INDIVA LIMITED

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2019

DATED AS OF MAY 15, 2020

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ANNUAL INFORMATION FORM

In this annual information form (the "**AIF**"), unless otherwise noted or the context indicates otherwise, the "**Company**", "**Indiva**", "**we**", "**us**" and "**our**" refers to Indiva Limited or its subsidiaries. All financial information in this AIF is prepared in Canadian dollars and using International Financial Reporting Standards. The information contained herein is dated as of December 31, 2019, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This AIF contains certain statements which contain "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation (each, a "**forward-looking statement**"). No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this AIF should not be unduly relied upon. Forward-looking information is, by its nature, prospective. It requires the Company to make certain assumptions, and is subject to inherent risks and uncertainties. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential", "capable", "budget", "*pro forma*" and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, among others, statements pertaining to:

- the Company's future business and development prospects and strategies, including the potential impact of the COVID-19 pandemic thereon;
- the Company's future operating and financial results;
- the competitive and business strategies of the Company;
- whether the Company will have sufficient working capital and its ability to raise additional financing required in order to develop its business, continue operations, and/or pursue prospective opportunities;
- the development of the Indiva Facility (as defined herein);
- future production in respect of expansion at the Indiva Facility;
- expectations regarding production costs;
- competitive conditions of the cannabis industry;
- changes in the regulatory environment, including the introduction of new provincial and federal regulatory regimes relating to recreational cannabis;
- the impact of changes in Canadian federal and provincial laws regarding medical and recreational cannabis on the Company;
- expansion into international markets;

- the performance of the Company's business and operations;

- compliance with all applicable laws and regulations applicable to The Company, both in Canada and internationally, including the CSA Notice (as defined herein); and

- compliance with TSXV policy, including the TSXV Bulletin (as defined herein).

The forward-looking statements within this document are based on information currently available and what management believes are reasonable assumptions. Those assumptions include, but are not limited to, assumptions on: (i) the Company's ability to generate cash flow from operations and obtain necessary financing on acceptable terms; (ii) general economic, financial, market, regulatory and political conditions in which the Company operates; (iii) consumer interest in the Company's products; (iv) competition; (v) anticipated and unanticipated costs; (vi) government regulation of the Company's activities and products; (vii) timely receipt of any required regulatory approvals; (viii) the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; and (ix) the Company's development plans and the timeframe for completion of such plans. Forward-looking statements speak only as of the date of this AIF. In addition, this AIF may contain forward-looking statements attributed to third party industry sources, the accuracy of which has not been verified by us.

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. A number of factors could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking statements in this AIF, including, but not limited to, the following material factors:

- the COVID-19 pandemic;

- failure to comply with the requirements of the Company's licences to cultivate, process and sell cannabis;

- failure to maintain the Company's licences to cultivate, process and sell cannabis;

- share price volatility;

- any adverse change or event impacting the Indiva Facility;

- the Company's ability to obtain additional financing;

- the failure to obtain required regulatory approvals or permits;

- delays in the delivery or installation of equipment by suppliers;

- difficulties in integrating new equipment with existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, and insufficient funding or other resource constraints;

- any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of cannabis;

- a bankruptcy, liquidation or reorganization of any of the Company's subsidiaries;
- any delays in transporting the Company's product, breach of security or loss of product;
- increased competition, including increased competition as a result of the legalization of recreational cannabis;
- failure to integrate an acquired business or realize the anticipated benefits of new partnerships;
- amendments to laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical and recreational cannabis, health and safety, privacy, conduct of operations and protection of the environment;
- loss of key personnel;
- the failure of the Company to effectively manage growth;
- failure to comply with all applicable laws and regulations, both in Canada and internationally, including the CSA Notice;
- rising energy costs;
- failure to protect the Company's intellectual property;
- potential conflicts of interest between management and the Company;
- environmental and employee health risks;
- restrictions on sales and marketing activities;
- co-investment with third parties;
- product recalls and obsolescence;
- results from future clinical research;
- fraudulent or illegal activity by employees, contractors or consultants;
- competition from the illicit supply of cannabis;
- security and cybersecurity breaches; and
- failure to comply with TSXV policy, including the TSXV Bulletin.

Such factors are discussed in more detail under the heading *"Risk Factors"* in this AIF. New factors emerge from time to time, and it is not possible for management to predict them all or to assess in advance the impact of each factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Readers are cautioned that these factors are difficult to predict and that the assumptions used in developing the forward-looking statements may prove to be incorrect. Readers are also cautioned that the list of risk factors contained in this AIF is not exhaustive. Accordingly, readers are cautioned that the Company's actual results may vary from the forward-looking statements, and the variations may be material.

This AIF may contain market and industry data and forecasts obtained from third party sources, industry publications and publicly available information. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. Although management believes it to be reliable, the Company has not independently verified any of the data from third party sources referred to in this AIF, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources.

The forward-looking statements contained in this AIF are expressly qualified by the foregoing cautionary statements and are made as of the date of this AIF. Except as may be required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statement to reflect events or circumstances after the date of this AIF or reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise. You should not place undue reliance on the forward-looking statements.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this AIF. Terms and abbreviations used in the financial statements of the Company and in the appendices to this AIF 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.

"**2019 Debentures**" has the meaning ascribed thereto in "*General Development of the Business – Three Year History – 2019 – 2019 Debenture Offering*".

"**2019 Offering**" has the meaning ascribed thereto in "*General Development of the Business – Three Year History – 2019 – 2019 Debenture Offering*".

"**2020 Debentures**" has the meaning ascribed thereto in "*General Development of the Business – Three Year History – 2020 – 2020 Debenture Offering*".

"**2020 Offering**" has the meaning ascribed thereto in "*General Development of the Business – Three Year History – 2020 – 2020 Debenture Offering*".

"**ACMPR**" has the meaning ascribed thereto in *"Description of the Business – The Licences"*.

"**AEssense Acquisition**" has the meaning ascribed thereto in "*General Development of the Business – Three-Year History – 2018 – Acquisition of AEssense Europe*".

"**Agent**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2017 – The RTO and Related Financings"*.

"**AIF**" means this Annual Information Form.

"**Amalco**" has the meaning ascribed thereto in *"Corporate Structure"*.

"**Amalgamation**" has the meaning ascribed thereto in *"Corporate Structure"*.

"**Amendment Warrants**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2019 – Amendment and Repricing of Outstanding Warrants"*.

"**Audit Committee**" means the audit committee of the Company.

"**Average Selling Price, Net of Excise**" has the meaning ascribed thereto in *"Description of the Business – Products and Sales*".

"**Bhang**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2018 – Bhang Corporation Joint Venture"*.

"**Bhang JV**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2018 – Bhang Corporation Joint Venture"*.

"**Board**" means the Board of Directors of the Company.

"**Bridge Facility**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2019 – Debt Financing"*.

"**Cannabis Act**" has the meaning ascribed thereto in *"Corporate Structure"*.

"**Cannabis Regulations**" means the *Cannabis Regulations* (Canada), as amended.

"**CBD**" means cannabidiol.

"**CDