with retail sales taxes levied on top of that amount.

While the Cannabis Act provides for the regulation of the commercial production of cannabis for adult use purposes and related matters by the Federal Government, the Cannabis Act proposes that the provinces and territories of Canada will have authority to regulate other aspects of adult use cannabis (similar to what is currently the case for liquor and tobacco products), such as sale and distribution, minimum age requirements, places where cannabis can be consumed, and a range of other matters.

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, collectively, the "**Regulations**"), along with proposed amendments to the Narcotic Control Regulations and certain regulations under the *Food and Drugs Act*. Recognizing the Federal Government's commitment to bringing the Cannabis Act into force, 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 Cannabis Act and the Regulations regulate medical cannabis.

Licenses, Permits and Authorizations

The Cannabis Regulations establish 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 subclasses for cultivation licenses (standard cultivation, microcultivation and nursery) and processing licenses (standard processing and micro-processing). Different licenses and each sub-class therein, carry differing rules and requirements that are intended to be 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 will be transferred to similar licenses under the Cannabis Act.

Licenses issued pursuant to the Cannabis Regulations will be valid for a period of no more than five years. The Cannabis Regulations will 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.

The new IHR replaced the Industrial Hemp Regulations on October 17, 2018. The regulatory scheme for industrial hemp has largely remained the same, however the IHR permits the sale of hemp plants to licensed cannabis producers, and licensing requirements have been 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” directors, officers, large shareholders and individuals identified by the Minister of Health (the “**Minister**”), must hold a valid security clearance issued by the Minister. Under 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 the approach in place today under 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 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.

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. Additionally, packages must be child-resistant and tamper-proof.

Cannabis for Medical Purposes

Part 14 of the Cannabis Regulations sets out the regime for medical cannabis, which remains substantively the same as the previous regime under 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 will 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 is currently prohibited, are proposed to be permitted and will be subject to provisions of the Cannabis Act.

Provincial Regulatory Framework for Recreational Marijuana

While the Cannabis Act provides for the regulation of the commercial production of cannabis for recreational purposes and related matters by the federal government, the provinces and territories of Canada have authority to regulate other aspects of recreational cannabis (similar to what is currently the case for liquor and tobacco products), such as sale and distribution, age requirements (without reducing below the federal minimum age requirement), places where cannabis can be consumed, and a range of other matters.

To date, the Governments of Ontario, Manitoba, Alberta, New Brunswick, Quebec, Newfoundland and Labrador, Prince Edward Island, Nova Scotia, Nunavut, the Yukon, the Northwest Territories, Saskatchewan and British Columbia have announced proposed regulatory regimes for the distribution and sale of cannabis for recreational purposes within those jurisdictions.

Each of these Canadian jurisdictions has established a minimum age of 19 years old, except for Quebec and Alberta, where the minimum age will be 18.

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

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

Other details of Ontario's approach will be set out in regulations to the Cannabis Act, 2017 (Ontario) developed over winter 2018 for public comment. Ontario has announced that approximately 150 standalone stores will only sell cannabis (no cannabis will be sold alongside alcohol) to be opened by 2020, including 80 by July 1, 2019, serving all regions of the province. Online distribution will also be available across the province.

The Government of Manitoba has employed a "hybrid model" for recreational cannabis distribution. The supply of cannabis in the Province of Manitoba is secured and tracked by the Manitoba Liquor and Lotteries Corp.; however, licensed private retail stores are permitted to sell recreational cannabis.

The Government of Alberta has employed a cannabis framework providing for the purchase of cannabis products from private retailers that will 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.

Similar to the approach taken by Ontario, the Province of New Brunswick announced that it will set up a network of tightly-controlled, stand-alone stores through the New Brunswick Liquor Corporation.

On July 19, 2018 the Government of Quebec passed its Cannabis law, Bill 157. Bill 157 sets the legal age for cannabis consumption in the province at 18 years of age and all recreational marijuana is managed and sold by Société québécoise du cannabis (the "**SQDC**") outlets and is available for sale online, the entire process controlled by the Société des alcools du Québec.

In May 2018, Newfoundland and Labrador introduced legislation relating to the legalization of cannabis including the Cannabis Control Act (the "**CCA**") whereby recreational cannabis is sold through licensed private stores, with its crown-owned liquor corporation, the Newfoundland and Labrador Liquor Corp. (the "**NLC**"), overseeing the distribution to private sellers who may sell to consumers. Pursuant to the CCA, the NLC controls the possession, sale and delivery of cannabis, and set prices. It is also the initial 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.

Similarly, the 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.

The Government of the Northwest Territories has also employed an approach for the distribution and sale of recreational cannabis which relies on the N.W.T. Liquor Commission to control 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.

The Government of British Columbia's Cannabis Control and Licensing Act (the "**CCLA**") received royal assent on May 31, 2018. Recreational cannabis is sold in that province through both public and privately operated stores, with the provincial Liquor Distribution Branch handling wholesale distribution.

The Government of Saskatchewan has employed a private retail system. The Saskatchewan Liquor and Gaming Authority will issue approximately 60 retail permits to private stores located in roughly 40 municipalities and First Nation communities across the province, with municipalities having the option of opting out of having a cannabis store if they choose.

In Nova Scotia, Bill 108, Cannabis Control Act received royal assent on April 18, 2018, and establishes the licensing system for the retail sale of non-medical cannabis. The Nova Scotia Liquor Corporation is responsible for the regulation of cannabis in the province, and recreational cannabis is only sold publicly through government-operated storefronts and online sales.

In Nunavut, Bill 7, *Cannabis Act* ("**Nunavut Cannabis Act**") received royal assent on June 13, 2018. The Nunavut Cannabis Act provides for the regulation of non-medical cannabis in the province of Nunavut, and establishes the licensing system for the retail sale of non-medical cannabis. 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 (Nunavut), 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.

In Prince Edward Island, Bill 29, An Act to Respond to the Legalization of Cannabis received royal assent on June 12, 2018. Similar to Nova Scotia, Prince Edward Island requires cannabis be sold publicly, through government stores and online.

There is no guarantee that the provincial and territorial frameworks supporting the legalization of cannabis for recreational use in Canada will be implemented on the terms outlined above or at all.

USE OF AVAILABLE FUNDS

Proceeds

No proceeds will be raised, as no securities are being sold pursuant to this Prospectus.

Funds Available

The gross proceeds paid to the Company from the sale of the Special Warrants pursuant to the Offering were $49,400. The Company will not receive any additional proceeds from the Offering upon the exercise or deemed exercise of the Special Warrants. As at September 30, 2018, the Resulting Issuer had cash of $43,240,379 on a pro forma basis, giving effect to the Transaction and the Subscription Receipt Financing.

The Resulting Issuer has used, or intends to use, the net proceeds of the Offering and its other available funds as follows:

Item	
Funds Available	
Cash of the Resulting Issuer as at September 30, 2018	$10,952,844
Net funds raised pursuant to the Subscription Receipt Financing	$32,287,535(1)
Total Available Funds	**$43,240,379**

Principal Purposes for the Available Funds	
Build out of cultivation facility[(2)]	$8,066,000
General and administrative costs for 12 months[(3)]	$3,078,300
Unallocated working capital to fund ongoing operations and for reviewing business opportunities	$32,096,079
Total	**$43,240,379**

Notes:

(1) The net funds raised pursuant to the Subscription Receipt Financing are held in escrow by the Computershare Trust Company of Canada and will only be released upon the completion of a transaction which will result in the listing of Cannara's Common Shares or those of the Resulting Issuer on the TSXV or the CSE.

(2) See "*Business Objective and Milestones*" below.

(3) General and administrative costs are broken down as follows: (i) wages and salaries, (ii) professional fees, (iii) maintenance fees, (iii) office supplies and miscellaneous, and (iv) loan payments.

The Company intends to spend the funds available to it in order to complete the Phase I build-out at the Farnham Facility, the vertical integration of its processing facility and its listing application with the CSE. The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances however, where, for sound business reasons, a reallocation of funds may be necessary. Due to the uncertain nature of the cannabis industry, projects may be frequently reviewed and reassessed. Accordingly, while it is currently intended by management that the available funds will be expended as set forth above, actual expenditures may in fact differ from these amounts and allocations (see "*Risk Factors*").

Business Objectives and Milestones

The Company's primary business objectives and milestones over the next 12 months are the following:

Objectives	Timeline	Expected Cost
Build-out of Phase I inside Farnham Facility	August 2018 to December 2018	$8,066,000
General and administrative costs	October 2018 to October 2019	$3,078,300

Build-out of Cultivation Facility

The Company has started the buildout of the Phase I cultivation facility in July 2018, which consists of building and equipping 18 grow rooms at its Farnham Facility. The Farnham Facility Phase I buildout will utilize $8,066,000 of the total funds available. The Company expects to have the Phase I buildout completed by Q1 2019. Phase I will cover an area of 105,000 square feet. Phases II (230,000 square feet) and III (277,000 square feet) are planned for 2020 and 2022, respectively, and have not yet been budgeted for. Cannara will not undertake any further construction until and unless market conditions and its business activities warrant, as phases II and II consist solely of the expansion of the usable space in the Farnham Facility. The Company does not foresee any unusual risks associated with these renovations other than cost overruns and delays customary for all large-scale construction projects. (See "*Risk Factors – There are factors which may prevent the Company from the realization of growth targets. The Company is currently in expansion from early development stage*").

Vertical Integration of Processing Facility

The Company plans to acquire equipment in the Farnham Facility that enables the manufacturing and production of various cannabis-infused products. The Company will undertake the vertical integration of the processing facility once the build-out of the Phase I cultivation facility is completed. The acquisition of equipment will utilize approximately $371,000 of the total funds available.

SELECTED FINANCIAL INFORMATION

CannaraBC

The following table sets forth the selected financial information for the period from October 19, 2017 (date of incorporation) to August 31, 2018 has been derived from the CannaraBC Financial Statements, prepared in accordance with IFRS and attached as Schedule A to this Prospectus. The selected financial information should be read in conjunction with the CannaraBC MD&A and the CannaraBC Financial Statements contained elsewhere in this Prospectus.

	For the period from October 19, 2017 (date of incorporation) to August 31, 2018
Statement of Operations Data	
Total revenues	$0
Total expenses	$75,223
Net loss	$(75,223)
Net loss per Common Share (basic and diluted)	$(1.39)
Balance Sheet Data	**As at August 31, 2018**
Current assets	$108,977
Total assets	$108,977
Current liabilities	$75,300(1)
Total liabilities	$75,300(1)
Deficit	$(75,223)

Notes:

(1) On November 1, 2017, the CannaraBC entered into an advisory service agreement with 1142377 B.C. Ltd., a company with a director in common, for a monthly fee of $3,000 plus taxes to provide business development and corporate advisory services. As at August 31, 2018, $31,500 was due to 1142377 B.C. Ltd. The amount owing to 1142377 B.C. Ltd. is non-interest bearing, unsecured with no specific terms of repayment.

Cannara

The following table sets forth the selected financial information for the period from February 21, 2018 (date of incorporation) to August 31, 2018 has been derived from the Cannara Financial Statements and accompanying notes thereto, prepared in accordance with IFRS and attached as Schedule C to this Prospectus. The selected financial information should be read in conjunction with the Cannara MD&A and the Cannara Financial Statements contained elsewhere in this Prospectus.

	For the period starting February 21, 2018 (date of incorporation) to August 31, 2018
Statement of Operations Data	
Total revenues	$432,637
Total expenses	$2,249,769
Net loss	$(2,112,897)
Net loss per Common Share (basic and diluted)	$(0.01)

Balance Sheet Data	**As at August 31, 2018**
Current assets	$13,484,718
Total assets	$28,860,298
Current liabilities	$1,163,886
Total liabilities	$14,117,877
Deficit	$(2,112,897)

Resulting Issuer

The following table contains certain unaudited pro forma consolidated financial information for the Company as at and for the period ended August 31, 2018 and gives effect to completion of the Transaction and the Subscription Receipt Financing as if they had occurred as of August 31, 2018. This information should be read together with the Pro Forma Financial Statements of the Company, attached as Schedule E, along with the CannaraBC Financial Statements and the Cannara Financial Statements contained elsewhere in this Prospectus.

	As at August 31, 2018
Balance Sheet Data	
Current assets	$45,881,233
Total assets	$61,256,813
Current liabilities	$1,239,186
Total liabilities	$14,193,177
Deficit	$(3,791,560)

The Company has not, since its inception, declared or paid any dividends on its Common Shares. The declaration of dividends on our Common Shares is within the discretion of the Board and will depend on the assessment of, among other factors, capital requirements, earnings, and the operating and financial condition of the Company. At the present time, the Company's anticipated capital requirements are such that the Company follows a policy of retaining all available funds and any future earnings in order to finance Company technology advancement, business development and corporate growth. The Company does not intend to declare or pay cash dividends on its Common Shares within the foreseeable future. See "*Risk Factors*".

MANAGEMENT'S DISCUSSION AND ANALYSIS

CannaraBC

The Management's Discussion and Analysis for CannaraBC is attached to this Prospectus as Schedule B. CannaraBC's MD&A provides an analysis of CannaraBC's financial results for the period from October 19, 2017 (date of incorporation) to August 31, 2018, which should be read in conjunction with the financial statements of CannaraBC for the corresponding period, and the notes thereto respectively.

Certain information included in CannaraBC's Management's Discussion and Analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Caution Regarding Forward-Looking Statements*" for further details.

Cannara

The Management's Discussion and Analysis for Cannara is attached to this Prospectus as Schedule D. The Company's MD&A provides an analysis of Cannara's financial results for the 191-day period from the date of incorporation on February 21, 2018 to August 31, 2018, which should be read in conjunction with the financial statements of Cannara for the corresponding period, and the notes thereto respectively.

Certain information included in Cannara's Management's Discussion and Analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Caution Regarding Forward-Looking Statements*" for further details.

DESCRIPTION OF SHARE CAPITAL

CannaraBC

CannaraBC is authorized to issue an unlimited number of Common Shares without par value. As of the date of this Prospectus, there were 8,525,000 Common Shares issued and outstanding as fully paid and non-assessable common shares.

Common Shares

Holders of Common Shares are entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of CannaraBC, and each Common Share confers the right to one vote, provided that the shareholder is a holder on the applicable record date declared by the Board. The holders of Common Shares, subject to the prior rights, if any, of any other class of shares of CannaraBC with special rights as to dividends, are entitled to receive such dividends in any financial year as the Board may determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of CannaraBC, the remaining property and assets of CannaraBC. The Common Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

Cannara

Cannara is authorized to issue an unlimited number of Class A Shares and an unlimited number of Class B Shares without par value. As of the date of this Prospectus, there are 15,000 Cannara Class A Shares and 476,652,330 Cannara Class B Shares issued and outstanding. In addition, there are currently 179,375,195 Subscription Receipts outstanding.

Class A Shares

The holders of Cannara Class A Shares are entitled to receive notice of and to attend and vote at all meetings of Cannara Shareholders and each Cannara Class A Share confers the right to one vote in person or by proxy at all meetings of Cannara Shareholders. The holders of the Cannara Class A Shares are entitled to receive *pari passu* with the holders of Class B Shares such dividends in any financial year as Cannara's board may by resolution determine. In the event of the liquidation, dissolution or winding-up of Cannara, whether voluntary or involuntary, holders of Cannara Class A Shares are entitled to share rateably, together with holders of Cannara Class B Shares, in such assets of Cannara as are available for distribution.

Class B Shares

The holders of the Cannara Class B Shares are not entitled to receive notice of and to attend all meetings of Cannara Shareholders. Cannara Class B Shares have no voting rights. Cannara Class B holders are entitled to receive *pari passu* with the holders of Class A Shares dividends as and when declared by the board. In the event of the liquidation, dissolution or winding-up of Cannara, whether voluntary or involuntary, holders of Cannara Class B Shares are entitled to share rateably, together with holders of Cannara Class A Shares, in such assets of Cannara as are available for distribution.

Resulting Issuer

On closing of the Transaction, the Resulting Issuer will have the same share capital structure as CannaraBC (see above "*Description of Share Capital – CannaraBC*").

CONSOLIDATED CAPITALIZATION

The following table sets forth the Resulting Issuer's capitalization after giving effect to the Offering, the Transaction, and the Subscription Receipts Financing.

This table should be read in conjunction with the financial statements and notes thereto included elsewhere in this Prospectus.

Description of the Security	Securities Authorized	As at the date of this Prospectus	After giving effect to the Offering, the Transaction and the Subscription Receipt Financing(1)
Common Shares	Unlimited	8,525,000	665,555,525

Note:

(1) 8,525,000 Common Shares currently outstanding, 476,667,330 Common Shares to be issued pursuant to the Transaction, 988,000 Common Shares to be issued as Qualified Shares pursuant to the Offering and 179,375,195 Common Shares to be issued upon conversion of the Cannara Subscription Receipts.

Fully Diluted Share Capital

The following table sets out the anticipated fully diluted share capital of the Resulting Issuer after giving effect to the Transaction:

Shares to be Issued	Number of Securities as at the date of this Prospectus	% of total issued and outstanding
Common Shares issued at the date of Prospectus	8,525,000(1)	1.28%
Common Shares to be issued on closing of the Transaction	476,667,330(2)	71.62%
Common Shares to be issued on conversion of outstanding Special Warrants	988,000(3)	0.15%
Common Shares to be issued upon conversion of the Cannara Subscription Receipts	179,375,195	26.95%
Total Resulting Issuer Shares	**665,555,525**	**100%**
Common Shares to be issued on exercise of Cannara Warrants	15,898,710(1)	
Common Shares to be issued on exercise of Cannara Options	15,777,779	
Total Resulting Issuer Shares reserved for issuance	**31,676,489**	
Fully diluted securities	**697,232,014**	

Notes:

(1) For further details see “*Prior sales*”.
(2) For further details see “*Corporate Structure – Business Combination among CannaraBC, SubCo and Cannara*”.
(3) For further details see “*Face page*”.

OPTIONS TO PURCHASE SECURITIES

CannaraBC

CannaraBC currently does not have any options outstanding nor does it have an option plan.

Cannara

The board of directors of Cannara has approved a 10% rolling stock option plan (the “**Cannara Option Plan**”) under which options may be granted to Cannara’s directors, officers, employees and consultants. See “*Executive Compensation – Cannara*.”

The following is a summary of the material terms of the Stock Option Plan:

(i) the expiry date of an Option shall be no later than the tenth anniversary of the grant date of such Option;

(ii) the exercise price of any Option issued under the Stock Option Plan shall not be less than the Market Value (as defined in the Stock Option Plan) of the Common Shares as of the grant date; and

(iii) the Board, or any committee to whom the Board delegates, may determine the vesting schedule for any Option.

As of the date hereof, Cannara has granted 15,777,779 options under the Cannara Option Plan to eligible optionees.

Resulting Issuer

The Resulting Issuer intends to adopt a rolling stock option plan (the “**Option Plan**”), which provides for a total of 10% of the issued and outstanding Common Shares of the Resulting Issuer available for issuance thereunder.

The purpose of the Option Plan is to allow the Resulting Issuer to grant stock options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Resulting Issuer. The granting of such Options is intended to align the interests of such persons with that of the Resulting Issuer’s shareholders.

Terms of the Plan

The full text of the Option Plan is available upon written request made directly to the Resulting Issuer at its registered head office located at 333, boul. Décarie, Suite 200, Montréal, Québec, H4N 3M9, Attention: Chief Financial Officer.

<u>Administration</u>

The Option Plan shall be administered by the Board, a special committee of the Board (the “**Committee**”) or by an administrator appointed by the Board or the Committee (the “**Administrator**”) either of which will have full and final authority with respect to the granting of all Options thereunder. Options may be granted under the Option Plan to such directors, officers, employees or consultants of the Resulting Issuer, as the Board, the Committee or the Administrator may from time to time designate.

<u>Number of Common Shares Reserved</u>

Subject to adjustment as provided for in the Option Plan, the aggregate number of Common Shares which will be available for purchase pursuant to Options granted under to the Option Plan will not exceed 10% of the number of Common Shares which are issued and outstanding on the particular date of grant. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Common Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to this Option Plan.

Exercise Price

The exercise price at which a Option holder may purchase a Common Share upon the exercise of a Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The exercise price shall not be less than the price determined in accordance with CSE policies while, and if, the Company's Common Shares are listed on the CSE.

Maximum Term of Options

The term of any Option granted under the Option Plan (the "**Term**") shall be determined by the Board, the Committee or the Administrator, as applicable, at the time the Option is granted but, subject to earlier termination in the event of termination, or in the event of death or disability of the Option holder. In the event of death or disability, the Option shall expire on the earlier of the date which is six months following the date of disability or death and the applicable expiry date of the Option. Options granted under the Option Plan are not to be transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession.

Termination

Subject to such other terms or conditions that may be attached to Options granted under the Option Plan, an Option holder may exercise a Option in whole or in part at any time and from time to time during the Term. Any Option or part thereof not exercised within the Term shall terminate and become null, void and of no effect as of the date of expiry of the Option. The expiry date of a Option shall be the date so fixed by the Committee at the time the Option is granted as set out in the Option Certificate or, if no such date is set out in for the Option Certificate the applicable circumstances, the date established, if applicable, in paragraphs (a) or (b) below or in the event of death or disability (as discussed above under "Maximum Term of Options") or in the event of certain triggering events occurring, as provided for under the Option Plan:

(a) *Ceasing to Hold Office* - In the event that the Option holder holds his or her Option as an executive and such Option holder ceases to hold such position other than by reason of death or disability, the expiry date of the Option shall be, unless otherwise expressly provided for in the Option certificate, the 90th day following the date the Option holder ceases to hold such position unless the Option holder ceases to hold such position as a result of:

(i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Resulting Issuer;

(ii) a special resolution having been passed by the shareholders of the Resulting Issuer removing the Option holder as a director of the Resulting Issuer or any subsidiary; or

(iii) an order made by any regulatory authority having jurisdiction to so order;

in which case the expiry date shall be the date the Option holder ceases to hold such position; or

(b) *Ceasing to be Employed or Engaged* - In the event that the Option holder holds his or her Option as an employee or consultant, other than a Option holder who is engaged in investor relations activities, and such Option holder ceases to hold such position other than by reason of death or disability, the expiry date of the Option shall be, unless otherwise expressly provided for in the Option certificate, the 90th day following the date the Option holder ceases to hold such position, or, in the case of a Option holder that is engaged in investor relations activities, the 30th day after the date such Option holder ceases to hold such position, unless the Option holder ceases to hold such position as a result of:

(i) termination for cause;

(ii) resigning or terminating his or her position; or

(iii) an order made by any regulatory authority having jurisdiction to so order;

in which case the expiry date shall be the date the Option holder ceases to hold such position.

In the event that the Option holder ceases to hold the position of executive, employee or consultant for which the Option was originally granted, but comes to hold a different position as an executive, employee or consultant prior to the expiry of the Option, the Committee, the Board or the Administrator, as applicable, may, in its sole discretion, choose to permit the Option to stay in place for that Option holder with such Option then to be treated as being held by that Option Holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder. Notwithstanding anything else contained in the Option Plan, in no case will an Option be exercisable later than the expiry date of the Option.

PRIOR SALES

CannaraBC

This table sets out particulars of the Common Shares that have been issued or sold within the 12 months prior to the date of this Prospectus.

Date of Issuance	Security Type	Number of Securities(1)(2)	Issue/Exercise Price
October 19, 2017	Common Shares	1(1)	$0.005
August 29, 2018	Common Shares	7,399,999	$0.005
August 29, 2018	Common Shares	1,125,000	$0.02

Notes:

(1) Incorporator's share was issued and subsequently repurchased on October 19, 2017.
(2) The Company issued an aggregate of 988,000 Special Warrants in connection with the Offering. See "*Plan of Distribution*".

This table sets out particulars of the CannaraBC securities exercisable for or exchangeable into Common Shares issued within the 12 months prior to the date of this Prospectus.

Date of Issuance	Security Type	Number of Securities	Issue/Exercise Price
August 29, 2018	Special Warrants	988,000(1)	$0.05

Notes:

(1) Issued in connection with the Offering (see "*Plan of Distribution*").

Cannara

This table sets out particulars of the Cannara Shares that have been issued or sold within the 12 months prior to the date of this Prospectus.

Date of Issuance	Security Type	Number of Securities	Issue/Exercise Price
February 21, 2018	Class A Share	1	Nominal
May 31, 2018	Class A Shares	14,999	Nominal
May 31, 2018	Class B Shares	300,000,000	Nominal
June 21, 2018	Class B Shares	78,137,330	$0.10
June 28, 2018	Class B Shares	82,165,000	$0.10

July 12, 2018	Class B Shares	16,350,000	$0.10

This table sets out particulars of the Cannara securities exercisable for or exchangeable into Cannara Shares issued within the 12 months prior to the date of this Prospectus.

Date of Issuance	Security Type	Number of Securities	Issue/Exercise Price
June 21, 2018	Cannara Options(1)	13,000,001	$0.10
June 21, 2018	Cannara Warrants	7,032,360	$0.10
June 29, 2018	Cannara Warrants	7,394,850	$0.10
July 12, 2018	Cannara Warrants	1,471,500	$0.10
September 4, 2018	Cannara Options	2,777,778	$0.18
October 12, 2018	Cannara Subscription Receipts(2)	158,081,472	$0.18
October 19, 2018	Cannara Subscription Receipts(2)	21,293,723	$0.18

Notes:

(1) Convertible into Class B Shares under the Cannara Option Plan.

(2) Convertible into Class B Shares upon the completion of a transaction which will result in the listing of Cannara's Common Shares or those of the Resulting Issuer on the TSXV or the CSE.

DESCRIPTION OF SECURITIES BEING QUALIFIED FOR DISTRIBUTION

This Prospectus is being filed for the purpose of qualifying the distribution of 988,000 Qualified Shares issuable upon the exercise or deemed exercise of the Special Warrants.

The Qualified Shares issuable upon the exercise or deemed exercise of the Special Warrants will have the same rights as the Common Shares.

See "*Description of Share Capital*" for a description of the rights of holders of Qualified Shares.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

Escrow Agreements

Following completion of the Listing, 316,835,944 Common Shares are expected to be held in escrow (the "**Escrow Shares**").

The Escrow Shares are expected to be held in escrow pursuant to an escrow agreement entered into on closing of the Transaction among the Resulting Issuer, the Transfer Agent and certain shareholders pursuant to which the Escrow Shares will be held in escrow (the "**Escrow Agreement**"). The Escrow Shares are held in escrow as required by CSE policy on completion of the listing of the Common Shares on the CSE.

The Escrow Shares are expected to be subject to the release schedule set out in the form of escrow required by Policy 2 – *Qualifications for Listing of the CSE*. Ten (10%) percent of the Escrow Shares are expected to be released upon the date of listing on the CSE and an additional 15% are expected to be released every 6 months thereafter until all Escrow Shares have been released (36 months following the date of listing on the CSE).

Name	Designation of Class	Securities held in Escrow(1)	Percentage of Class(2)
Javaa Private Equity Inc.(3)	Common Shares	231,832,194(3)	34.83%

Name	Designation of Class	Securities held in Escrow[(1)]	Percentage of Class[(2)]
FSD Pharma Inc.	Common Shares	85,003,750[(4)]	12.77%

Notes:

(1) It is anticipated that the escrow agent under the escrow agreement will be Computershare.
(2) Based on 665,555,525 issued and outstanding Common Shares.
(3) A company controlled by Zohar Krivorot.
(4) 10,000,000 Common Shares will be held by FSD Pharma directly and an additional 75,003,750 Common Shares will be held by its wholly-owned subsidiary, FV Pharma.

Pooling Agreements

Following completion of the Listing, the Escrow Shares are expected to be subject to further restrictions pursuant to the following terms of (i) a pooling agreement among CannaraBC, each Dunbar Principal Shareholder, each Cannara Principal Shareholder, and a pooling agent pursuant to which such Escrowed Shares will be pooled and released over a period of 8 months from the Listing with 10% being released at Listing, an additional 30% released four months from Listing, an additional 30% released six months from Listing and the remaining 30% released eight months after Listing; and (ii) a pooling agreement among Cannara, each Cannara Shareholder who acquired Escrowed Shares and is not a Cannara Principal Shareholder, and a pooling agent pursuant to which such Escrowed Shares will be pooled and released over a period of 15 months from the Listing with 10% being released four months after Listing, an additional 30% released eight months from Listing, an additional 30% released twelve months from Listing and the remaining 30% released fifteen months after Listing (together, the "**Pooling Agreement**").

Name	Designation of Class	Securities held in Escrow[(1)]	Percentage of Class[(2)]
Karan Thakur	Common Shares	600,000	0.09%
Rob Kang	Common Shares	750,000	0.11%
Hari Varshney	Common Shares	500,000	0.08%

Notes:

(1) It is anticipated that the escrow agent under the Pooling Agreement will be Computershare.
(2) Based on 665,555,525 issued and outstanding Common Shares.

PRINCIPAL SHAREHOLDERS

The following tables shows the name and information about our voting securities owned by each person or company who, as at the date of the Prospectus, owned of record, or who, to our knowledge, owned beneficially, director or indirectly, 10% or more of any class of series of our voting securities:

Name	Number and type of securities	Type of Ownership	Percentage of Class[(1)]
Javaa Private Equity[(2)]	231,832,194 Common Shares	Beneficial and of record	34.83%
FSD Pharma Inc.[(3)]	85,003,750 Common Shares	Beneficial and of record	12.77%

Note:

(1) Based on 665,555,525 issued and outstanding Common Shares.
(2) A company controlled by Zohar Krivorot.
(3) 10,000,000 Common Shares will be held by FSD Pharma directly and an additional 75,003,750 Common Shares will be held by its wholly-owned subsidiary, FV Pharma.

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets out the name, jurisdiction of residence of the Resulting Issuer's directors and executive officers as well as their positions with the Resulting Issuer and principal occupation for the previous five years, and the number and percentage of the Common Shares owned, directly or indirectly, or over which control or direction is exercised, by each of our directors and executive officers. All officers and employees are required to sign standard confidentiality and non-disclosure agreements with the Resulting Issuer.

Name and Municipality of Residence(1)	Position to be held with the Resulting Issuer(2)	Principal Occupation for the Past Five Years(3)	Number of Common Shares	Percentage of class(4)
Zohar Krivorot, Quebec, Canada	President, CEO and Director	President of Javaa Private Equity Inc.	231,832,194(6)	34.83%
Lennie Ryer, CPA, CA, Quebec, Canada	CFO	President and Chief Executive Officer of Miles Capital Inc.	277,778(7)	0.04%
Derek Stern, Quebec, Canada(5)	Director	Vice-President at Olymbec Development Inc.	Nil	-%
Amy Satov, Quebec, Canada(5)	Director	CEO of Litron Inc.	Nil	-%
Besar Xhelili, Ontario Canada(5)	Director	Founder Manor Law Professional Corporation	750,000	0.11%
Thomas Fairfull, Ontario, Canada	Director	President of FSD Pharma Inc.	Nil	-%

Notes:

(1) Information as to municipality of residence, principal occupation, securities beneficially owned or over which a director or officer exercises control or direction has been furnished by the respective individuals as of the date of this Prospectus.
(2) The term of office of each of the directors expires on the earlier of the Company's next annual general meeting or upon resignation. The term of office of the officers expires at the discretion of the directors.
(3) See "*Management and Key Personnel*" for additional information regarding the principal occupations of the Resulting Issuer's directors and officers.
(4) Based on 665,555,525 issued and outstanding Common Shares.
(5) Member of the Audit Committee.
(6) Assumes the conversion of 70,944 Cannara Subscription Receipts. In addition, Mr Krivorot holds 6,000,001 Cannara Options exercisable to acquire up to 6,000,001 Common Shares at a price of $0.10 per share.
(7) Assumes the conversion of 277,778 Cannara Subscription Receipts. In addition, Mr Ryer holds 6,000,000 Cannara Options exercisable to acquire up to 6,000,000 Common Shares at a price of $0.10 per share.

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.

Zohar Krivorot (Age 42) – President, CEO and Director

A successful entrepreneur, Mr. Krivorot has founded, advised, invested and sold numerous companies, including Voice over IP application platform 911ENABLE™, which he led from start-up to its acquisition by West Telecom in 2014.

Mr. Krivorot has been recognized as a top leader and innovator by a number of sources, including Deloitte Technology Fast 50™ fastest growing technology companies in Canada. He is actively involved with early-stage companies as an advisor and board member. Mr. Krivorot resides in Montreal, Quebec and is also a certified commercial pilot.

At the completion of the Transaction, Mr. Krivorot will become an employee of the Resulting Issuer and will enter into a non-competition or confidentiality agreement with the Resulting Issuer. It is expected that he will devote 100% of his time to the business of the Resulting Issuer to effectively fulfill his duties as the President, CEO, and Director of the Resulting Issuer.

Lennie Ryer (Age 59) – CFO

Mr. Ryer previously held the position of CFO and Vice-President of Finance at ConjuChem Biotechnologies Inc., a publicly traded biotechnology company developing peptide based drugs to improve the treatment of human diseases such as diabetes and growth deficiencies. With ConjuChem, he designed and executed multiple treasury and secondary offerings in excess of $300 million, negotiated $45 million in convertible notes with a Wall Street institution, and as member of the Board of Directors, played an integral role in the development and execution of ConjuChem's IPO.

Mr. Ryer also worked at Paladin Labs Inc., a specialty pharmaceutical firm, in the position of CFO and VP Finance. At Paladin, Mr. Ryer transitioned the company to the Toronto Stock Exchange and led the company's most significant financing initiative.

Mr. Ryer was formerly the managing partner of the Montreal office of BDO, an international accounting and advisory firm. During his eighteen years in public practice, Mr. Ryer specialized in mergers and acquisitions and taxation.

Mr. Ryer holds a B.Comm degree in finance from McGill University and a degree in Public Accountancy from McGill University Faculty of Graduate Studies. He holds a Chartered Accountant designation from the Institutes of Ontario and Quebec.

At the completion of the Transaction, Mr. Ryer will become an employee of the Resulting Issuer and will enter into a non-competition or confidentiality agreement with the Resulting Issuer. It is expected that he will devote 100% of his time to the business of the Resulting Issuer to effectively fulfill his duties as the CFO of the Resulting Issuer.

Derek Stern (Age 52) – Director

Mr. Stern is a Vice-President at Olymbec Development Inc.

Mr. Stern is the executive vice-president and a principal shareholder of Olymbec Development Inc. where he has been an employee and owner for over 30 years. Mr. Stern oversees both the financial management and operations of Olymbec's industrial/commercial real estate portfolio which exceeds over 30 million square feet of property in Quebec and the United States. Mr. Stern leads the construction and development projects within Olymbec including budgeting and finance. Olymbec is a vertically integrated licensed general contractor with specialties in numerous sub categories including plumbing, electrical and HVAC. Mr. Stern has over 30 years experience in construction, maintenance and financial management of the real-estate portfolio.

Mr. Stern, in his capacity as a principal shareholder of Olymbec, helps evaluate both purchase and sale opportunities as they relate to the real-estate portfolio of Olymbec and has been directly involved in the negotiation and financial elements of numerous significant purchase/sale transactions over the course of his 30 year career with Olymbec.

At the completion of the Transaction, Mr. Stern will not be a party to any employment, non-competition or confidentiality agreement with the Resulting Issuer. It is expected that he will devote approximately 10% of his time to the business of the Resulting Issuer to effectively fulfill his duties as the Director of the Resulting Issuer.

Amy Satov (Age 50) – Director

Amy Satov, LL.B., M.B.A., is currently CEO of Litron Distributors Ltd. a national lighting company with seven locations across Canada. Prior to Litron, for twelve years, Amy was general counsel and corporate secretary of DundeeWealth, a Canadian wealth management company, with assets under management in excess of 80 billion dollars. In this role, practising corporate and commercial and securities law, she gained extensive experience in corporate governance, mergers and acquisitions, and corporate finance. Amy is currently the Chair of the Corporate Governance and Nominating Committee of the Osisko Mining Board (OSK.TO), Chair of the Compensation Committee of the Osisko Metals Inc. Board (OM.V) and is a member of the McGill Chancellors' Advisory Board. Amy is a member in good standing of the Law Society of Ontario and resides in Montreal, Quebec.

At the completion of the Transaction, Mrs. Satov will not be a party to any employment, non-competition or confidentiality agreement with the Resulting Issuer. It is expected that she will devote approximately 10% of her time to the business of the Resulting Issuer to effectively fulfill her duties as the Director of the Resulting Issuer.

Besar Xhelili (Age 33) – Director

Mr. Xhelili has over 10 years of experience in business development, corporate finance, portfolio management, joint ventures and strategic planning. He has served as president of two corporations, focused on estate and financial services.

Mr. Xhelili has practiced law since 2011, concentrating on real estate, corporate finance and litigation. Mr. Xhelili established Manor Law Professional Corporation, a firm specializing in human rights and employment law. He holds a BA from York University and an LLB from Windsor University.

Mr. Xhelili has advised clients in structuring transactions pertaining to M&A, Intellectual Property Strategy, fundraising, and strategic alignments between corporate entities

At the completion of the Transaction, Mr. Xhelili will not be a party to any employment, non-competition or confidentiality agreement with the Resulting Issuer. It is expected that he will devote approximately 10% of his time to the business of the Resulting Issuer to effectively fulfill his duties as Director of the Resulting Issuer.

Thomas Faifull (Age 70) – Director

Mr. Fairfull has extensive experience in guiding companies through the process of developing, testing and commercializing products and consulting with companies bringing innovative products to market. In 2001, Mr. Fairfull founded a company specializing in on-board hydrogen generation technology, which is currently being used by PepsiCo. In 2004, he successfully raised more than $20 million in private equity and subsequently took the company public in a successful initial public offering (IPO) and became President and CEO of a TSX Venture Exchange-traded corporation.

At the completion of the Transaction, Mr. Fairfull will not be a party to any employment, non-competition or confidentiality agreement with the Resulting Issuer. It is expected that he will devote approximately 10% of his time to the business of the Resulting Issuer to effectively fulfill her duties as the Director of the Resulting Issuer.

Share Ownership by Directors and Officers

At the completion of the Transaction, the Resulting Issuer's directors and officers as a group, will beneficially own, directly and indirectly, or exercise control or direction over, 232,859,972 Common Shares, representing 34.99% of the issued and outstanding Common Shares.

Corporate Cease Trade Orders or Bankruptcies

To the Company's knowledge, other than as disclosed below, no existing or proposed director, officer or promoter of the Company or a securityholder anticipated to hold a sufficient number of securities of the Company to affect materially the control of the Company, within 10 years of the date of this Prospectus, has been a director, officer or promoter of any person or company that, while that person was acting in that capacity,

(a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days; or

(b) 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.

On September 14, 2018, Litron Distributors Ltd. ("**Litron**"), a corporation of which Amy Satov is the CEO and a director, filed a notice of intention to make a proposal under the Bankruptcy and Insolvency Act, in connection with its restructuring. The matter is currently under review by the Superior Court of Quebec.

Penalties or Sanctions

To the Company's knowledge, no existing or proposed director, officer or promoter of the Company, or a securityholder anticipated to hold sufficient securities of the Company to affect materially the control of the Company, has:

(a) 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

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body that would be likely to be considered important to a reasonable securityholder making a decision in regards to the Company.

Personal Bankruptcies

To the Company's knowledge, no existing or proposed director, officer or promoter of the Company, or a securityholder anticipated to hold sufficient securities of the Company to affect materially the control of the Company, or a personal holding company of such persons has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to holder the assets of the director, officer or promoter.

Conflicts of Interest

Members of management are, and may in future be, associated with other firms involved in a range of business activities. Consequently, there are potential inherent conflicts of interest in their acting as officers and directors of the Company. Although the officers and directors are engaged in other business activities, the Company anticipates they will devote an important amount of time to our affairs.

The Company's officers and directors are now and may in the future become shareholders, officers or directors of other companies, which may be formed for the purpose of engaging in business activities similar to the Company's. Accordingly, additional direct conflicts of interest may arise in the future with respect to such individuals acting on behalf of us or other entities. Moreover, additional conflicts of interest may arise with respect to opportunities which come to the attention of such individuals in the performance of their duties or otherwise. Currently, the Company does not have a right of first refusal pertaining to opportunities that come to their attention and may relate to our business operations.

The Company's directors and officers are subject to fiduciary obligations to act in the best interest of the Company. Conflicts, if any, will be subject to the procedures and remedies of the BCBCA or CBCA, as applicable, or other applicable corporate legislation, securities law, regulations and policies. See "*Risk Factors*".

EXECUTIVE COMPENSATION

Prior to obtaining a receipt for this Prospectus from securities regulatory authority in British Columbia, neither CannaraBC, Cannara nor the Resulting Issuer were a reporting issuer in any jurisdiction. As a result, certain information required by Form 51-102F6 – *Statement of Executive Compensation* (“**Form 51-102F6**”) has been omitted pursuant to Section 1.3(8) of Form 51-102F6.

Compensation of Named Executive Officers

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer of the Company. “Named Executive Officer” is defined by securities legislation to mean: (i) the CEO; (ii) the CFO; (iii) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually more than $150,000 for that financial year; and (iv) each individual who would be a “Named Executive Officer” under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in similar capacity, at the end of the most recently completed financial year. At the completion of the Transaction, the Company will have the following Named Executive Officers (collectively, the “**Named Executive Officers**” or “**NEOs**”):

- Zohar Krivorot, CEO and Director of the Resulting Issuer; and
- Lennie Ryer, CFO of the Resulting Issuer.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The Company was not a reporting issuer at any time during its most recently completed financial year. Accordingly, the following table sets forth information with respect to the anticipated compensation of each Named Executive Officer and director of CannaraBC for the 12-month period subsequent to becoming a reporting issuer:

Table of Compensation Excluding Compensation Securities

Name and Principal Position	Year	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)	Long-term incentive plans ($)	Value of all other compen-sation ($)	Total Compen-sation ($)
Zohar Krivorot, President, CEO, Director	2018	nil	-	-	-	-	-	nil
Lennie Ryer, CPA, CA, CFO	2018	300,000	-	-	-	-	-	300,000
Derek Stern, Director	2018	-	-	-	-	-	-	-
Amy Satov, Director	2018	-	-	-	-	-	-	-
Besar Xhelili, Director	2018	88,640	-	-	-	-	-	88,640
Thomas Fairfull, Director	2018	-	-	-	-	-	-	-

The anticipated compensation set out above is based on current conditions in the agricultural industry and on the associated approximate allocation of time for each NEO and director, and is subject to adjustments based on changing market conditions and corresponding changes to required time commitments. Following the listing of the Common Shares on the Exchange, the Company will review its compensation policies and may adjust them if warranted by factors such as market conditions.

Stock Options and Other Compensation Securities

The Company was not a reporting issuer at any time during its most recently completed financial year. The following table discloses all anticipated compensation securities the Company expects to grant or issue to each Named Executive Officer and director once the Company becomes a reporting issuer:

Compensation Securities

Name and Position	Type of compensation security	Number of compensation securities and percentage of class	Date of issue or grant	Issue conversion of exercise price	Closing price of security on date of grant	Closing price of security at year-end	Expiry Date
Zohar Krivorot, President, CEO, Director	Options	6,000,001 (46.2%)	June 1, 2018	$0.10	N/A	N/A	June 1, 2025
Lennie Ryer, CPA, CA, CFO	Options	6,000,000 (46.2%)	June 1, 2018	$0.10	N/A	N/A	June 1, 2025

Stock Option Plans and Other Incentive Plans

See "*Options to Purchase Securities*".

Employment, Consulting and Management Agreements

Cannara has entered into the following employment agreements with officers of Cannara (each, an "**Executive**"):

(i) Employment agreement dated June 1, 2018 among Zohar Krivorot and Cannara (the "**Krivorot Employment Agreement**");

(ii) Employment agreement dated June 1, 2018 among Lennie Ryer and Cannara (the "**Ryer Employment Agreement**" and, together with the Krivorot Employment Agreement, the "**Executive Agreements**");

On closing of the Transaction, or shortly thereafter, the Resulting Issuer will enter into employment agreements with each Executive on terms similar to the Executive Agreements.

Pursuant to the Krivorot Employment Agreement, and until such time as Cannara's shares are listed on the TSXV or the CSE, Mr. Krivorot will be not be paid a salary for his role with the Company. Following the listing of Cannara's shares (or of the Resulting Issuer) on either one of the TSXV or the CSE, Mr. Krivorot will be paid a gross annual salary of $300,001. Pursuant to the Krivorot Employment Agreement, Mr. Krivorot was issued an aggregate of 6,000,001 Cannara Options. See "*Stock Options and other Compensation Securities*" above.

Pursuant to the Ryer Employment Agreement, Mr. Ryer will be paid a gross annual salary of $300,000 for his role with the Company. Mr. Ryer was issued an aggregate of 6,000,000 Cannara Options. See "*Stock Options and other Compensation Securities*" above.

Meaning of "Cause", "Change of Control" and "Good Reason"

In the Employment Agreements, "**Cause**" means the occurrence of any of the following:

(a) a breach by the executive of his material obligations under his Employment Agreement, except to the extent possible of being cured in a form reasonably acceptable to the Company, which breach remains uncured after being given written notice describing such breach in reasonable detail by the

Company and provided 10 business days to cure such breach, in each case as determined un good faith by the Company;

(b) fraud, dishonesty, gross negligence or willful misconduct

(c) the commission by the executive of a criminal offense which is incompatible with his position under his Employment Agreement;

(d) any other cause, circumstance, act or omission that constitutes a "serious reason" within the meaning of article 2094 of the *Civil Code of Québec*.

Termination by the Company Without Cause

The Company may terminate the Employment Agreements and the engagement of the Executives without Cause at any time by notice in writing. In such event, the Company shall pay the respective Executive an amount equal to 12 months of the Executive's then-current monthly salary, plus one additional month for each year served after the first anniversary.

Termination by the Company for Cause

If the Company terminates the Executive Agreement with Cause, the Executive is not entitled to any termination payment from the Company.

Oversight and Description of Director and Named Executive Officer Compensation

The Company does not have a compensation committee or a formal compensation policy. The Company relies solely on the directors to determine the compensation of the Named Executive Officers. In determining compensation, the directors consider industry standards and the Company's financial situation, but the Company does not have any formal objectives or criteria. The performance of each executive officer is informally monitored by the directors, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer.

In establishing compensation for executive officers, the Board as a whole seeks to accomplish the following goals:

- To recruit and subsequently retain highly qualified executive officers by competitive offering overall compensation;
- To motivate executives to achieve important corporate and personal performance objectives and reward them when such objectives are met; and
- To align the interests of executive officers with the long-term interests of shareholders through participation in the Option Plan.

When considering the appropriate executive compensation to be paid to our officers, the Board have regard to a number of factors including: (i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the Company's shareholders; (iv) rewarding performance, both on an individual basis and with respect to operations generally; and (v) available financial resources.

The Company's President and Chief Executive Officer, Mr. Zohar Krivorot, is compensated solely by way of stock options. This arrangement allows the Company to conserve its cash-on-hand, while aligning Mr. Krivorot's interests with those of the Company's securityholders.

The Company's Chief Financial Officer, Mr. Lennie Ryer, is compensated by way of an annual salary and stock options. Mr. Ryer's salary was determined through negotiations with the Board and is not tied to any performance criteria or goals.

The Board did not use any formal peer group evaluation to determine Mr. Ryer's salary or the terms of the stock option grants to Mr. Krivorot or Mr. Ryer.

DIRECTOR COMPENSATION

As of the date hereof, no compensation has been paid to directors.

The Company contemplates that each independent director, if any, will be entitled to participate in any security based compensation arrangement or other plan adopted by the Resulting Issuer with the approval of the Board and/or the Resulting Issuer 's shareholders, as may be required by applicable law or CSE policies.

Directors' and Officers' Liability Insurance

The Company does not carry directors' and officers' liability insurance for any of our directors or officers. We anticipate obtaining directors' and officers' liability insurance prior to becoming a reporting issuer.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Prospectus none of the directors and executive officers of CannaraBC or Cannara, proposed directors and officers for the Resulting Issuer, or associates of such persons is indebted to CannaraBC, Cannara or another entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by CannaraBC or Cannara.

PLAN OF DISTRIBUTION

This Prospectus is being filed in the Qualifying Jurisdictions to qualify the distribution of 988,000 Qualified Shares.

On August 29, 2018, the CannaraBC completed the Offering pursuant to prospectus exemptions under applicable securities legislation. In connection with the Offering, the Company issued the Special Warrants in the Qualifying Jurisdictions on a private placement basis at a price of $0.05 per Special Warrant.

Subject to the terms and conditions of the certificates representing the Special Warrants, each of the Special Warrants entitles the holder thereof to acquire, upon voluntary exercise prior to, or deemed exercise on, the Qualification Date, one Qualified Share, subject to adjustment in certain circumstances, without payment of any additional consideration.

The Special Warrants will be deemed to be exercised on the date that is the earlier of (a) the Deemed Exercise Date, and (b) the third business day following the date on which Final Receipt has been issued, at which time each Special Warrant shall be automatically exercised for one Qualified Share, subject to adjustment in certain circumstances, without payment of any additional consideration and without further action on the part of the holder.

In the event that a holder of Special Warrants exercises such securities prior to the earlier of the Qualification Date, the Qualified Shares issued upon exercise of such Special Warrants will be subject to statutory hold periods under applicable securities legislation and shall bear such legends as required by securities laws.

No additional proceeds will be received by the Company in connection with the issuance of the Qualified Shares upon exercise or deemed exercise of the Special Warrants.

In the event of certain alterations of the outstanding Common Shares, including any subdivision, consolidation or reclassification, an adjustment shall be made to the terms of the Special Warrants such that the holders shall, upon the exercise or deemed exercise of the Special Warrants following the occurrence of any of those events, be entitled to receive the same number and kind of securities that they would have been entitled to receive had they exercised their Special Warrants prior to the occurrence of those events. No fractional Qualified Shares will be issued upon the exercise or deemed exercise of the Special Warrants. The holding of Special Warrants does not make the holder thereof a shareholder of CannaraBC or entitle the holder to any right or interest granted to shareholders.

In the event that a holder of Special Warrants exercises such securities prior to the earlier of the Qualification Date, the Qualified Shares issued upon exercise of such Special Warrants will be subject to statutory hold periods under applicable securities legislation and shall bear such legends as required by securities laws.

The Company has applied to list the Common Shares on the Exchange. The listing of the Common Shares will be subject to the Company fulfilling all of the listing requirements of the Exchange, which cannot be guaranteed.

As at the date of this Prospectus, the CannaraBC and Cannara do not have any of their securities listed or quoted, have not applied to list or quote any of its securities, and do not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the U.S. or to, or for the account or benefit of, U.S. Persons. None of the Qualified Shares have been or will be registered under the U.S. Securities Act or the securities laws of any state of the U.S. and may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. Persons, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

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

AUDIT COMMITTEE

Audit Committee

Upon the Company becoming a reporting issuer in a jurisdiction in Canada, the Company will form the audit committee (the "**Audit Committee**"). The Audit Committee will be comprised as follows:

Member	Independence	Financially Literacy
Amy Satov	Independent(1)	Financially Literate
Derek Stern	Independent(1)	Financially Literate
Besar Xhelili	Non-Independent(1) (2)	Financially Literate

Notes:

(1) Within the meaning of National Instrument 52-110 – Audit Committees ("**NI 51-110**").

(2) Besar Xhelili is a consultant of Cannara and therefore he is considered under NI 52-110 to be non-independent.

A description of the education and experience of each Audit Committee member that is relevant to the performance of their responsibilities as an Audit Committee member may be found above under the heading "*Executive Officers and Directors*".

Audit Committee's Charter

The full text of the Audit Committee's charter is attached as Schedule F to this Prospectus.

Mandate and Responsibilities of the Audit Committee

The Audit Committee's mandate and responsibilities include: (i) reviewing and recommending for approval to the Board the financial statements, accounting policies that affect the statements, annual MD&A and associated press releases; (ii) 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 periodically assessing those procedures; (iii) establishing and maintaining complaint procedures regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; (iv) overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing such other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting; (v) pre-approving all non-audit services to be provided to the Company or its subsidiary entities by the external auditor; (vi) reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company; and (vii) 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.

The Audit Committee is to meet at least quarterly to review financial statements and MD&A and to meet with the Company's external auditors at least once a year.

Audit Committee Oversight

On October 19, 2017 the sole shareholder of CannaraBC elected to waive the appointment of an auditor pursuant to section 203(2) of the BCBCA. Under section 223 of the BCBCA, CannaraBC has not appointed an audit committee at this time.

At no time since the date of incorporation on February 21, 2018 was a recommendation of the audit committee of Cannara to nominate or compensate an external auditor not adopted by Cannara's board of directors.

The Resulting Issuer intends to ensure that all recommendations of the Audit Committee of the Resulting Issuer to nominate or compensate an external auditor will be adopted by the Board.

Reliance on Certain Exemptions

At no time since Cannara's the date of incorporation on February 21, 2018 or since CannaraBC's date of incorporation on October 19, 2017 has either company 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. It is not anticipated that the Resulting Issuer will rely on any of the above exemptions.

Pre-Approval Policies and Procedures

The audit committees of Cannara [or CannaraBC] have not adopted specific policies and procedures for the engagement of non-audit services but all such services are subject to the prior approval of their respective audit committees. It is not anticipated that the Resulting Issuer will adopt specific policies and procedures for the Audit Committee.

External Auditor Service Fees by Category

The aggregate audit fees incurred by CannaraBC from its date of incorporation to August 31, 2018 and by Cannara from its date of incorporation to August 31, 2018 are set out in the table below. Following closing of the Transaction, the Resulting issuer intends to use Cannara's auditor KPMG LLP (see "*Auditors, Transfer Agent and Registrars*").

Entity	Financial Year Ended	Audit Fees[(1)] ($)	Audit Related Fees[(2)]	Tax Fees[(3)]	All Other Fees[(4)]
CannaraBC[(5)]	Incorporation to August 31, 2018	Nil	Nil	Nil	Nil
Cannara[(6)]	Incorporation to August 31, 2018	Nil	Nil	Nil	Nil
Total		Nil	Nil	Nil	Nil

Notes:

(1) "Audit Fees" includes fees necessary to perform the annual audit of Cannara's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
(4) "All Other Fees" include all other non-audit services.
(5) DMCL LLP is the auditor of CannaraBC.
(6) KPMG LLP is the auditor of Cannara.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The Board is of the view that the Company's general approach to corporate governance, summarized below, is appropriate and substantially consistent with objectives reflected in the guidelines for improved corporate governance in Canada adopted by the Canadian Securities Administrators (the "**Governance Policy**").

Board of Directors

The Board will be composed of six directors.

The Governance Policy suggest that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "unrelated", or "independent", directors. An "unrelated" director is a director who is independent of management and is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, the Governance Policy suggests that the Board of Directors should include a number of directors who do not have interests in either the company or the significant shareholder.

The Company will have three "unrelated" directors within the meaning of the Governance Policy: Amy Satov, Derek Stern and Thomas Fairfull. The three remaining directors are not considered "unrelated" within the meaning of the Governance Policy: Zohar Krivorot (President and CEO), Lennie Ryer (CFO) and Besar Xhelili (consultant). In assessing the Governance Policy and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

Directors are expected to attend Board meetings and meetings of committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

Board Mandate

The Board will facilitate independent supervision of management through meetings of the Board and through frequent informal discussions among independent members of the Board and management. In addition, the Board will have access to the Company's external auditors, legal counsel and to any of the Company's officers.

The Board will have a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to management, evaluate management, set policies appropriate for the business of the Company and approve corporate strategies and goals.

The day-to-day management of the business and affairs of the Company will be delegated by the Board to the senior officers of the Company. The Board will give direction and guidance through the President 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 will recommend nominees to the shareholders for election as directors, and immediately following each annual general meeting will appoint an Audit Committee.

The Board will exercise 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 Company are subject to prior approval of the Board. To facilitate open and candid discussion among its independent directors, such directors will be encouraged to communicate with each other directly to discuss ongoing issues pertaining to the Company.

Position Description

Because the Board is a small, working board, it has not developed written position descriptions and does not have a process for assessing the performance of the directors or the chair of the Board committees. It is not anticipated that the board of the Company will perform formal assessments of its members in the 12 months following completion of the Transaction.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Company that are, or have been within the last five years, directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:

Name of Director, Officer or Promoter)	Name of Reporting Issuer	Exchange	Position	Term
Lennie Ryer	SQI Diagnostics Inc. Meteorite Capital Inc.	TSXV TSXV	CFO CFO	February 2015 to February 2016 2018 to Present
Amy Satov	Osisko Mining Inc. Osisko Metals Inc.	TSX TSXV	Director	March 2017 to Present August 2017 to Present
Thomas Fairfull	FV Pharma	CSE	CEO	May 2013 to present

Orientation and Continuing Education

The Board has not adopted formal policies respecting continuing education for Board members. Board members are encouraged to communicate with management, legal counsel, auditors and consultants of the Company, 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 Company's operations. Board members will have full access to the Company's records. It is not anticipated that the board of the Company will adopt formal guidelines in the 12 months following completion of the Transaction.

Ethical Business Conduct

The Board has not adopted formal guidelines to encourage and promote a culture of ethical business conduct but does promote ethical business conduct by nominating board members it considers ethical, by avoiding or minimizing conflicts of interest and by having a sufficient number of its board members independent of corporate matters. It is not anticipated that the board of the Company will adopt formal guidelines in the 12 months following completion of the Transaction.

The Board has found that the fiduciary duties placed on individual directors by 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 Company.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of a company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, if a director of a company also serves as a director or officer of another company engaged in similar business activities to the first company, 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 Company will 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. It is not anticipated that the nomination committee of the Company will adopt a formal process to determine new nominees in the 12 months following completion of the Transaction.

Compensation

The Board will conduct reviews with regard to directors' and officers' compensation at least once a year. For information regarding the steps taken to determine compensation for the directors and the executive officers, see "*Executive Compensation*" herein.

Other Board Committees

The Board has no other committees other than the Audit Committee. It is not anticipated that the Board of the the Company will establish any committee other than its Audit Committee in the 12 months following completion of the Transaction.

Assessments

The Board will monitor 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 will assess 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.

RISK FACTORS

An investment in the Company involves a high degree of risk and should be considered speculative. An investment in the Company should only be undertaken by those persons who can afford the total loss of their investment. You should carefully consider the risks and uncertainties described below, as well as other information contained in this Prospectus, including the financial statements and accompanying notes, appearing elsewhere in this Prospectus, before investing in the Company. The risks and uncertainties below are not the only ones the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect the Company's business. If any of the following risks occur, the Company's business, financial condition and results of operations could be seriously harmed and you could lose all or part of your investment.

Risks Related to the Company

The Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability.

As the Company has yet to begin to generate revenue, it is extremely difficult to make accurate predictions and forecasts of its finances. This is compounded by the fact the Company intends to operate in the cannabis industry, which is rapidly transforming. There is no guarantee that the Company's products or services will be attractive to potential consumers.

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

CannaraBC is in the development stage and is currently seeking mergers, acquisitions, joint ventures, partnerships and other business arrangements to expand its product offerings in the cannabis industry and grow its revenue. CannaraBC's ability to continue as a going concern is dependent upon its ability in the future to grow its revenue and achieve profitable operations and, in the meantime, to ensure it has the necessary financing to meet its obligations and repay its liabilities when they become due. These conditions indicate the existence of material uncertainties that may cast significant doubt about the CannaraBC's ability to continue as a going concern.

The Company has negative cash flow for the year ended August 31, 2018.

The Company has a negative operating cash flow for the year ended August 31, 2018. To the extent that the Company has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company. The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.

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

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

There are factors which may prevent the Company from the realization of growth targets. The Company is currently in the expansion from early development stage.

The Company's growth strategy contemplates building the Farnham Facility. There is a risk that this will not be achieved on time, on budget, or at all, as it can be adversely affected by a variety of factors, including some that are discussed elsewhere in these "*Risk Factors*" and the following:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- facility design errors;
- environmental pollution; non-performance by third party contractors; increases in materials or labour costs; construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- operational inefficiencies;
- labour disputes, disruptions or declines in productivity; inability to attract sufficient numbers of qualified workers; disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions or storms.

Nature of the Business Model

The primary business of the Company is intended to be: (i) the cultivation and the sale of cannabis-related products to legal distributors and sellers; and (ii) the sub-leasing of commercial real estate to third parties in the Farnham facility.

The Company intends to partner with leading manufacturers in the beverage, confectionery or other consumer products industries to produce cannabis-related products inside its multi-purpose Farnham Facility.

Probable lack of business diversification.

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

Limited numbers of tenants and customers.

Because the Company intends to lease a portion of its Farnham facility to a small number of select tenants, any problems associated with the business of such tenants will have an adverse effect on the Company's business, operating results and financial condition. Problems associated with such tenants may include loss of licenses to do business, delays and other problems in production; regulatory interference, including inspections and penalties for violations of Health Canada regulations which may affect the revenues and operations of the business; and additional unforeseen circumstances. There can be no guarantees that the Company will be able to find suitable tenants for their facilities, or that such tenants' performance will enable such tenants to make timely payments of rent.

The Company may face significant competition from other facilities.

Many other businesses in Canada engage in similar activities to the Company, cultivating, processing and selling cannabis-related products to similar customers. The Company cannot assure you that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Company could have a material adverse effect on its business, operating results and financial condition.

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

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company's efforts to grow its business may be costlier than the Company expects, and the Company may not be able to increase its revenue enough to offset its higher operating expenses. The Company may incur significant losses in the future for a number of reasons, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Company is unable to achieve and sustain profitability, the market price of the Common Shares may significantly decrease.

The Company may be subject to additional regulatory burden resulting from its public listing on the CSE.

The Company has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the CSE. The Company is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to the Company's financial management control systems to manage its obligations as a public company listed on the CSE. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. The Company has made, and will continue to make, changes in these and other areas, including the Company's internal controls over financial reporting. However, the Company cannot assure holders of Company's shares that these and other measures that the Company might take will be sufficient to allow us to satisfy the Company's obligations as a public company listed on the CSE on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies listed on the CSE will create additional costs for the Company and will require the time and attention of management. The Company cannot predict the amount of the additional costs that the Company might incur, the timing of such costs or the impact that management's attention to these matters will have on the Company's business.

There is no assurance that the Company will turn a profit or generate immediate revenues.

There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business.

The payment and amount of any future dividends will depend upon, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

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

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

The Company may be unable to adequately protect its proprietary and intellectual property rights

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

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

- patents in the cannabis industry involve complex legal and scientific questions and patent protection may not be available for some or any products; the Company's applications for trademarks and copyrights relating to its business may not be granted and, if granted, may be challenged or invalidated;

- issued patents, trademarks and registered copyrights may not provide the Company with competitive advantages; the Company's efforts to protect its intellectual property rights may not be effective in preventing misappropriation of any its products or intellectual property;

- the Company's efforts may not prevent the development and design by others of products or marketing strategies similar to or competitive with, or superior to those the Company develops;

- another party may assert a blocking patent and the Company would need to either obtain a license or design around the patent in order to continue to offer the contested feature or service in its products; or

- the expiration of patent or other intellectual property protections for any assets owned by the Company could result in significant competition, potentially at any time and without notice, resulting in a significant reduction in sales. The effect of the loss of these protections on the Company and its financial results will depend, among other things, upon the nature of the market and the position of the Company's products in the market from time to time, the growth of the market, the complexities and economics of manufacturing a competitive product and regulatory approval requirements but the impact could be material and adverse.

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

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

The Company may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on the Company's reputation, business, results from operations, and financial condition.

The Company may be named as a defendant in a lawsuit or regulatory action. The Company may also incur uninsured losses for liabilities which arise in the ordinary course of business, or which are unforeseen, including, but not limited to, employment liability and business loss claims. Any such losses could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition.

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

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

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

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

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

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

The Cultivation of cannabis includes risks inherent in an agricultural business including the risk of crop loss, sudden changes in environmental conditions, equipment failure, product recalls and others

The Company's future business may involve the growing of cannabis, an agricultural product. Such business will be subject to the risks inherent in any agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Company expects that any such growing will be completed indoors under climate-controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

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

The Company expects to grow by acquiring businesses. The consummation and integration of any acquired business, product or other assets into the Company may be complex and time consuming and, if such businesses and assets are not successfully integrated, the Company may not achieve the anticipated benefits, cost-savings or growth opportunities. Furthermore, these acquisitions and other arrangements, even if successfully integrated, may fail to further the Company's business strategy as anticipated, expose the Company to increased competition or other challenges with respect to the Company's products or geographic markets, and expose the Company to additional liabilities associated with an acquired business, technology or other asset or arrangement.

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

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

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

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

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

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

If additional funds are raised through issuances of equity or convertible 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. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of issue of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Stock Option Plan and upon the exercise of outstanding Warrants. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Company's ability to pursue its business objectives.

The Company currently has insurance coverage; however, because the Company's business is ancillary to the cannabis industry, there additional difficulties and complexities associated with such insurance coverage.

The Company believes that it currently have insurance coverage with respect to workers' compensation, general liability, fire and other similar policies customarily obtained for businesses to the extent commercially appropriate; however, because the Company is engaged in and operates within the cannabis industry, there are exclusions and additional difficulties and complexities associated with such insurance coverage that could cause the Company to suffer uninsured losses, which could adversely affect the Company's business, results of operations, and profitability. There is no assurance that the Company will be able to fully utilize such insurance coverage, if necessary.

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

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

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

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

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

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

Although certain officers and board members of the Company are expected to be bound by anticircumvention agreements limiting their ability to enter into competing and/or conflicting ventures or businesses, the Company may be subject to various potential conflicts of interest because some of its officers and directors (and consequently, some of the officers and directors of the Company may be engaged in a range of business activities. In addition, the Company'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 Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

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

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

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

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

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

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

The Company's business activities rely on newly established and/or developing laws and regulations in Canada. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Company's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by Health Canada or the Canadian Securities Exchange. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Company's industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, which could reduce, delay or eliminate any return on investment in the Company.

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

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

Risks Related to the Company's Securities

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

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

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

The market price for the Company's shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of lock-up or other transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or the Company's competitors;

- operating and share price performance of other companies that investors deem comparable to us; fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies;
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets; and
- regulatory changes in the industry.

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

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

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

The Company does not anticipate paying cash dividends.

The Company's current policy is to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in the Company. Therefore, the Company does not anticipate paying cash dividends on the Company's shares in the foreseeable future. The Company's dividend policy will be reviewed from time to time by the Company's board in the context of its earnings, financial condition and other relevant factors. Until the time that the Company pays dividends, which the Company might never do, Company shareholders will not be able to receive a return on their Common Shares unless they sell them.

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

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

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The Company encourages each security holder to consult with its own tax or professional advisor to under the tax considerations generally applicable with purchasing or owning the Qualified Shares.

PROMOTERS

Other than as disclosed elsewhere in this Prospectus, no person who was a promoter of the Company within the last two years:

- received anything of value directly or indirectly from the Company or a subsidiary;
- sold or otherwise transferred any asset to the Company or a subsidiary within the last two years;
- has been a director, chief executive officer or chief financial officer of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;
- has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;
- has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or
- has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

LEGAL PROCEEDINGS

The Company is not aware of any material legal proceedings involving the Company nor are any such proceedings known by the Company to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth in this Prospectus, none of (i) the directors or executive officers of the Company, (ii) the shareholders who beneficially own or control or direct, directly or indirectly, more than ten (10%) percent of the Company's outstanding voting securities, or (iii) any Associate or Affiliate of the foregoing Persons, in any transaction in which the Company has participated within the three years before the date of this Prospectus, that has materially affected or is reasonably expected to materially affect the Company.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditor of CannaraBC is Dale Matheson Carr-Hilton Labonte ("**DMCL**") LLP, Chartered Professional Accountants, located at 1500 – 1140 West Pender Street, Vancouver, British Columbia V6E 4G1. CannaraBC currently does not have a transfer and registrar agent.

The auditor for Cannara is KPMG LLP, located at 600 de Maisonneuve Boulevard West, Suite 1500, Montreal, Quebec H3A 3J2. The transfer agent and registrar for Cannara's securities is Computershare Investor Services Inc., at its principal offices located at 1500 Robert Bourassa Boulevard, 7th Floor Montreal, Quebec H3A 3S6.

The Resulting Issuer will maintain the same auditor and transfer agent as Cannara.

MATERIAL CONTRACTS

The following are material contracts that have been entered into by the Company or its subsidiaries, other than in the ordinary course of business, within the past two years and which are currently in force:

1. Amalgamation Agreement. See "*Corporate Structure – Business Combination among CannaraBC, SubCo and Cannara*".
2. Management Agreement. See "*Description of the Business – Farnham Facility*".
3. FV Pharma Lease. See "*Description of the Business – Lease Agreements*" and "*Cannabis License and Agreement with FV Pharma Quebec*".
4. IKEA Lease. See "*Description of the Business – Lease Agreements*".
5. Onyx Lease. See "*Description of the Business – Lease Agreements*".
6. Subscription Receipt Agreement pursuant to which the Cannara Subscription Receipts were created.

Copies of the above agreements or redacted versions thereof can be inspected at the Cannara's head office during regular business hours for a period of 30 days after a final receipt is issued for this Prospectus and are also available electronically at www.sedar.com.

LEGAL MATTERS

Certain legal matters in connection with this Prospectus have been passed upon by McMillan LLP, on behalf of CannaraBC. As of the date hereof, the partners and associates of McMillan LLP, as a group, beneficially own, directly or indirectly, in the aggregate, less than one percent of the outstanding securities of the Company.

Certain Canadian legal matters in connection with this Prospectus will be passed upon by Dentons Canada LLP, on behalf of Cannara. As at the date hereof, the partners and associates of Dentons Canada LLP, as a group, beneficially own, directly or indirectly, in the aggregate, less than one percent of the outstanding Common Shares of the Company.

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 Company or any associate or affiliate of the Company. The following are persons or companies whose profession or business gives authority to a statement made in this Prospectus as having prepared or certified a part of that document or report described in the Prospectus:

- KPMG LLP, Chartered Professional Accountants is the external auditor of Cannara and reported on Cannara's audited financial statements as at August 31, 2018 and for the 191-day period from February 21, 2018 (date of incorporation) to August 31, 2018, attached as Schedule C
- DMCL LLP, Chartered Professional Accountants is the external auditor of CannaraBC and reported on CannaraBC's audited financial statements as at August 31, 2018 and for the period from October 19, 2017 (date of incorporation) to August 31, 2018, attached as Schedule A;

DMCL LLP are independent auditors with respect to CannaraBC within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

KPMG LLP are independent auditors with respect to Cannara within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

Certain legal matters in respect of this Prospectus have been passed upon on behalf of CannaraBC by McMillan LLP and on behalf of Cannara by Dentons Canada LLP. As of the date hereof, the partners and associates of McMillan LLP, as a group, own, directly or indirectly, in the aggregate, less than one percent of the outstanding securities of the Company.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RECISSION

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 thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. 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.

However, in light of the fact that this prospectus is being filed to allow the Company to qualify securities on exercise of Special Warrants, the Company believes that the remedies described in the foregoing paragraph are not applicable to the transactions described in this Prospectus.

OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts relating to the Transaction that are not otherwise disclosed in this Prospectus or are necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the Transaction.

Financial Statement Disclosure

SCHEDULE "A" CANNARA BIOTECH INC. (FORMERLY DUNBAR CAPITAL CORP.) AUDITED FINANCIAL STATEMENTS AS AT AUGUST 31, 2018 AND FOR THE PERIOD FROM OCTOBER 19, 2017 (DATE OF INCORPORATION) TO AUGUST 31, 2018

SCHEDULE "B" CANNARA BIOTECH INC. (FORMERLY DUNBAR CAPITAL CORP.) MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD FROM OCTOBER 19, 2017 (DATE OF INCORPORATION) TO AUGUST 31, 2018

SCHEDULE "C" CANNARA BIOTECH INC. AUDITED FINANCIAL STATEMENTS AS AT AUGUST 31, 2018 AND FOR THE PERIOD FROM FEBRUARY 21, 2018 (DATE OF INCORPORATION) TO AUGUST 31, 2018

SCHEDULE "D" CANNARA BIOTECH INC. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD FROM FEBRUARY 21, 2018 (DATE OF INCORPORATION) TO AUGUST 31, 2018

SCHEDULE "E" CANNARA BIOTECH INC. (FORMERLY DUNBAR CAPITAL CORP.) AND CANNARA BIOTECH INC. PRO FORMA FINANCIAL STATEMENTS AS AT AUGUST 31, 2018

SCHEDULE A

CANNARA BIOTECH INC. (FORMERLY DUNBAR CAPITAL CORP.) AUDITED FINANCIAL STATEMENTS AS AT AUGUST 31, 2018 AND FOR THE PERIOD FROM OCTOBER 19, 2017 (DATE OF INCORPORATION) TO AUGUST 31, 2018

CANNARA BIOTECH INC.
(Formerly Dunbar Capital Corp.)

Financial Statements

For the period from October 19, 2017 (date of incorporation) to August 31, 2018

Expressed in Canadian Dollars

CANNARA BIOTECH INC.
(Formerly Dunbar Capital Corp.)

INDEPENDENT AUDITORS' REPORT

To the Director of Cannara Biotech Inc. (formerly Dunbar Capital Corp.)

We have audited the accompanying financial statements of Cannara Biotech Inc. (formerly Dunbar Capital Corp.), which comprise the statement of financial position as at August 31, 2018 and the statements of changes in equity, loss and comprehensive loss and cash flows for the period from October 19, 2017 (date of incorporation) to August 31, 2018, 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 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 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of Cannara Biotech Inc. (formerly Dunbar Capital Corp.) as at August 31, 2018 and its financial performance and its cash flows for the period from October 19, 2017 (date of incorporation) to August 31, 2018, in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Cannara Biotech Inc.'s (formerly Dunbar Capital Corp.) ability to continue as a going concern.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOINTANTS

Vancouver, Canada
October •, 2018

CANNARA BIOTECH INC.
(Formerly Dunbar Capital Corp.)

Statement of Financial Position
(Expressed in Canadian Dollars)

	Notes		**August 31, 2018**
Assets			
Current assets:			
Cash		**$**	**106,927**
Subscriptions receivable	4		**2,050**
		$	**108,977**
Liabilities and Shareholders' Equity			
Current liabilities:			
Trades payables		**$**	**31,300**
Accrued liabilities			**12,500**
Due to related party	5		**31,500**
			75,300
Shareholders' equity:			
Capital stock	4		**59,500**
Special warrants	4		**49,400**
Deficit			**(75,223)**
			33,677
		$	**108,977**

Nature of business (Note 1)
Proposed business transaction (Note 10)

Approved on behalf of the board of directors:

"Karamveer Thakur"
Karamveer Thakur, Director

The accompanying notes form an integral part of these financial statements.

CANNARA BIOTECH INC.
(Formerly Dunbar Capital Corp.)

Statement of Changes in Equity
(Expressed in Canadian Dollars)

		Share capital				
	Notes	Shares	Amount	Special Warrants	Deficit	Total Equity
Balance, October 19, 2017 (date of incorporation)		**–**	**$ –**	**$ –**	**$ –**	**$ –**
Common shares issued for cash	4	8,525,000	59,500	–	–	59,500
Special warrants issued for cash	4	–	–	49,400	–	49,400
Net loss for the period		–	–	–	(75,223)	(75,223)
Balance, August 31, 2018		**8,525,000**	**$ 59,500**	**$ 49,400**	**$ (75,223)**	**$ 33,677**

The accompanying notes form an integral part of these financial statements

CANNARA BIOTECH INC.
(Formerly Dunbar Capital Corp.)

Statement of Loss and Comprehensive Loss
For the period from October 19, 2017 (date of incorporation) to August 31, 2018
(Expressed in Canadian Dollars)

	Notes		**2018**
Expenses:			
Consulting fees	5	**$**	**36,500**
Office and administration			**1,371**
Professional fees			**16,352**
Rent	6		**21,000**
Net and comprehensive loss		**$**	**(75,223)**
Loss per common share – basic and diluted		**$**	**(1.39)**
Weighted average number of common shares outstanding – basic and diluted			**53,957**

The accompanying notes form an integral part of these financial statements.

CANNARA BIOTECH INC.
(Formerly Dunbar Capital Corp.)

Statement of Cash Flows
For the period from October 19, 2017 (date of incorporation) to August 31, 2018
(Expressed in Canadian Dollars)

		2018
Cash provided by:		
Operating activities		
Net loss for the period	$	**(75,223)**
Changes in non-cash working capital:		
Trades payables and accrued liabilities		**43,800**
Due to related party		**31,500**
		77
Financing activities		
Proceeds from share issuances		**59,500**
Proceeds from issuance of special warrants		**47,350**
		106,850
Change in cash, being cash at the end of the period	$	**106,927**

The accompanying notes form an integral part of these financial statements.

1. NATURE OF BUSINESS

Cannara Biotech Inc. (formerly Dunbar Capital Corp.) (the "Company") was incorporated under the laws of the Province of British Columbia on October 19, 2017. The Company changed its name from Dunbar Capital Corp. to Cannara Biotech Inc. on October 19, 2018.

On October 17, 2018, the Company incorporated a wholly-subsidiary, 11038427 Canada Inc. ("Subco"), and entered into a Definitive Agreement (the "Agreement") with Cannara Biotech Inc. ("Cannara"), a private company incorporated under the Canada Business Corporations Act. Cannara is a development stage company whose principal business activities will be to develop and commercialize a variety of organic cannabis-infused medical products and flowers. Pursuant to the Agreement, Subco and Cannara will amalgamate and merge and the separate corporate existence of Subco will cease, and Cannara will continue as a wholly-owned subsidiary of the Company. Upon completion of the Transaction, the security holders of Cannara will become shareholders of the combined entity (the "Resulting Issuer") (Note 10).

The Company's head office and principal address is Suite 2050-1055 W. Georgia Street, Vancouver BC, V6E 3P3. The registered and records office is 1500-1055 West Georgia Street, Vancouver, BC V6E 4N7.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful identification of viable business project, its ability to raise equity capital, to obtain loans from related parties, and to attain profitable operations to generate funds and meet current and future obligations. During the period ended August 31, 2018, the Company reported a net loss of $75,223. As at August 31, 2018, the Company had working capital of $33,677.

2. BASIS OF PRESENTATION

These financial statements were authorized for issue on October 23, 2018 by the directors of the Company.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. These financial statements are presented in Canadian dollars unless otherwise noted.

2. BASIS OF PRESENTATION (cont'd)

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

Share capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income taxes

Income tax expense is comprised of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the asset and liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Financial instruments – recognition and measurement

The Company classifies all financial instruments as held-to-maturity financial assets, fair value through profit or loss ("FVTPL"), available for sale or other financial liabilities, as follows:

- Held-to-maturity financial assets are initially recognized at their fair values and subsequently measured at amortized cost using the effective interest method. Impairment losses are charged to earnings in the period in which they arise.
- FVTPL financial instruments are carried at fair value with changes in fair value charged or credited to earnings in the period in which they arise.
- Available-for-sale financial instruments are carried at fair value with changes in the fair value charged or credited to other comprehensive income. Impairment losses are charged to net earnings in the period in which they arise.
- Other financial liabilities are initially measured at cost or amortized cost, net of transaction costs and any embedded derivatives that are not closely related to the financial liability, depending upon the nature of the instrument with any resulting premium or discount from the face value being amortized to earnings using the effective interest method.

The Company classifies cash as FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recent accounting pronouncements

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.

b. Issued and outstanding

During the period ended August 31, 2018, the Company completed the following transactions:

i) On October 17, 2017, 1 common share was issued to the sole director of the Company

ii) On August 29, 2018, 8,524,999 common shares were issued for aggregate gross proceeds of $59,500.

c. Special Warrants

The Company issued 988,000 special warrants ("Special Warrant") at a price of $0.05 per share for total gross proceeds of $49,400. Each Special Warrant will entitle the holder to receive one common share of the Company (each a "Share") on the exercise or deemed exercise of each Special Warrant. Any Special Warrant exercised before the deemed exercise contemplated herein, will be subject to a hold period, the later of: (a) four months and a day following the date of issuance of the Special Warrants, and (b) the date the Company becomes a reporting issuer in a jurisdiction of Canada. The Special Warrants will be exercisable by the holders thereof at any time after the Closing Date (August 29, 2018) for no additional consideration and all unexercised Special Warrants will be deemed to be exercised on the earlier of: (a) the date that is four months and a day following the Closing Date (August 29, 2018), and (b) the third business day after a receipt is issued for a (final) prospectus by the securities regulatory authorities in each of the Provinces of Canada where the Special Warrants are sold qualifying the Shares to be issued upon the exercise of the Special Warrants.

Of the $49,400, $2,050 was receivable at August 31, 2018.

5. RELATED PARTY TRANSACTIONS

On November 1, 2017, the Company entered into an advisory service agreement with 1142377 B.C. Ltd., a wholly-owned company of the CEO of the Company, for a monthly fee of $3,000 plus taxes to provide business development and corporate advisory services.

As at August 31, 2018, $31,500 was due to 1142377 B.C. Ltd. The amount owing to 1142377 B.C. Ltd. is non-interest bearing, unsecured with no specific terms of repayment.

(Expressed in Canadian Dollars)

6. COMMITMENTS

On November 1, 2017, the Company entered into a sublease agreement which pays $2,000 per month plus applicable taxes for its corporate office. The sublease is for a one year term and will renew on a month to month basis until terminated.

7. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2018
Loss for the period	$	(75,223)
Statutory rate		26%
Expected income tax recovery at statutory rate		(19,558)
Change in unrecognized benefit of non-capital loss		19,558
Income tax recovery	$	–

The Company has accumulated non-capital losses of approximately $75,000 which may be deducted in the calculation of taxable income in future years. The losses expire in 2038.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at August 31, 2018, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with the counterparty’s inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company’s objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

As at August 31, 2018, the Company had cash on hand of $106,927, which is sufficient to settle its current liabilities of $75,300.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk
The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(c) Price risk
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices. The Company closely monitors individual equity movements to determine the appropriate course of action to be taken by the Company.

9. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at August 31, 2018, the Company's shareholders' equity was $33,677 and it had current liabilities of $75,300. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its future liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company currently is not subject to externally imposed capital requirements.

10. PROPOSED BUSINESS TRANSACTION

In accordance with the Agreement (Note 1), the Company will issue a total of 476,667,330 common shares to the shareholders of Cannara. Each shareholder of Cannara will receive one common share of the Company in exchange for each Cannara share. After completing the transaction, the Resulting Issuer will apply to list its common shares on either the CSE or TSX-V (the “Exchange”). Upon completion of the Transaction, the Company will continue to carry on the business of Cannara. The closing of the transaction is subject to the terms set forth in the Agreement, the completion of a proposed financing and certain conditions being satisfied by both parties and approval by the Exchange.

The transaction will result in the shareholders of Cannara acquiring control of the Company. Therefore, the transaction, will be accounted for as an acquisition of the Company by Cannara and as a reverse take-over.

SCHEDULE B

CANNARA BIOTECH INC. (FORMERLY DUNBAR CAPITAL CORP.)
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD FROM OCTOBER 19, 2017 (DATE OF INCORPORATION) TO AUGUST 31, 2018

CANNARA BIOTECH INC.

(Formerly Dunbar Capital Corp.)

MANAGEMENT DISCUSSION AND ANALYSIS

August 31, 2018

1.1 Date

This Management Discussion and Analysis ("MD&A") of Cannara Biotech Inc. (formerly Dunbar Capital Corp.) ("Cannara Biotech" or the "Company") has been prepared by management as of October 23, 2018 and should be read in conjunction with the audited financial statements and related notes thereto of the Company for the period from incorporation date (October 19, 2017) to August 31, 2018, which was prepared in accordance with International Accounting Standards using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

This MD&A contains forward-looking information which reflects management's expectations regarding the Company's growth, results of operation, performance and business prospects and opportunities. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", believe", outlook", "forecast" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements in this MD&A include, but not limited to, the Company's expectation of future activities and results, of its working capital needs and its ability to identify, evaluate and pursue suitable business opportunity. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events to differ materially from those anticipated in these forward-looking statements. Readers should not put undue reliance on forward-looking information.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

1.2 Over-all Performance

The Company was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) on October 19, 2017.

On October 17, 2018, Cannara Biotech incorporated a wholly-owned subsidiary, 11038427 Canada Inc. ("Subco") and entered into a Definitive Agreement (the "Agreement") with Cannara Biotech Inc. ("Cannara"), a private company incorporated under the Canada Business Corporations Act. Pursuant to the Agreement, Subco and Cannara will amalgamate and merge and the separate corporate existence of Subco will cease, and Cannara will continue as a wholly-owned subsidiary of Cannara Biotech. Upon completion of the Transaction, the security holders of Cannara will become shareholders of the combined entity (the "Resulting Issuer"). See 1.11 Proposed Transaction.

1.3 Selected Annual Information

	Date of Incorporation (October 19, 2017) to August 31, 2018
Net Loss	$ (75,223)
Loss per share	$ (1.39)
Total assets	$ 108,977
Total long-term liabilities	Nil
Cash dividends declared per share for each class of share	Nil

1.4 Results of Operations

Fiscal year ended August 31, 2018

During the period from October 19, 2017 (date of incorporation) to August 31, 2018, the Company reported a net loss of $75,223 or $1.39 per share which consisted of consulting fees of $36,500, office and administration of $1,371, professional fees of $16,352, and rent of $21,000.

Consulting fees incurred pursuant to the Company's advisory agreement with 1142377 BC Ltd. dated November 1, 2017. *See 1.9 Transactions with Related Parties*.

Professional fees incurred in connection to the Company's audit, accounting services, and legal services for the Company's incorporation and other corporate matters.

The Company entered into a sublease agreement dated November 1, 2017 which pays $2,000 per month plus applicable taxes for its corporate office.

1.5 Summary of Quarterly Results

Quarterly financial for interim periods preceding the date of this MD&A have been omitted as the Company was incorporated on October 19, 2017.

1.6 Liquidity and Capital Resources

The Company reported a working capital of $33,677 at August 31, 2018. As at August 31, 2018, the Company had cash on hand of $106,927, subscriptions receivable of $2,050, trades payable and accrued liabilities of $43,800 and due to related party of $31,500.

The Company may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

1.7 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

1.8 Risk and Uncertainties

The Company's financial performance is likely to be subject to the following risks:

- Although management of the Company is working diligently to complete the business transaction, there is no assurance that a definitive agreement will be entered into nor completed.
- The Company has not generated any significant revenue and has incurred significant losses since inception.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

As at August 31, 2018, the Company had cash on hand of $106,927, which is sufficient to settle its current liabilities of $75,300.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk
The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(c) Price risk
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices. The Company closely monitors individual equity movements to determine the appropriate course of action to be taken by the Company.

1.9 Transactions with Related Parties

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

On November 1, 2017, the Company entered into an advisory service agreement with 1142377 B.C. Ltd., a wholly-owned company of the CEO of the Company, for a monthly fee of $3,000 plus taxes to provide business development and corporate advisory services.

As at August 31, 2018, $31,500 was due to 1142377 B.C. Ltd. The amount owing to 1142377 B.C. Ltd. is non-interest bearing, unsecured with no specific terms of repayment.

1.10 Fourth Quarter

The Company completed its first fiscal year on August 31, 2018. Please refer to 1.4 Results of Operations and 1.11 Proposed Transactions.

1.11 Proposed Transactions

On October 17, 2018, Cannara Biotech and Subco entered into a Definitive Agreement with Cannara (See 1.2 Overall Performance). Cannara intends to operate a secure 625,000 square foot indoor medical cannabis cultivation facility in Quebec and possibly acquire other similar facilities in Canada.

In accordance with the Agreement, Cannara Biotech will issue a total of 476,667,330 common shares to the shareholders of Cannara. Each shareholder of Cannara will receive one common share of Cannara Biotech in exchange for each Cannara share. After completing the Transaction, the Resulting Issuer will apply to list its common shares on either the CSE or TSX-V (the "Exchange"). Upon completion of the Transaction, Cannara Biotech will continue to carry on the business of Cannara. The closing of the Transaction is subject to the terms set forth in the Agreement, the completion of a proposed financing and certain conditions being satisfied by both parties and approval by the Exchange.

The Transaction will result in the shareholders of Cannara acquiring control of Cannara Biotech. Therefore, the transaction, will be accounted for as an acquisition of Cannara Biotech by Cannara and as a reverse take-over.

1.12 Critical Accounting Estimates

Not applicable to venture issuers.

1.13 Changes in Accounting Policies including Initial Adoption

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. Our significant accounting policies are set out in Note 3 of the financial statements of the Company, as at and for the period ended August 31, 2018.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments at August 31, 2018 are as follows:

	Loans and receivables	*Fair Value through Profit or Loss*	*Other financial liabilities*
Financial assets			
Cash	$ –	$ 106,927	$ –
Subscriptions receivable	2,050	–	–
Trades payable	–	–	31,300
Due to related party	–	–	31,500
	$ 2,050	$ 106,927	$ 62,800

1.15 Other Requirements

Summary of Outstanding Share Data as of October 23, 2018:

Authorized: Unlimited number of common shares without par value.
Issued and outstanding: 8,525,000
Special warrants: 988,000

On behalf of the Board of Directors, thank you for your continued support.

"Karamveer Thakur"

Karamveer Thakur
Director

SCHEDULE C

CANNARA BIOTECH INC. AUDITED FINANCIAL STATEMENTS AS AT AUGUST 31, 2018 AND FOR THE PERIOD FROM FEBRUARY 21, 2018 (DATE OF INCORPORATION) TO AUGUST 31, 2018

Financial Statements of

CANNARA BIOTECH INC.

191-day period from date of incorporation (February 21, 2018) to August 31, 2018

CANNARA BIOTECH INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Cannara Biotech Inc.

We have audited the accompanying financial statements of Cannara Biotech Inc., which comprise the statement of financial position as at August 31, 2018, the statements of net loss and comprehensive loss, changes in equity and cash flows for the 191-day period from date of incorporation (February 21, 2018) to August 31, 2018, and notes, comprising 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 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 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 our 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, we consider 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 Cannara Biotech Inc. as at August 31, 2018, and its financial performance and its cash flows for the 191-day period from date of incorporation (February 21, 2018) to August 31, 2018 in accordance with International Financial Reporting Standards.

Date

Montréal, Canada

CANNARA BIOTECH INC.

Statement of Financial Position

August 31, 2018

Assets

Current assets:	
Cash	$ 12,899,672
Receivables (note 4)	585,046
	13,484,718
Deposits (note 5)	1,551,451
Property and equipment (note 5)	13,355,844
Right-of-use asset	468,285
	$ 28,860,298

Liabilities and Shareholders' Equity

Current liabilities:	
Accounts payable and accrued liabilities	$ 1,091,235
Current portion of lease liability (note 5)	72,651
	1,163,886
Mortgage payable (note 6)	12,508,720
Lease liability (note 5)	445,271
	14,117,877
Shareholders' equity:	
Share capital (note 7)	15,853,968
Contributed surplus	1,001,350
Deficit	(2,112,897)
	14,742,421
Contingencies (note 13)	
Subsequent events (note 16)	
	$ 28,860,298

See accompanying notes to financial statements.

On behalf of the Board:

________________________ Director

________________________ Director

CANNARA BIOTECH INC.

Statement of Net Loss and Comprehensive Loss

191-day period from date of incorporation (February 21, 2018) to August 31, 2018

Lease revenues	$	432,637
Operating expenses:		
Lease operating costs		273,580
Selling, general and administrative expenses		1,866,514
Amortization of property and equipment		85,028
Amortization of right-of-use asset		24,647
		2,249,769
Operating loss		(1,817,132)
Net finance expense (note 8)		295,765
Loss before income taxes		(2,112,897)
Income tax expense (note 11)		–
Net loss and comprehensive loss	$	(2,112,897)
Basic and diluted loss per share	$	(0.01)
Weighted average number of outstanding basic and diluted shares		360,872,646

Net loss and comprehensive loss are attributable entirely to the shareholders of the Company.

See accompanying notes to financial statements.

CANNARA BIOTECH INC.

Statement of Changes in Equity

191-day period from date of incorporation (February 21, 2018) to August 31, 2018

	Shares	Share capital	Contributed surplus	Deficit	Equity
Issuance of Class A common shares	15,000	$ 15	$ –	$ –	$ 15
Net loss and comprehensive loss	–	–	–	(2,112,897)	(2,112,897)
Issuance of Class B common shares	476,652,330	17,665,533	–	–	17,665,533
Share issuance costs	–	(1,811,580)	862,277	–	(949,303)
Share-based compensation	–	–	139,073	–	139,073
August 31, 2018	476,667,330	$ 15,853,968	$ 1,001,350	$ (2,112,897)	$ 14,742,421

See accompanying notes to financial statements.

CANNARA BIOTECH INC.

Statement of Cash Flows

191-day period from date of incorporation (February 21, 2018) to August 31, 2018

Cash provided by (used in):	
Operating:	
Net loss	$ (2,112,897)
Items not involving cash:	
Amortization of plant and equipment (note 5)	85,028
Amortization of right-of-use asset	24,647
Interest on lease liability	24,990
Share-based compensation (note 9)	139,073
Net change in non-cash operating working capital items:	
Receivables	(585,046)
Accounts payables and accrued liabilities	1,091,235
	(1,332,970)
Financing:	
Issuance of Class A common shares (note 7)	15
Issuance of Class B common shares (note 7)	17,665,533
Share issuance costs (notes 7 and 10)	(949,303)
Mortgage payable	12,550,000
Mortgage issuance costs	(41,280)
	29,224,965
Investing:	
Acquisitions of property and equipment (note 5)	(13,440,872)
Deposits (note 5)	(1,551,451)
	(14,992,323)
Net change in cash	12,899,672
Cash, beginning of the period	–
Cash, end of the period	$ 12,899,672
Supplemental information to the statement of cash flows;	
Non-cash transaction:	
Initial recognition of right-of-use asset and lease liability	$ 492,932
Interest paid	180,616

See accompanying notes to financial statements.

Cannara Biotech Inc. (hereafter the "Company" or "Cannara") is a development stage company whose principal business activities will be to develop and commercialize a variety of organic cannabis-infused medical products and flowers. The Company will cultivate inside a recently purchased, modern and secure 625,000 square foot facility, and plans to offer its product to consumers throughout Canada and international markets. The Company is domiciled in Canada and was incorporated under the *Canada Business Corporations Act* on February 21, 2018. Its head office is located at 333 Décarie, Suite 200, Ville St-Laurent, Québec, H4N 3M9.

Cannara has not generated any product revenues from its planned principal business activities to date. The Company has incurred net losses of approximately $2.1 million since its inception and has a deficit of approximately $2.1 million. The Company expects that its existing cash as at August 31, 2018 will enable it to fund its planned operating expenses for at least the next twelve months from August 31, 2018.

The Company expects to incur continued operating losses for the foreseeable future. Until such time as significant revenue from product sales are generated, the Company expects to finance its operations through a combination of public or private equity, debt financings or other sources, which may include collaborations with third parties (see Note 16, Subsequent events). The ability of the Company to ultimately achieve future profitable operations is dependent upon the successful development of its product pipeline, obtaining regulatory approvals in various jurisdictions, and the successful sale and commercialization of its products.

1. Basis of preparation:

(a) Statement of compliance:

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were approved for issuance by the Board of Directors on October _____, 2018.

(b) Basis of measurement:

These financial statements have been prepared under the historical cost basis, except for the following:

(i) Equity-based share-based payment arrangements, which have been recorded at fair value at grant date pursuant to IFRS 2, *Share-based Payment*; and

(ii) Right-of-use and asset and related lease liability, which have been recorded at the present value of the lease payments that are not paid at lease commencement date of initial recognition pursuant to IFRS 16, *Leases*.

1. Basis of preparation (continued):

(c) Functional currency:

Items included in the financial statements of the Company are measured using the Canadian dollar, the currency of the primary economic environment in which the entity operates (the "functional currency").

2. Significant accounting policies:

A summary of the significant accounting policies applied in the preparation of these financial statements is described below.

(a) Property and equipment:

Property and equipment are carried at the historical cost less accumulated amortization and accumulated impairment losses. Where an item of property or equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment. Cost includes expenditures that are directly attributable to the acquisition, the development and the construction of the asset including borrowing costs on qualifying assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Assets under construction are transferred to the appropriate category of property and equipment when the assets are ready for their intended use at which point amortization of these assets commences.

Start-up costs are expensed as incurred.

The carrying amount of an asset is derecognized when the asset is replaced. Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the disposed asset. Gains and losses on disposals are recognized in selling, general and administrative expenses in the statement of net loss and comprehensive loss.

Residual values, method of depreciation and useful lives of the assets are reviewed at the end of each period and adjusted if appropriate.

Repairs and maintenance costs are expensed as incurred in the statement of net loss and comprehensive loss. Maintenance costs which increase future benefits associated with the item are allocated to the assets and depreciated over their residual useful lives.

Amortization is calculated using the straight-line method, over the estimated useful life of the assets.

2. Significant accounting policies (continued):

(a) Property and equipment (continued):

Estimated useful lives are as follows:

Assets	Periods
Building	30 years
Computer equipment	3 years
Furniture and fixtures	5 years

(b) Impairment of financial assets:

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired and also whether the credit risk on a financial asset has increased significantly since initial recognition.

The Company has adopted the simplified approach for receivables. For receivables that do not contain a significant financing component, the loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to the lifetime expected credit losses ("ECL").

ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive discounted at the original effective interest rate. Because ECL considers the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

Losses are recognized as an expense in selling, general and administrative expenses in the statement of net loss and comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of net loss and comprehensive loss.

2. Significant accounting policies (continued):

(b) Impairment of financial assets (continued):

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount of a cash-generating unit is the higher of fair value less costs of disposal 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 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 an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of net loss and comprehensive loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognized immediately in the statement of net loss and comprehensive loss.

(c) Revenue recognition:

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which provides a single five-step model that applies to contracts with customers and two approaches to recognizing revenue: over time or at a point in time. The Company elected to adopt the standard effective February 21, 2018. As the Company does not currently derive any revenues from contracts with customers, the adoption of the standard had no impact on the Company’s financial statements.

2. Significant accounting policies (continued):

(d) Leases:

In January 2016, the IASB issued IFRS 16, *Leases*, which specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less, or the underlying asset has a low monetary value. Lessors continue to classify leases as operating or finance, with IFRS's 16 approach to lessor accounting substantially unchanged from the prior standard. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company elected to early adopt the standard effective February 21, 2018, concurrent with the adoption of the new standard related to revenue recognition.

As a lessee:

The Company has a lease for its head office premises. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which generally comprises the initial amount of the lease liability, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is amortized using the straight-line method over the initial lease term (five years).

As a lessor:

The Company has sub-leased part of its 625,000 square foot facility. These leases have been classified as operating leases. Lease revenue is recorded on a straight-line basis, which takes into effect any rent escalations and rent holidays. Lease terms are from the inception of the purchase of the building (June 15, 2018) until the end of the initial lease term and exclude renewal periods. Renewal periods have been excluded as they are not reasonably assured.

2. Significant accounting policies (continued):

(e) Financial instruments:

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, when the contractual right to receive the cash flows is transferred or when the contractual rights to receive the cash flows are retained but the Company assumes contractual obligation to pay the cash flows to one or more recipients.

Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Upon initial recognition, financial assets and financial liabilities are measured at fair value plus or minus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Based on initial classification, financial assets and liabilities are thereafter measured at fair value or amortized cost.

The classification of financial instruments by the Company is as follows:

Financial instrument	Classification	Measurement
Cash	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Mortgage payable	Other financial liabilities	Amortized cost
Lease liability	Other financial liabilities	Amortized cost

2. Significant accounting policies (continued):

(f) Determination of fair values:

Certain of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes as explained below. When applicable, further information about the assumptions made in determining fair values is disclosed in the note specific to that asset or liability.

Fair value is the price that would be received in selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

The fair value hierarchy of the Company's financial instruments is as follows:

Level 1 - quoted market prices in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 - unobservable inputs, such as inputs for the asset or liability, which are not based on observable market data.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data and rely as little as possible on the Company's specific estimates. If all significant inputs required to fair value instruments are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Company has no financial assets and liabilities recorded at fair value on a recurring basis measured using Level 3 inputs. The fair value of the lease liability on initial recognition was determined using Level 3 inputs.

(g) Finance income and costs:

Finance income includes interest income on available cash balances.

2. Significant accounting policies (continued):

(g) Finance income and costs (continued):

Finance costs include interest expense on borrowings related to the mortgage payable and the lease liability.

(h) Income taxes:

Income tax expense represents the sum of the tax currently payable and deferred.

Current tax

Income tax is recognized in the statement of net loss and comprehensive loss, except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years, if any.

Deferred tax

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the date of the statement of financial position and will apply when the deferred tax assets or liabilities are expected to be settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. In assessing whether deferred tax assets may be realized, management considers the likelihood that some portion or all of the tax assets will be realized. The ultimate use of net deferred tax assets is dependent upon the generation of future taxable income or available tax planning strategies in making this assessment. Since the Company is a development stage company, the generation of future taxable income is dependent on the successful commercialization of its products. Management has determined that it is not "more likely than not" that the benefits of the deferred tax assets will be recovered and these have thus not been recorded.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. Significant accounting policies (continued):

(i) Share-based payments:

The Company has a share-based payment plan that grants stock options to employees. Accordingly, awards are measured on the grant date at fair value and recorded as a compensation expense with a corresponding increase to contributed surplus. The expense is recognized over the vesting period of the options granted and is recognized as an expense in earnings with a corresponding credit to contributed surplus. At the end of each reporting period, the Company re-assesses its estimate of the number of stock options expected to vest and recognizes the impact of the revisions in the consolidated statement of loss and comprehensive loss. Any consideration paid by employees and directors on exercise of stock options is credited to share capital combined with any related share-based compensation expense originally recorded in contributed surplus. The fair value of awards is measured using the Black-Scholes model. Measurement inputs include the underlying share price, exercise price of the instrument, expected price volatility, expected life of the instrument, expected dividends, and the risk-free interest rate.

(j) Loss per share:

Loss per share is determined using the weighted average number of Classes A and B common shares outstanding during the period.

Diluted loss per share is determined by adjusting the loss and the weighted average number of common shares for the effects of all potential dilutive common shares, related to stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised, and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period. Potentially dilutive instruments are not included in the calculation of earnings per share if they are anti-dilutive for the periods presented.

3. Critical accounting estimates and judgments:

Estimates and judgments are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, judgments and assumptions. The carrying amounts of assets, liabilities, accruals, provisions, contingent liabilities and other financial obligations, as well as the determination of fair values and reported income and expense in these financial statements, depend on the use of estimates and judgments. IFRS also require management to exercise judgment in the process of choosing and applying the Company's accounting policies. These estimates and judgments are based on the circumstances and estimates at the date of the financial statements and affect the reported amounts of income and expenses during the reporting period. Given the uncertainty regarding the determination of these factors, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant items impacted by such estimates and judgments are outlined below.

Management estimates

Management estimates the useful lives of property and equipment in the period during which the assets become available for use. The amounts and timing of recorded expenses for amortization of property equipment for any period are affected by these estimated useful lives. The estimates are reviewed each period and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. Changes in these factors may cause significant changes in the estimated useful lives of the Company's property and equipment and the related amortization expense in the future.

Other areas of judgment and uncertainty relate to the identification and measurement of the individual components of property and equipment, the measurement of warrants and share-based compensation (Notes 9 and 10), and the initial measurement of the right-of-use asset and lease liability, which involve management's best estimate of certain inputs in determining the related balances. The right-of-use asset and lease liability were initially measured at the present value of the minimum lease payments over the term of the lease discounted using the Company's estimated incremental borrowing rate.

3. Critical accounting estimates and judgments (continued):

Critical accounting judgments and assumptions

The judgments and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to the valuation of property and equipment. At each reporting date, management determines whether the property and equipment present indicators of impairment or recovery of an impairment loss. For the purposes of this analysis, management uses its judgment considering factors such as the economic environment and the market in which the Company operates, budget, forecasts and physical obsolescence. If there is any such indication, the recoverable value of the asset is estimated. When assessing expected future cash flows, the Company makes assumptions in regard to future operating results and the forecasted period for which the assets will generate cash flows. Although the Company determines the assumptions based on the market information available at the time of the assessment, actual results may differ.

4. Receivables:

Rental receivables	$	219,938
Sales taxes receivable		365,108
	$	585,046

5. Property and equipment, and right-of-use asset and lease liability:

Property and equipment:

		Land		Building		Computer equipment		Furniture and fixtures		Construction in progress		Total
Additions	$	1,032,940	$	11,700,895	$	36,752	$	57,595	$	612,690	$	13,440,872
Amortization		–		80,076		2,552		2,400		–		85,028
Net carrying value: August 31, 2018	$	1,032,940	$	11,620,819	$	34,200	$	55,195	$	612,690	$	13,355,844

There are approximately $1.5 million of deposits for property and equipment purchased but for which the Company has yet to receive control over the assets. These amounts, which have been included in the "Deposits" on the statement of financial position, will be included in property and equipment when control of the related asset is transferred to the Company.

5. Property and equipment, and right-of-use asset and lease liability (continued):

Property and equipment (continued):

Construction in progress relates to costs incurred for the phase one build-out of their 625,000 square foot facility. The construction is expected to be completed within the first half of calendar year 2019.

Right-of-use asset:

Initial measurement	$	492,932
Amortization		24,647
Net carrying value, August 31, 2018	$	468,285

Lease liability:

Maturity analysis - contractual undiscounted cash flows:		
Less than one year	$	169,772
One to five years		636,647
Total undiscounted lease liability at August 31, 2018	$	806,419
Current	$	72,651
Non-current		445,271
Lease liability included in the statement of financial position at August 31, 2018	$	517,922

6. Mortgage payable:

Mortgage payable bearing interest at 11% per annum due monthly, repayable entirely in a lump sumon April 6, 2021 (i)	$	12,550,000
Less: unamortized financing costs		41,280
	$	12,508,720

6. Mortgage payable (continued):

(i) The mortgage is secured by a first ranking hypothec on the land and building and by an additional hypothec equal to 20% of the balance of purchase of the land and building.

7. Share capital:

The share capital represents the amount received upon issuance of Classes A and B common shares. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from the proceeds in equity in the period in which the transaction occurs.

(a) Authorized:

The Company has an unlimited number of voting and participating Classes A and B common shares authorized for issuance without par value. Class A shares are voting and participating. Class B shares are non-voting and participating *pari passu* with holders of Class A common shares.

(b) Issued and outstanding common shares:

	Number of shares	Amount
Class A shares:		
Share issuance	15,000	$ 15
Class B shares:		
Share issuance	476,652,330	17,665,533
Share issuance costs	–	(1,811,580)
	476,652,330	15,853,953
	476,667,330	$ 15,853,968

7. Share capital (continued):

During the year, the Company completed the following share issue transactions:

(i) On March 26, 2018, the Company issued 15,000 Class A shares and 300,000,000 Class B shares at a price of $0.001 and $0.000001 per share, respectively, for aggregate proceeds of $15 and $300, respectively.

(ii) Between June 21 and July 11, 2018, the Company issued 176,652,330 Class B shares in a series of three tranches at a price of $0.10 per share for aggregate gross proceeds of $17,665,233. In connection with this transaction, the Company incurred $1,811,580 in share issuance costs, consisting of agent commissions and legal and professional fees, of which $949,303 were settled in cash and $862,277 through the issuance of broker-warrants to the agents (see Note 10).

8. Net finance expense:

		2018
Interest on mortgage payable	$	297,863
Interest on lease liability		24,990
Finance expense		322,853
Interest income		27,088
Net finance expense	$	295,765

9. Share-based compensation:

The Company has established an employee share option plan whereby certain management personnel may be granted options to acquire shares. The number and characteristics of share options granted are determined by the Board of Directors of the Company but cannot exceed 10% of the outstanding balance of shares issued.

The share options granted vest 20% after the first anniversary of the grant date with the remainder vesting in 36 monthly consecutive equal installments and expire seven years from the date of issue. The plan provides for the issuance of Class B shares at an exercise price determined by the Board of Directors.

Outstanding options under the plan are granted with service requirements (or service conditions) and become exercisable upon vesting.

9. Share-based compensation (continued):

The activity of outstanding share options for the year ended August 31, 2018 was as follows:

	Number	Exercise price
Outstanding, beginning of period	–	$ –
Granted	13,000,001	0.10
Outstanding, end of period	13,000,001	$ 0.10
Exercisable, end the period	–	$ –

The estimated fair value of the share options at the June 1, 2018 grant date was measured using the Black-Scholes option pricing model and the following inputs and assumptions:

Share price	$0.10
Risk-free interest rate	1.90%
Expected life	5 years
Expected price volatility of the Company's shares	103%
Fair value of the option	$0.076

The share price was based on the cash consideration received upon issuance of shares in the most recent round of financing prior to the June 1, 2018 grant.

The risk-free interest rate was based on the Bank of Canada rates in effect at grant date for time periods approximately equal to the expected life of the option.

The expected life of the options reflects the assumption of future exercise patterns that may occur.

Expected price volatility was estimated based on historical volatility of comparable publicly traded companies in a similar industry.

The expected dividend yield has been estimated at nil as the Company has never paid cash dividends and does not expect to do so in the foreseeable future.

9. Share-based compensation (continued):

During the period ended August 31, 2018, the Company recorded a share-based compensation expense of $139,073 in selling, general and administrative expenses with a corresponding increase in contributed surplus.

All options are anti-dilutive.

10. Warrants:

Outstanding warrants were issued as part of services received related to issuance of Class B shares. The options become exercisable immediately upon issuance and expire on the second anniversary after the date of issuance.

As at August 31, 2018, the Company has the following warrants outstanding with the corresponding exercise price:

	Number	Exercise price
Outstanding, beginning of period	–	–
Granted	15,898,710	$ 0.10
Outstanding, end of period	15,898,710	$ 0.10
Exercisable, end the period	15,898,710	$ 0.10

The estimated fair value of the warrants at grant date was measured using the Black-Scholes option pricing model and the following inputs and assumptions:

Share price	$0.10
Risk-free interest rate	1.88%
Expected life	2 years
Expected price volatility of the Company's shares	103%
Fair value of the warrants	$0.054

The share price was based on the cash consideration received upon issuance of shares in the most recent round of financing.

10. Warrants (continued):

The risk-free interest rate was based on the Bank of Canada rates in effect at grant date for time periods approximately equal to the expected life of the option.

The expected life of the warrants reflects the assumption of future exercise patterns that may occur.

Expected price volatility was estimated based on historical volatility of comparable publicly traded companies in a similar industry.

The expected dividend yield has been estimated at nil as the Company has never paid cash dividends and does not expect to do so in the foreseeable future.

The warrants were issued for services provided as part of the issuance cost of share capital. During the year ended August 31, 2018, the Company recorded a reduction to share capital of $862,277 with a corresponding increase in contributed surplus.

All warrants are anti-dilutive.

11. Income taxes:

The effective tax rate on the Company's net loss differs from the expected amount that would arise using the statutory income tax rates. A reconciliation of the difference is as follows:

Loss before income taxes	$	(2,112,897)
Statutory income tax rate		26.7%
Combined federal and provincial income tax		(564,143)
Adjustment in income taxes resulting from:		
Unrecorded tax benefits on tax losses and other deductible temporary differences		549,352
Accounting charges not deducted for tax and other		14,791
Income taxes	$	–

11. Income taxes (continued):

As at August 31, 2018, the Company had the following loss carryforwards and unclaimed donations available for carryforward. Loss carryforwards and donations are based on management estimates and are subject to verification by taxation authorities. Accordingly, these amounts may vary significantly.

	Federal	Provincial
Non capital losses carried forward, expiring:		
2038	$ 1,213,550	$ 1,213,550
Unused charitable donation credits carried forward, expiring:		
2023	354,300	–
2038	–	354,300

Deferred tax assets unrecognized:

Deferred tax assets have not been recognized as it is not probable that future taxable profits will be available and against which unused tax losses and unused tax credits could be charged. Deferred tax assets have not been recognized in respect of:

	Unrecognized in profit or loss	Unrecognized in equity	Balance August 31, 2018
Net operating loss carryforwards	$ 1,213,550	$ –	$ 1,213,550
Financing costs	–	849,431	849,431
Lease liability	49,636	–	49,636
Unclaimed donation credit carryforwards	354,300	–	354,300
Property and equipment and other	455,537	–	455,537
	$ 2,073,023	$ 849,431	$ 2,922,454

12. Financial instruments:

(a) Capital management:

The Company's primary objective when managing capital is to ensure its ability to continue as a going concern in order to pursue the development of its products. The Company defines equity as equity net of cash. The Company is not subject to externally imposed capital requirements.

12. Financial instruments (continued):

(a) Capital management (continued):

Cash in excess of immediate working capital requirements is invested in accordance with the Company's investment policy, primarily with a view to liquidity and capital preservation. The Company monitors its cash requirements and market conditions to anticipate the timing of requiring additional capital to finance the development of its products. The Company has incurred losses and cumulative negative operating cash flows since its inception. The Company anticipates that it will continue to incur losses for at least the next several years in order to fund its operations. The Company expects its capital investments, general and administrative and commercial expenses to increase and, as a result, the Company will need additional capital to fund its operations, which it may raise through any one or a combination of equity offerings, debt financings, marketing and distribution arrangements and other collaborations, strategic alliance and licensing arrangements. To date, the Company has financed its cash requirements primarily from the issuance of common shares and mortgage debt. As a result of the private placement that was completed in September 2018 (Note 16), management believes that they have sufficient funds to complete its current development program into commercialization.

(b) Fair value measurements:

The fair value of cash, receivables and accounts payables and accrued liabilities being the present value of future cash flows, approximates their carrying amounts due to the short-term maturity of those instruments.

The fair value of mortgage payable and lease liability approximates the carrying amounts, as the interest rate approximates the current market rate.

(c) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's rental receivables from customers and cash.

Cash balances in an asset position expose the Company to credit risk arising from the potential default by counterparties that carry the Company's cash balances or agree to deliver currencies. The Company attempts to mitigate this risk by dealing only with large financial institutions with good credit ratings. All of the financial institutions within the bank syndicate providing the Company's credit facility meet these qualifications.

12. Financial instruments (continued):

(c) Credit risk (continued):

The carrying amount of the receivables in the statement of financial position is presented net of an allowance for doubtful accounts, estimated by the Company's management based, in part, on the age of the specific receivable balance and the current and expected collection trends. A provision is established when the likelihood of collecting the account has significantly diminished. The Company believes that the credit risk of receivables is limited. As at August 31, 2018, none of the rental receivables were past due. The allowance for doubtful accounts is nil as at August 31, 2018.

The Company's maximum credit exposure corresponds to the carrying amount of these financial assets.

(d) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Company does not use derivative financial instruments to reduce its interest rate exposure and management does not believe the Company's.

(e) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due or can only do so at an excessive cost. The Company manages this risk by maintaining cash flow forecasts and long-term operating and strategic plans. The contractual cash flows of the lease liability include the carrying amount plus implicit interest using the Company's incremental borrowing rate. Included in trade and other payables is $117,248 of interest payable on the mortgage debt due within one year.

The contractual maturities of financial liabilities as at August 31, 2018 were as follows:

	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years
Financial liabilities:				
Trade and other payables	$ 1,091,235	$ 1,091,235	$ 1,091,235	$ –
Mortgage payable	12,508,720	12,550,000	–	12,550,000
Lease liability	517,922	806,419	169,772	636,647
	$ 14,117,877	$ 14,447,654	$ 1,261,007	$ 13,186,647

13. Contingencies:

In the normal course of business, the Company may be involved in various legal proceedings, the outcomes of which cannot be determined or outflow of economic benefit is not probable, and, accordingly, no provision has been recorded. The Company believes that the resolution of these proceedings will not have a material favourable or unfavourable effect on its financial position or financial performance.

14. Segment disclosures:

The Company has a single operating segment being cannabis-infused medical products and flowers. For the period, ancillary leasing revenues, operating costs and allocated amortization of property and equipment totaled $432,637, $273,580 and $61,220, respectively. Income is generated from customers domiciled in Canada. The Company's non-current assets are located in Canada.

Significant sources of revenue

During the 191-day period ended August 31, 2018, the Company realized 100% of its lease revenue with two lessees. Tenant A's initial lease term is until September 30, 2022. Lease revenues from this tenant in the year ended August 31, 2019 will be approximately $290,000. Tenant B's initial lease term is until November 30, 2018. Lease revenues from this tenant will be approximately $449,000 until November 30, 2018.

15. Related parties:

(a) Key management personnel compensation:

Key management personnel are those people having the authority and responsibility for planning, directing and controlling the business activities of the Company and include all of its directors along with certain executives. The compensation of key management personnel, including directors' fees, salaries and benefits for the year ended August 31, 2018, was as follows:

Short-term employee benefits	$	111,507
Shared-based compensation		128,375
	$	239,882

15. Related parties (continued):

(b) Other transactions with related parties:

Related parties include entities related by virtue of key management personnel exercising significant influence or control over the entities' financial and operating policies.

The following provides the transaction amounts by nature with related parties:

Nature of transactions:		
Management fees [(i)]	$	22,493
Interest on mortgage payable [(i)]		297,863
		320,356
Balance with related parties are as follows:		
Receivables [(i)]		219,623
Payables [(i)]		(318,816)
Payable to controlling shareholder		(78,012)
Payable to key management personnel		(9,886)
Payable to a Board member		(56,000)
Mortgage payable [(i)]		(12,550,000)

[(i)] Subsequent to period end, the Company named a director to its Board of Directors who was a shareholder in an entity in which the Company entered into various transactions for the building and the related mortgage payable.

Related party transactions have been recorded at the exchange amount, which is the amount agreed to and established by the related parties.

16. Subsequent events:

On October 12, 2018 and October 19, 2018, the Company issued a total of 179,375,195 subscription receipts at a price of $0.18 per subscription receipt on a private placement basis, with each subscription receipt representing the right to acquire one common share, subject to certain conditions, which include the successful listing of the Company on the Canadian Securities Exchange.

On September 4, 2018, the Company issued to a third party stocks options to purchase 2,777,778 Class B non-voting common shares at $0.18 and an expiry date of 24 months from the listing of the underlying shares on the Canadian Securities Exchange.

16. Subsequent events (continued):

On August 14, 2018, the Company signed a Letter of lntent with Dunbar Capital Corp. ("Dunbar") whereby Dunbar will acquire from the shareholders of Cannara 100% of the common shares of Cannara for consideration equal to 476,667,330 Dunbar common shares at a deemed price of $0.18 per common share. ln addition, subsequent to this transaction, the companies will enter into an amalgamation agreement whereby the new entity will take on the name of Cannara Biotech Inc.

For accounting purposes, the transaction will be considered a reverse acquisition. As the former shareholders of Cannara will control Dunbar once the transaction is finalized, Dunbar will be considered the accounting acquiree and Cannara will be the accounting acquirer. ln addition, as Dunbar does not meet the definition of a business, the transaction will be accounted for as a reverse acquisition of net assets pursuant to IFRS 2, Share-based Payment.

The closing of the transaction is conditional on the acceptance of a listing on the Canadian Securities Exchange. As of the date of approval of these financial statements by the Board of Directors, the final agreement consummating this transaction had yet to occur.

SCHEDULE D

CANNARA BIOTECH INC. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD FROM FEBRUARY 21, 2018 (DATE OF INCORPORATION) TO AUGUST 31, 2018

Cannara Biotech Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the 191 day period from date of incorporation to August 31, 2018

CANNARA BIOTECH INC.

Management's Discussion & Analysis
For the 191 day period from date of
incorporation to August 31, 2018

Cannara Biotech Inc. (the "Company" or "Cannara") was incorporated under the *Canada Business Corporations Act* on February 21, 2018. The Company's shares are not traded on any Stock Exchange at the current time and the Company is classified as a Private company with in excess of 200 shareholders.

Below are the addresses of the Company:

Head office:	Suite 200- 333 Decarie blvd. Ville St-Laurent, Quebec, H4N 3M9
Facility and Operations:	1144 Magenta blvd., Farnham, Quebec,

This Management's Discussion and Analysis ("MD&A") reports on the operating results and financial condition of the Company for the 191 day period from date of incorporation to August 31, 2018 and is prepared as of October 24, 2018. The MD&A should be read in conjunction with the Company's audited financial statements for the 191 day period from date of incorporation to August 31, 2018.
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The Financial Statements were prepared in accordance with the International Financial Reporting Standards (the "**IFRS**").

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

FORWARD-LOOKING STATEMENTS

This MD&A may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this MD&A and Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, the Company and its operations, its projections or estimates about its future business operations, its planned expansion activities, the adequacy of its financial resources, future economic performance and the Company's ability to become a leader in the field of medical marijuana. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the factors discussed in the section "Risk Factors" as well as those factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides 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. Accordingly, readers should not place undue reliance on forward-looking statements.

Certain forward-looking statements in this MD&A include, but are not limited to, the Company's construction plans as outlined under *"Business Overview"*, the receipt from Health Canada of its sales license and the Letters of Intent for business development arrangements.

BUSINESS OVERVIEW

The Company's cultivation operations are currently under construction within its wholly owned 625,000 sq. ft. facility located in Farnham, Quebec. ("Facility"). Phase 1 of the build-out encompasses approximately 120,000 sq. ft. and will include over 60,000 sq. ft of grow rooms. The design of the facility under construction is of pharmaceutical production grade quality high pressure sodium lighting and nutrient delivery equipment which is capable of producing over 10,000 kilograms of cannabis per year. The Facility is located 45 minutes from down town Montreal on approximately 27 acres of land in Farnham, Quebec. It is located in the Eastern Townships which allows for a never-ending supply of clean water, access to 15MW of hydro power at prices significantly less expensive than elsewhere in Canada and an ideal location for security, tax benefits, shipping, and product growth.

The Facility was purchased in June 2018 for approximately $12.5 million. ABMS Chartered Appraisers conducted a valuation of the Company's Facility in accordance with Canadian Uniform Standards of Professional Appraisal Practice propagated by the Appraisal Institute of Canada and determined that as of August 8, 2016, the fair market value of the Facility, which includes the land, building, site improvements, fixture and equipment, to be approximately $14 million.

The Company's primary focus is to bring its Facility to full production and secure a sales license. Other immediate goals are to bring to fruition a number of business development opportunities which are in progress, creating alliances throughout the cannabis space with doctors, scientists, researchers and a tier 1 University that wishes to establish a research facility within our Facility.

RECENT DEVELOPMENTS

Sales License

On August 13, 2018, Cannara received a file # (File # 10-MM1058) from Health Canada relating to the construction plans for Cannara's Facility in the context of a Site B licensing application made by FV Pharma Quebec Inc., a corporation controlled by FV Pharma, a shareholder of the Company that holds approximately 17% of the issued and outstanding shares.

The Phase 1 portion of Cannara's 625,000 square foot indoor production facility in Farnham is capable of producing over 10,000 kg. of medicinal-grade cannabis per year.

Cannara also has the advantage of producing at lower costs as it has access to sub $0.04 per kilowatt hour electricity costs, an unlimited water supply and the most favorable R&D tax credit programs in the country.

Cannara believes that branding and marketing strategies will play a key role in building a successful cannabis company and has developed a detailed branding strategy covering a multitude of products for various indications and uses.

Cannara anticipates that Phase 1 of the facility will be at its full production capacity by mid-2019. Once in full production, Cannara has the capability of harvesting over 800 kg of medicinal/recreational cannabis every month. As previously announced, micro-propagation through plant tissue culture technology will support the facility in ramping up to maximum production capacity while preserving the full genetic potential of Cannara's production stock.

Letters of Intent

Cannara has entered into numerous Non-Binding Letters of Intent ("LOI") for business development arrangements with a beverage maker, a cannabis related retail chain and a tier 1 University to develop products and intellectual property that will help Cannara grow its product offerings and develop intellectual property that will help differentiate itself from other cultivators of cannabis.

The proposed transactions are subject to the completion of satisfactory due diligence and further negotiation of deal terms. The finalized terms will be released upon closing of the definitive agreement.

RISK FACTORS

This section discusses factors relating to the business of the Company that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and the Company may face risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to the Company's business have the potential to influence its operations in a materially adverse manner.

Reliance on License

The ability of the Company to successfully grow, store and sell medical marijuana in Canada is dependent on Cannara's obtaining access to a production and sales license from Health Canada (the "License"). The Licenses are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements and terms of the Licenses or any failure to maintain the Licenses or any failure to renew the Licenses after its expiry date, would have a material adverse impact on the business, financial condition and operating results of the Company.

There can be no assurance that Health Canada will issue, extend or renew the Licenses or, if extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not issue, extend or renew the Licenses, the business, financial condition and operating results of the Company would be materially adversely affected.

The Company currently has pending license applications with Health Canada and is awaiting the approval and issuance of the license to produce cultivate cannabis via a Site B license granted to FV Pharma Quebec Inc. Although the Company believes it will meet the requirements of for the License, there can be no guarantee that Health Canada will approve and grant the License. Should Health Canada not grant the License, the business, financial condition and results of the operation of the Company would be materially adversely affected.

Regulatory Risks

The activities of the Company are subject to regulation by governmental authorities, particularly Health Canada. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the Company's business, results of operations and financial condition.

Change in Laws, Regulations and Guidelines

The Company's business will be subject to particular laws, regulations, and guidelines. The production and distribution of medical/recreational marijuana is a highly regulated field, and although the Company intends to comply with all laws and regulations, there is no guarantee that the governing laws and regulations will not change which will be outside of the Company's control.

Limited Operating History and No Assurance of Profitability

Cannara was incorporated in 2018 and as of this date, has not yet entered the production stage. The Company will be subject to all of the business risks and uncertainties associated with any early-staged enterprise, including under-capitalization and the risks that it will be unable to successfully produce medical/recreational marijuana, or establish a market for its products and services, achieve its growth objectives, and/or ultimately become profitable. There can be no assurance that consumer demand for the products will be as anticipated, or that the Company will become profitable.

Unfavorable Publicity or Consumer Perception

The success of the medical marijuana industry may be significantly influenced by the public's perception of marijuana's medicinal/recreational applications. Medical marijuana is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to medical marijuana will be favorable. The medical marijuana industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical marijuana is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of medical marijuana may have a material adverse effect on our operational results, consumer base and financial results.

Competition

The market for the Company's product does appear to be sizeable and Health Canada has only issued a limited number of licenses to produce and sell medical/recreational marijuana. As of this date, there are approximately 129 licensed producers in Canada. As a result, the Company expects significant competition from other companies. A large number of companies appear to be applying for production licenses, some of which may have significantly greater financial, technical, marketing and other resources, may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships.

Should the size of the medical/recreational marijuana market increase as projected, the demand for product will increase as well, and in order for the Company to be competitive it will need to invest significantly in research and development, marketing, production expansion, new client identification, and client support. If the Company is not successful in achieving sufficient resources to invest in these areas, the Company's ability to compete in the market may be adversely affected, which could materially and adversely affect the Company's business, its financial condition and operations.

Uninsured or Uninsurable Risk

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

Key Personnel

The Company's success will depend on its directors' and officers' ability to develop the Company business and manage its operations, and on the Company ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future, which may adversely impact the Company's operations.

Conflicts of Interest

Certain of the Company directors and officers are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company interests. In accordance with the CBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

In addition, the directors and the officers are required to act honestly and in good faith with a view to its best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to the Company.

Agricultural Operations

Since the Company's business will revolve mainly around the growth of medical/recreational marijuana, an agricultural product, the risks inherent with agricultural businesses will apply. Such risks may include disease and insect pests, among others. The Company believes its indoor pharma like facility which deploys a 100% climate controlled environment, is a fully monitored indoor location with artificial grow lights, will minimize the risks as compared to cultivation in a greenhouse or outdoor environment, there is no guarantee that we can avoid the risks associated with agricultural products.

Further, any rise in energy costs may have a material adverse effect on the Company's ability to produce medical marijuana.

Transportation Disruptions

As a business revolving mainly around the growth of an agricultural product, the ability to obtain speedy, cost-effective and efficient transport services will be essential to the prolonged operations of the Company's business. Should such transportation become unavailable for prolonged periods of time, there may be a material adverse effect on the Company's business, financial situation, and operations.

Fluctuating Prices of Raw Materials

The Company revenues, if any, are expected to be in large part derived from the production, sale and distribution of marijuana. The price of production, sale and distribution of marijuana will fluctuate widely due to the how young the marijuana industry is and is affected by numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new production and distribution developments and improved production and distribution methods. The effect of these factors on the price of product produced by the Company and, therefore, the economic viability of any of the Company's business, cannot accurately be predicted.

Construction Risk

If construction of the Company's Farnham Facility is delayed or hindered, the Company may not be able to conduct research and develop its products, which could prevent it from ever becoming profitable

IT & Security Risk

The Company will be reliant on information technology systems and may be subject to damaging cyber-attacks and may be subject to breaches of security at the Farnham Facility, or in respect of electronic documents and data storage, and may face risks related to theft and breaches of applicable privacy laws.

IT Risk

The Company may be subject to breaches of security at the Farnham Facility, or in respect of electronic documents and data storage, and may face risks related to theft and breaches of applicable privacy laws.

Litigation Risk

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

Environmental and Employee Health and Safety Regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land; the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain an Environmental Compliance Approval or otherwise comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Intellectual Property

The success of the Company's business depends in part on its ability to protect its ideas and technology. Cannara has filed 15 Provisional Patents and a number of trademarks. There is no guarantee that said patent applications will be granted. Cannara hopes to receive an approval notice from the Canadian Intellectual Property Office regarding its patent application in the short term.

Even if the Company is successful in securing patents to protect its technology with trademarks, Cannara is not assured that competitors will not develop similar technology, business methods or that Cannara will be able to exercise its legal rights. Other countries may not protect intellectual property rights to the same standards as does Canada. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions have a meaningfully impact our ability to successfully grow our business.

Political and Economic Instability

The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The effect of these factors cannot be accurately predicted.

Liquidity and Future Financing

The Company is in the development and early operations stage and has not generated any revenues. The Company will likely operate at a loss until its business becomes established and therefore may require additional financing in order to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to the Company's management. If additional financing is raised by issuing Company shares, control may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its business plan or cease operating.

Speculative Nature of Investment

An investment in the Company common shares carries a high degree of risk and should be considered as a speculative investment by purchasers. The Company has no history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future. The Company is in the development and planning phases of its business and has not started commercialization of its products and services. The Company's operations are not yet sufficiently established such that the Company can mitigate the risks associated with the Company planned activities.

Global Economy Risk

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. The Company will be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for its products. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations.

Dividend Risk

The Company has not paid dividends in the past and does not anticipate paying dividends in the near future. The Company expects to retain its earnings to finance further growth and, when appropriate, retire debt.

Significant Ownership Interest of Management and Directors

The Company's management, directors, co-founders and employees own a substantial number of the outstanding common shares. As a group, these individuals could exercise substantial control or influence over matters requiring shareholder approval, such as election of directors, approval of transactions, determination of significant corporate actions and changes to share structure. In addition, these shareholders could delay or prevent a change in control of the Company that could otherwise be beneficial to the Company's shareholders. Until further rounds of financing are completed, other shareholders may be limited in their ability to exercise control over important corporate decisions.

Costs of Being a Publicly-Traded Company

When the Company has publicly-traded securities, the Company will incur significant legal, accounting and filing fees. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material compliance costs.

Summary of Results

The following table presents selected financial information from continuing operations from the date of incorporation on February 21, 2018 to August 31, 2018. As the 191 day period from date of incorporation to August 31, 2018 represents Cannara's first period of operations, there are no comparative figures.

Period Ended	Lease revenues	Net loss and comprehensive loss	Basic and diluted loss per share
	$	$	$
August 31, 2018	432,637	(2,112,897)	(0.01)

The net loss during the period was a result of expenditures incurred by the Company in managing the construction of its Facility, hiring of employees for its medical/recreational cannabis operations, branding and product development.

RESULTS OF OPERATIONS

During the 191 day period from date of incorporation to August 31, 2018, the Company reported a net loss of $2,112,897.

Lease revenues for the 191 day period from date of incorporation to August 31, 2018 amounted to $432,637 relate to the rental of approximately 334.000 square feet to two tenants with whom we have entered into short term leases at our Farnham facility.

Lease operating costs amounted to $273,580 for the 191 day period from date of incorporation to August 31, 2018. The lease operating costs relate to the expenses incurred relating to the rental such as management costs, amortization and depreciation, and property taxes.

Selling, general and administrative expenses was $1,866,514 for the 191 day period from date of incorporation to August 31, 2018. These expenditures were the result of expenses relating to salaries of personnel, consulting fees, website and branding and travel and promotion. The Company incurred travel costs in connection with participation and attendance in various investment and business conferences.

Depreciation of property, and equipment amounted to $85,028 for the 191 day period from date of incorporation to August 31, 2018. The Company expects construction of Phase 1 of the Farnham facility to be completed before the end of the first half of the calendar year 2019.

During the 191 day period from date of incorporation to August 31, 2018, the Company recorded share-based payments of $139,073 for stock options granted to officers and employees of the Company during the period.

Finance and other costs were $295,765 for the 191 day period from date of incorporation to August 31, 2018. The amount relates to interests on the mortgage as well as imputed interest on lease obligations, less interest income for the period.

LIQUIDITY AND CAPITAL RESOURCES

As of this date, the Company has not started generating revenues from operations and has financed its operations and met its capital requirements primarily through a mortgage and equity financings.

The Company's objectives when managing its liquidity and capital resources are to generate sufficient cash to fund the Company's operating and working capital requirements. The Company reported working capital of $12,393,483 at August 31, 2018.

Net cash and cash equivalents on hand amounted to $12,899,672 as at August 31, 2018.
The cash was attributable to cash inflows from Cannara's Series A financing, completed in July 2018, of $17,665,533 offset by share issuance costs of $1,811,580 consisting of agent commission and legal and professional fees, of which $949,303 were settled in cash and $862,277 through the issuance of broker-warrants to the agents.

Operating Activities

For the 191 day period from date of incorporation to August 31, 2018, cash flow used for operating activities was $1,332,970. The cash flow used for operating activities of was primarily attributable to expenses relating to salaries of personnel, consulting fees, website, branding, travel and promotion. The Company incurred travel costs in connection with participation and attendance in various investment and marijuana business conferences.

Investing Activities

For the 191 day period from date of incorporation to August 31, 2018, the Company had net cash outflows relating to investing activities of $14,992,323. Investing activities during the current period relate to building improvements, the purchase of production equipment, computers and furniture, as well as deposits on property and equipment purchases. Investing activities of $13,440,872 during the prior period all relate to building (production facility) construction.

Financing Activities

Net cash flows provided by financing activities for the 191 day period from date of incorporation to August 31, 2018 amounted to $29,224,965. During the 191 day period from date of incorporation to August 31, 2018, the Company raised an aggregate of $30,215,548, which comprised of $12,550,000 from a long term mortgage payable, $17,665,548 from equity financings and the Company incurred cash share issuance and mortgage costs of $990,583.

The Company needs to raise additional capital to fund its operations, development and expansion plans. Although the Company has previously been successful in raising the funds required for its operations, there can be no assurance that the Company will have sufficient financing to meet its capital requirements or that additional financing will be available on terms acceptable to the Company in the future. The Company has closed a subscription receipts financing as at the date of issuance of this report. Please see the Subsequent Events section appearing below.

Liquidity and Capital Resource Measures

The Company's major capital expenditures in its 2019 fiscal year will consist of the completion of the construction of Phase 1 within the Farnham facility and the purchase of additional Facility equipment that will allow Cannara to develop its cultivation business.

Loans and Credit Facilities

Type of loan	Interest per annum	Maturity	August 31, 2018
			$
Long term			
Secured mortgage loan	11%	April 6, 2021	12,550,000

Other Contractual Obligations

As of August 31, 2018, the Company had the following commitments:

	Less than 1 year	1 to 5 years
Trade and other payables	$1,091,235	
Mortgage Payable		$12,550,000
Lease Liability	$169,772	$636,647
	$1,261,007	$13,186,647

(1) The Company is committed to future minimum annual lease payments with respect to its office premises located in Ville St-Laurent, expiring May 31, 2023.

OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, the Company had no material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

SUBSEQUENT EVENTS

The following events occurred subsequent to August 31, 2018:

On September 4, 2018, the Company issued to a third party, stocks options to purchase 2,777,778 Class B non-voting common shares at $0.18 and an expiry date of 24 months from the listing of the underlying shares on the Canadian Securities Exchange.

On October 12, 2018 and October 19, the Company issued total of 179,375,195 subscription receipts at a price of $0.18 per subscription right on a private placement basis, with each subscription receipt representing the right to acquire one common share, subject to certain conditions, which include the successful listing of the Company on the Canadian Securities Exchange.

CannaraBC entered into an Amalgamation Agreement dated October 17, 2018 with Cannara and SubCo, a wholly owned subsidiary of CannaraBC, whereby Cannara Shareholders would acquire a certain number of CannaraBC shares in consideration to amalgamate with SubCo to form AmalCo and continue as one corporation under the BCBCA, resulting in Cannara and SubCo Shares being cancelled and replaced by AmalCo Shares (on the basis of one SubCo Share and one Cannara Share for each AmalCo Share, respectively) and all the property of each of SubCo and Cannara continuing on as to the property of AmalCo. Following the closing of the Amalgamation Agreement, AmalCo will be the wholly owned subsidiary of CannaraBC (the "Resulting Issuer").

CRITICAL ACCOUNTING ESTIMATES

Estimates and judgments are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, judgments and assumptions. The carrying amounts of assets, liabilities, accruals, provisions, contingent liabilities and other financial obligations, as well as the determination of fair values and reported income and expense in these financial statements, depend on the use of estimates and judgments. IFRS also require management to exercise judgment in the process of choosing and applying the Company's accounting policies. These estimates and judgments are based on the circumstances and estimates at the date of the financial statements and affect the reported amounts of income and expenses during the reporting period. Given the uncertainty regarding the determination of these factors, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant items impacted by such estimates and judgments are outlined below.

Management estimates the useful lives of property and equipment in the period during which the assets become available for use. The amounts and timing of recorded expenses for amortization of property equipment for any period are affected by these estimated useful lives. The estimates are reviewed each period and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. Changes in these factors may cause significant changes in the estimated useful lives of the Company's property and equipment and the related amortization expense in the future.

Other areas of judgment and uncertainty relate to the identification and measurement of the individual components of property and equipment, the measurement of warrants and share-based compensation, and the initial measurement of the right-of-use asset and lease liability, which involve management's best estimate of certain inputs in determining the related balances. The right-of-use asset and lease liability were initially measured at the present value of the minimum lease payments over the term of the lease discounted using the Company's estimated incremental borrowing rate.

The judgments and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to the valuation of property and equipment. At each reporting date, management determines whether the property and equipment present indicators of impairment or recovery of an impairment loss. For the purposes of this analysis, management uses its judgment considering factors such as the economic environment and the market in which the Company operates, budget, forecasts and physical obsolescence. If there is any such indication, the recoverable value of the asset is estimated. When assessing expected future cash flows, the Company makes assumptions in regard to future operating results and the forecasted period for which the assets will generate cash flows. Although the Company determines the assumptions based on the market information available at the time of the assessment, actual results may differ.

NEW ACCOUNTING PRONOUNCEMENTS

A number of new standards and amendments to standards and interpretation have been early adopted by the Company and applied in preparing the financial statements. These include IFRS 15 *Revenues from Contracts with Customers and* IFRS 16, *Leases.*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which provides a single five-step model that applies to contracts with customers and two approaches to recognizing revenue: over time or at a point in time. The Company elected to adopt the standard effective February 21, 2018. As the Company does not currently derive any revenues from contracts with customers, the adoption of the standard had no impact on the Company's financial statements.

In January 2016, the IASB issued IFRS 16, *Leases*, which specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less, or the underlying asset has a low monetary value. Lessors continue to classify leases as operating or finance, with IFRS's 16 approach to lessor accounting substantially unchanged from the prior standard. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company elected to early adopt the standard effective February 21, 2018, concurrent with the adoption of the new standard related to revenue recognition.

The Company has a lease for its head office premises. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which generally comprises the initial amount of the lease liability, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is amortized using the straight-line method over the initial lease term (five years).

The Company has sub-leased part of its 625,000 square foot facility. These leases have been classified as operating leases. Lease revenue is recorded on a straight-line basis, which takes into effect any rent escalations and rent holidays. Lease terms are from the inception of the purchase of the building (June 15, 2018) until the end of the initial lease term and exclude renewal periods. Renewal periods have been excluded as they are not reasonably assured

RELATED PARTIES

Related parties include entities related by virtue of key management personnel exercising significant influence or control over the entities' financial and operating policies.

The following provides the transaction amounts by nature with related parties:

Nature of transactions:		
Management fees [(i)]	$	22,493
Interest on mortgage payable [(i)]		297,863
		320,356
Balance with related parties are as follows:		
Receivables [(i)]		219,623
Payables [(i)]		(318,816)
Payable to controlling shareholder		(78,012)
Payable to key management personnel		(9,886)
Payable to a Board member		(56,000)
Mortgage payable [(i)]		(12,550,000)

[(i)] Subsequent to period end, the Company named a director to its Board of Directors who was a shareholder in an entity in which the Company entered into various transactions for the building and the related mortgage payable.

Related party transactions have been recorded at the exchange amount, which is the amount agreed to and established by the related parties.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, subscription receivable, accounts payable and accrued liabilities and long-term loan payable. The carrying values of these financial instruments approximate their fair values because of their short term nature and/or the existence of market related interest rates on the instruments.

IFRS requires disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of 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 for the asset or liability that are not based on observable market data.

	Fair value as at August 31, 2018	Basis of measurement	Financial instruments
Financial Assets			
Cash and cash equivalents	$12,899,672	Carrying value	Loans and receivables
Financial Liabilities			
Accounts payable	$1,091,235	Carrying value	Other financial liabilities
Long term loans	$12,508,720	Carrying value financial	Other financial liabilities

Financial Instruments Risk

The Company is exposed in varying degrees to a variety of financial instrument related to risks. The Board approves and monitors the risk management processes:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances at the bank and interest receivable. Management considers that risks related to credit are minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. As at August 31, 2018, the Company had cash and cash equivalents of $12,899,672 and working capital of $12,393,483. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

The Company is dependent on the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financings to meet current and future obligations. There can be no assurance that such financing will be available on terms acceptable to the Company. See note 1 to the Company's Financial Statements.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's long-term loans have fixed rates of interest and do not expose the Company to interest rates risk.

SUMMARY OF OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had the following common shares and options outstanding:

Authorized

The Company has an unlimited number of voting and participating Classes A and B common shares authorized for issuance without par value. Class A shares are voting and participating Class B shares are non-voting and participating *pari passu* with holders of Class A common shares.

Issued and fully paid

As at August 31, 2018, there were 476,667,330 common shares issued and outstanding.

On March 26, 2018, the Company issued 15,000 Class A shares and 300,000,000 Class B shares at a price of $0.001 and $0.000001 per share, respectively, for aggregate proceeds of $15 and $300, respectively;

Between June 21 and July 12, 2018, the Company issued 176,652,330 Class B shares in a series of 3 tranches at a price of $0.10 per share for aggregate gross proceeds of $17,665,233. In connection with this transaction, the Company incurred $1,811,580 in share issuance costs, consisting of agent commissions and legal and professional fees, of which $949,303 were settled in cash and $862,277 through the issuance of broker-warrants to the agents.

Stock options outstanding as at August 31, 2018:

Options	Exercise Price	Expiry Date	Exercisable
#	$		#
13,000,001	0.10	June 1, 2025	-

Warrants outstanding as at August 31, 2018:

Warrants	Exercise Price	Expiry Date
#	$	
15,898,710	0.10	July 12, 2020

SCHEDULE E

CANNARA BIOTECH INC. (FORMERLY DUNBAR CAPITAL CORP.)
PRO FORMA FINANCIAL STATEMENTS AS AT AUGUST 31, 2018

CANNARA BIOTECH INC.
(Formerly Dunbar Capital Corp.)

Pro Forma Consolidated Financial Statements
August 31, 2018
(Unaudited)

CANNARA BIOTECH INC.

(Formerly Dunbar Capital Corp.)
Pro Forma Consolidated Statement of Financial Position
As At August 31, 2018
(Unaudited)

	Cannara Biotech Inc. (formerly Dunbar Capital Corp.) As at August 31, 2018	Cannara Biotech Inc. As at August 31, 2018	Adjustments	Note	Pro forma Consolidated
ASSETS					
Current assets					
Cash	$ 106,927	$ 12,899,672	$ 2,050	3(a)	$ 45,296,187
			32,287,538	3(b)	
Receivables	2,050	585,046	(2,050)	3(a)	585,046
	108,977	13,484,718	32,287,538		45,881,233
Deposits	-	1,551,451	-		1,551,451
Property and equipment	-	13,355,844	-		13,355,844
Right-of-use asset	-	468,285	-		468,285
	$ 108,977	$ 28,860,298	$32,287,538		$ 61,256,813
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade payables and accrued liabilities	$ 43,800	$ 1,091,235	$ -		$ 1,135,035
Due to related parties	31,500	-	-		31,500
Current portion of lease liability	-	72,651	-		72,651
	75,300	1,163,886	-		1,239,186
Mortgage payable	-	12,508,720	-		12,508,720
Lease liability	-	445,271	-		445,271
	75,300	14,117,877	-		14,193,177
Shareholders' equity					
Share capital	59,500	15,853,968	32,287,538	3(b)	49,853,846
			(59,500)	3(a)	
			1,712,340	3(a)	
Special warrants	49,400	-	(49,400)	3(a)	-
Contributed surplus	-	1,001,350	-		1,001,350
Deficit	(75,223)	(2,112,897)	75,223	3(a)	(3,791,560)
			(1,678,663)	3(a)	
	33,677	14,742,421	32,287,538		47,063,636
	$ 108,977	$ 28,860,298	$32,287,538		$ 61,256,813

The accompanying notes are an integral part of the pro forma consolidated statements.

1. NATURE OF OPERATIONS

Cannara Biotech Inc. (formerly Dunbar Capital Corp.) ("CannaraBC") was incorporated on October 19, 2017 under the laws of British Columbia.

On October 17, 2018, CannaraBC and its newly incorporated wholly subsidiary, 11038427 Canada Inc. ("Subco"), entered into a Definitive Agreement (the "Agreement") with CannaraBC ("Cannara"), a private company incorporated under the Canada Business Corporations Act. Pursuant to the Agreement, Subco and Cannara will amalgamate and merge and the separate corporate existence of Subco will cease, and Cannara will continue as a wholly-owned subsidiary of CannaraBC. Upon completion of the Transaction, the security holders of Cannara will become shareholders of the combined entity (the "Resulting Issuer")

In accordance with the Definitive Agreement, CannaraBC will issue a total of 476,667,330 common shares to the shareholders of Cannara. Each shareholder of Cannara will receive one common share of CannaraBC in exchange for each Cannara share. After completing the Transaction, the Resulting Issuer will apply to list its common shares on either the CSE or TSX-V (the "Exchange"). Upon completion of the Transaction, CannaraBC will continue to carry on the business of Cannara. The closing of the Transaction is subject to the terms set forth in the Definitive Agreement, the completion of a proposed financing and certain conditions being satisfied by both parties and approval by the Exchange.

On October 12, 2018 and October 19, 2018, Cannara completed the proposed financing of a brokered private placement for gross proceeds of $32,287,538, consisting of 179,375,195 subscription receipts at a price of $0.18 per subscription receipt (the "Subscription Receipts Financing").

The Transaction will result in the shareholders of Cannara acquiring control of CannaraBC. Therefore, the transaction, has been accounted for as an acquisition of CannaraBC by Cannara. The transaction has been accounted for as a reverse take-over ("RTO"). For purposes of these pro forma consolidated financial statements, the "Company" is defined as the consolidated entity. As CannaraBC does not meet the definition of a business as defined by International Financial Reporting Standards ("IFRS") 3, it has been accounted for as a share-based payment transaction in accordance with IFRS 2.

Although the consolidated statement of financial position and share capital are those of CannaraBC as a legal entity, the assets, liabilities and dollar amounts allocated to share capital are those of Cannara.

2. BASIS OF PRESENTATION

The following unaudited pro forma consolidated financial statements are based on the historical financial statements of CannaraBC and Cannara as adjusted to give effect to the Transaction and the Subscription Receipt Financing.

These unaudited pro forma consolidated financial statements have been derived from (i) the audited financial statements of CannaraBC as at August 31, 2018 and for the period from October 19, 2017 (date of incorporation) to August 31, 2018 and (ii) the audited financial statements of Cannara as at August 31, 2018 and for the period from February 21, 2018 (date of incorporation) to August 31, 2018, each prepared in accordance with IFRS. These unaudited pro forma consolidated financial statements have been prepared as if the Transaction and Subscription Receipt Financing had occurred as of August 31, 2018.

2. BASIS OF PRESENTATION (continued)

It is management's opinion that these unaudited pro forma consolidated financial statements present, in all material respects, the Transaction and Subscription Receipt Financing, assumptions and adjustments described in accordance with IFRS. These unaudited pro forma consolidated financial statements are not intended to reflect the financial position or results of operations which would have actually resulted if the events reflected herein had been in effect at the dates indicated. Actual amounts recorded once the Transaction is completed are likely to differ from those recorded in the unaudited pro forma consolidated financial statements. Any potential synergies that may be realized and integration costs that may be incurred upon consummation of the Transaction have been excluded from the unaudited pro-forma consolidated financial statements. These unaudited pro forma consolidated financial statements are not necessarily indicative of the financial position or results of operation that may be obtained in the future. Furthermore, the results of operations has not been presented on a pro forma basis, as such presentation would not be significantly different than the results of operations of each CannaraBC and Cannara during their respective audited periods.

These unaudited pro forma consolidated financial statements should be read in conjunction with (i) CannaraBC's audited financial statements as at August 31, 2018 and for the period from October 19, 2017 (date of incorporation) to August 31, 2018 and (ii) Cannara's audited financial statements as at August 31, 2018 and for the period from February 21, 2018 (date of incorporation) to August 31, 2018, which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies, use of judgments and estimates were presented in Note 2 of the audited financial statements, and have been consistently applied in the preparation of these pro forma consolidated financial statements.

3. PROPOSED TRANSACTION AND PRO FORMA ADJUSTMENTS

The pro forma consolidated financial statements include the following adjustments:

a) In accordance with the Transaction (Note 1), CannaraBC will issue 476,667,330 common shares for all of the issued and outstanding shares of Cannara. For accounting purposes, the transaction will be considered a reverse acquisition. As the shareholders of Cannara control CannaraBC, CannaraBC is the accounting acquiree and Cannara is the accounting acquirer.

   The acquisition-date fair value of the consideration transferred by Cannara for its interest in CannaraBC, the accounting acquiree, is approximately $1.7 million. This amount was determined based on the fair value of the equity interest Cannara would have to give the shareholders of CannaraBC, before the reverse acquisition, to provide the same percentage equity interest in the combined entity that results from the reverse acquisition. The amount is recorded as an increase in common shares on the pro forma consolidated statement of financial position.

3. PROPOSED TRANSACTION AND PRO FORMA ADJUSTMENTS (continued)

a) (continued)

The following table provides details of the estimated fair value of the consideration transferred and the estimated fair value of the assets and liabilities acquired as at August 31, 2018:

	Number		Amount
Consideration Transferred			
Outstanding shares of CannaraBC	8,525,000	$	1,534,500
Outstanding special warrants of CannaraBC	988,000		177,840
			1,712,340
Identifiable assets acquired			
Cash		$	106,927
Receivables			2,050
Trade payables and accrued liabilities			(43,800)
Due to related parties			(31,500)
			33,677
Excess of consideration transferred over net assets acquired			
Transaction costs			1,678,663
Total net identifiable assets and transaction costs		$	1,712,340

The fair value of the common shares to be acquired by the shareholders of Cannara exceed the estimated fair value of the net assets of CannaraBC. The excess of the consideration transferred over the net assets acquired of $1,678,663 will be reflected as an expense in the statement of loss of the Company at date of closing. For the pro forma statement of financial position as at August 31, 2018, the amount has been recorded as an adjustment to the deficit.

The pro forma adjustments are based on preliminary estimates of the fair value of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the Transaction.

On October 12, 2018 and October 19, 2018, Cannara completed the Subscription Receipt Financing for gross proceeds of $32,287,538, consisting of 179,375,195 subscription receipts at a price of $0.18 per subscription receipt, each subscription receipt being automatically converted into one Cannara Class B common share upon completion of the Transaction which will result in the listing of the Reporting Issuer on the Exchange.

4. SHARE CAPITAL CONTINUITY

Authorized: Unlimited number of common shares.

	Share capital			Contributed surplus	Total
	Number of shares	Amount	Special warrants	Amount	Amount
Balance, August 31, 2018 (Audited)	8,525,000	$ 59,500	$ 49,400	$ -	$ 108,900
Recapitalization transaction (Note 3(a)):					
Equity of Cannara	476,667,330	15,853,968	-	1,001,350	16,855,318
Exercise of CannaraBC's special warrants	988,000	-	-	-	-
Elimination of CannaraBC's equity	-	(59,500)	(49,400)	-	(108,900)
Shares acquired of legal parent	(476,667,330)	-	-	-	-
Shares issued on RTO	476,667,330	1,712,340	-	-	1,712,340
Shares issued for private placement (Note 3(b))	179,375,195	32,287,538	-	-	32,287,538
Pro forma consolidated (Unaudited)	665,555,525	$ 49,853,846	$ -	$ 1,001,350	$ 50,855,196

5. STOCK OPTION CONTINUITY

	Number of options
Balance, August 31, 2018 (Audited)	-
Stock options of Cannara	13,000,001
Pro forma consolidated (Unaudited)	13,000,001

The stock options issued and exercisable of Cannara will be exchanged for options of the consolidated entity.

6. WARRANT CONTINUITY

	Number of warrants
Balance, August 31, 2018 (Audited)	-
Warrants of Cannara	15,898,710
Pro forma consolidated (Unaudited)	15,898,710

The warrants issued and exercisable of Cannara will be exchanged for warrants of the consolidated entity.

7. EFFECTIVE INCOME TAX RATE

The pro forma effective income tax rate that will be applicable to the operations of the consolidated entity is 27%.

SCHEDULE F

AUDIT COMMITTEE CHARTER

Audit Committee Charter

CANNARA BIOTECH INC.

AUDIT COMMITTEE CHARTER

I. PURPOSE AND AUTHORITY OF THE COMMITTEE

The members of the audit committee (the "**Audit Committee**") shall be appointed by the board of directors (the "**Board**") of Cannara Biotech Inc. (the "**Company**"), subject to any requirements in the shareholders agreement, and shall report to the Board. The Audit Committee shall be responsible to:

1. assist the Board in fulfilling its oversight of the Company's financial integrity, specifically by assisting the Board's oversight of:

   (a) the integrity of the Company's financial statements and other financial reporting;

   (b) the external auditor's qualifications and independence;

   (c) the performance of the Company's internal audit functions and internal auditor, if and when one is appointed;

   (d) the Company's compliance with legal and regulatory requirements;

   (e) the process by which the Company assesses and manages risk; and

   (f) any other matters as defined by the Board;

2. manage, on behalf of the shareholders, the relationship between the Company and the external auditor by:

   (a) having direct responsibility for appointing, retaining and determining the compensation of the external auditor (in the Audit Committee's capacity as a committee of the Board and subject to the rights of shareholders and applicable law);

   (b) 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 any disagreements between management and the external auditor regarding financial reporting;

   (c) determining and approving compensation for all audit and audit-related services and pre-approving all audit and permitted non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor;

   (d) ensuring that the external auditor report directly to the Audit Committee and meets with the Audit Committee or the Board without management present at each regularly scheduled meeting of the Audit Committee and at least annually with the full Board;

(e) facilitating communication between the Company and the external auditor; and

This Charter and any subsequent revisions thereto require the approval of the Board.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has unrestricted access to communicate directly with the internal and external auditor, management, members of the Board, employees of, or consultants to, the Company and any relevant information. The Audit Committee has the authority to retain independent legal, accounting or other advisers, consultants or experts it deems necessary in the performance of its duties, and the Audit Committee shall have the authority to set the compensation for any such advisors subject to a budget approved by the Board.

Subject to a budget approved by the Board, the Company shall provide appropriate funding, as determined by the Audit Committee, for payment of (i) compensation to the external auditor to prepare and issue an audit report or perform other audit, review or attest services for the Company, (ii) compensation to any outside advisers, consultants or experts employed by the Audit Committee, and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out the Audit Committee's duties.

II. COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee shall be composed of at least three non-management directors of the Company who are appointed by the Board (and may be removed or replaced by the Board), subject to any requirements in the shareholders agreement, annually at the meeting of the Board immediately following the annual general shareholders meeting. Members shall serve until their qualified successors are appointed, and the Board may fill vacancies in the Audit Committee, subject to satisfying all applicable independence requirements. The Chairman of the Audit Committee shall be designated by the full Board, or if the Board does not do so, the members of the Audit Committee, by majority vote, may designate a Chairman.

Each member shall be neither an officer nor employee of the Company or any of its affiliates. Each member shall be independent of management and must be free from any direct or indirect relationship which could, or, in the view of the Board, could reasonably be perceived to, interfere with the exercise of that member's independent judgement in carrying out the responsibilities as a member. No member may have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the previous three years. No member may, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other Board committee, accept directly or indirectly any consulting, advisory, or other "compensatory fee" (as such term is defined under applicable securities laws and stock exchange rules) from, or be an "affiliated person" (as such term is defined under applicable securities laws and stock exchange rules) of, the Company or any subsidiary of the Company unless approved by the Board.

All members of the Audit Committee shall be financially literate at the time of their election to the Audit Committee, which means that they will have the ability to read and understand fundamental financial statements (including a balance sheet, income statement and cash flow statement), including a set of financial statements that present a breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Ideally at least one member of the Audit Committee shall be an "audit committee financial expert" as such term is defined by the Regulations of the Quebec/Ontario Securities Commission and the rules of the Securities and Exchange Commission. At least one member of the Audit Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individuals financial sophistication, including but not limited to being or having been a chief executive officer, chief financial officer, other senior officer with financial oversight responsibilities. The Board shall make determinations as to whether any particular member of the Audit Committee satisfies these requirements.

A quorum of any Audit Committee meeting will be a majority of the members of the Audit Committee. The Secretary of the Audit Committee shall be such person as nominated by the Chairman of the Audit Committee.

III. MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee shall meet as frequently as it deems necessary to carry out its duties and responsibilities but no less than twice per year. The external auditor shall receive notice of every meeting of the Audit Committee and shall be invited to attend and participate in such meetings. The Audit Committee, in its discretion, may also ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary.

The Audit Committee Chairman shall approve an agenda in advance of each meeting and shall cause that agenda and related materials to be distributed to members and the external auditor in advance of said meeting. The Audit Committee shall maintain minutes of its meetings and records relating to those meetings and the Audit Committee's activities and provide copies of such minutes to the Board.

The Audit Committee shall also meet separately with management as it deems appropriate.

The Secretary shall circulate the minutes of the meetings to members of the Board, members of the Audit Committee and the head of the external auditor.

IV. REMUNERATION OF AUDIT COMMITTEE MEMBERS

No member of the Audit Committee may, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other Board committee, accept directly or indirectly any consulting, advisory, or other "compensatory fee" (as such term is defined under applicable securities laws and stock exchange rules) from the Company or any subsidiary of the Company unless approved by the Board.

V. DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

1. Selection and Evaluation of External Auditor

The Audit Committee is responsible for selecting and evaluating the external auditor, and for managing, on behalf of the Company's shareholders, the relationship between the Company and its external auditor. In furtherance of this responsibility, as delegated by the Board, the Audit Committee shall

(a) Review and recommend to the Board, subject to the rights of shareholders, for the selection, appointing, retaining and determining the compensation of the external auditor. The external auditor must be a top tier national firm with operations across Canada and the United States.

(b) Review and approve the external auditor's annual engagement letter, including the proposed audit plan and fees contained therein.

(c) Oversee the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting.

(d) Receive the report from the external auditor covering the outcome of their annual audit of the Company.

(e) Review the performance of the external auditor and, if warranted recommend replacement or termination the external auditor to the full Board.

(f) Oversee the qualifications and independence of the external auditor by, among other things:

(i) At least on an annual basis, evaluating the qualifications, performance and independence of the external auditor and the senior audit partners having primary responsibility for the audit.

(ii) Obtaining and reviewing a report from the external auditor at least annually regarding: (i) the external auditor's internal quality-control procedures, (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or raised by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (iii) any steps taken to deal with any issues, (iv) all relationships between the external auditor and the Company, and (v) the independence of the external auditor as required by applicable law.

(iii) Establish and periodically assess policies and procedures for the review and pre-approval of all audit and permitted non-audit services to be provided by the external auditor to the Company or its subsidiaries.

(iv) Review and, if deemed desirable, pre-approve all audit and permitted non-audit services to be provided by the external auditor to the Company or its subsidiaries which pre-approval may be delegated to one or more members in accordance with applicable law.

(v) Requiring the external auditor to deliver to the Audit Committee, at least annually, a formal written statement delineating all relationships between the external auditor and the Company and confirming their independence from the Company.

(vi) Actively engaging in a dialogue with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor and taking, or recommending that the Board take, appropriate action to satisfy itself of the auditor's independence.

(g) Take necessary actions to eliminate all factors that might impair or be perceived to impair the independence of the external auditor.

2. Financial Statements and Reports

The Audit Committee is responsible for overseeing the accounting and financial reporting process of the Company and the audits of the financial statements of the Company. In furtherance of this responsibility, as delegated by the Board, the Audit Committee shall:

(a) Review and approve the external auditor's annual audit plan, including the scope of the external auditor's quarterly reviews and all related fees.

(b) Confirm through private discussions with the external auditor that no restrictions are being placed on either the scope or the effectiveness of the external auditor's work.

(c) Review all material written communications between the external auditor and management, including post audit or management letters containing recommendations of the external auditor, management's response and follow up with respect to the identified weaknesses.

(d) As part of the Audit Committee's review of the Company's quarterly audited annual financial statements, review and discuss with management and the external auditor:

(i) The external auditor's report on the audited annual financial statements.

(ii) The quality of, and any major issues regarding, the Company's accounting principles and financial statement presentations, including all critical accounting policies, accounting practices and financial disclosure practices used and any significant changes in the Company's selection or application of accounting principles.

(iii) All significant issues and judgements made in connection with the preparation of the financial statements to determine if and how they should be reported or disclosed.

(iv) Any problems experienced by the external auditor in performing audits.

(v) The content and presentation of sales or earnings press releases and any financial information or earnings guidance (if any) provided to analysts and rating agencies.

(vi) Any outstanding or anticipated litigation or legal claims or actions which may materially affect the financial position of the Company.

3. Financial Reporting Process and Internal Controls

The Audit Committee is responsible for overseeing the design, implementation and on-going effectiveness of policies and procedures for providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, including those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements ("**Internal Controls**"). In furtherance of this responsibility, as delegated by the Board, the Committee shall:

(a) Establish (under the supervision of the Company's Chief Financial Officer, and President and Chief Executive Officer), monitor and review a system of Internal Controls.

(b) Consult with the external auditor regarding the adequacy of Internal Controls and review any significant findings concerning the adequacy of Internal Controls raised by the external auditor in its report on the Internal Controls.

(c) Review management's report on its assessment of the Internal Controls of the Company and the steps taken to monitor, control and report financial risks and exposures.

(d) Consider the effectiveness of the Internal Controls, and review with the President and Chief Executive Officer, the Chief Financial Officer, and the external auditor: (A) all significant deficiencies and material weaknesses in the design or operation of the Company's Internal Controls that could adversely affect the Company's ability to record, process, summarize and report financial information required to be disclosed by the Company in the reports that it files or submits with applicable securities regulators within the required time periods, and (B) any fraud, whether or not material, that involves management of the Company or other employees who have a significant role in the Company's Internal Controls.

(e) Address, on a regular basis, any perceived shortcomings in the Company's Internal Controls.

4. Risk Management

The Audit Committee is responsible for overseeing the process by which the Company assesses and manages risk, including the relationship of the Company's compensation policies and practices to risk management. In furtherance of this responsibility, as delegated by the Board, the Audit Committee shall:

(a) identify risks inherent in the Company's business;

(b) maintain policies and procedures that address such risks on a reasonable, cost-effective basis;

(c) in conjunction with management, review, on an annual basis, all aspects of the Company's risk management program, including all significant policies and procedures relating to insurance coverage, foreign exchange exposures and investments (including the Company's use of financial risk management instruments);

(d) review policies and practices with respect to off-balance sheet transactions and trading and hedging activities, and consider the results of any review of these areas by the external auditor; and

(e) review management's processes in place to prevent and detect fraud.

5. Compliance with Laws and Regulations

The Audit Committee shall:

(a) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.

(b) Obtain regular updates from management and the Company's legal counsel regarding compliance matters that may have a material impact on the Company's financial statements or compliance policies.

(c) Review the findings of any examinations by regulatory agencies and any correspondence with, or published reports by, regulators or governmental agencies which raise material issues regarding the Company's financial statements or accounting policies.

6. Related Party Transactions and Off-Balance Sheet Structure

The Audit Committee shall:

(a) review all proposed related-party transactions for potential conflicts of interest, including those between the Company and its officers or directors and, if deemed appropriate, recommend to the Board an appropriate course of action with respect to any particular transaction (including approval, rejection or ratification);

(b) annually review any ongoing related party transactions and report to the Board thereon; and

(c) review all material off-balance sheet structures to which the Company is a party.

A "**related party**" is a director or officer of the Company, or an immediate family member of a director or officer of the Company (which means any spouse, parents, children, siblings, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, and anyone who resides in such person's home (other than domestic employees)).

7. Hiring Policies

The Audit Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditor of the Company.

8. Complaint Procedure

The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, and monitor compliance with the Company's Whistleblower Protection Policy on Financial Matters and oversee, coordinate and review all investigations undertaken thereunder.

VI. EVALUATION OF AUDIT COMMITTEE CHARTER AND COMMITTEE PERFORMANCE

Annually, the Audit Committee shall review and assess the adequacy of the Audit Committee charter, report to the Board on the results of such assessment, and recommend any proposed changes to the Board for approval.

The Audit Committee shall also perform an annual evaluation of the performance of the Audit Committee and report to the Board on the results of such evaluation.

While the Audit Committee has the oversight duties and responsibilities set forth in this charter, the Audit Committee is not responsible for planning or conducting the audit or for determining whether the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management has the responsibility for preparing the financial statements and implementing internal controls and the external auditor has the responsibility of auditing the financial statements.

In discharging its duties, each member of the Audit Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter, including designating any member of the Audit Committee as an "audit committee financial expert" is intended, or should be determined to impose on any member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

The essence of the Audit Committee's responsibilities is to monitor and review the activities described in this Charter to gain reasonable assurance (but not to ensure) that such activities are being conducted properly and effectively by the Company.

CERTIFICATE OF CANNARA BIOTECH INC. (FORMERLY DUNBAR CAPITAL CORP.)

Dated: October 24, 2018

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by Cannara Biotech Inc. (formerly Dunbar Capital Corp.) as required by the securities legislation of British Columbia.

"Karamveer Thakur"	*"Ravinder Kang"*
Karamveer Thakur, President	**Ravinder Kang**, Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"*Karamveer Thakur*"
Karamveer Thakur, Director

CERTIFICATE OF CANNARA BIOTECH INC.

Dated: October 24, 2018

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by Cannara Biotech Inc. as required by the securities legislation of British Columbia.

"Zohar Krivorot"
Zohar Krivorot, President & Chief Executive Officer

Lennie Ryer"
Lennie Ryer, Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"Amy Satov"
Amy Satov, Director

"Derek Stern"
Derek Stern, Director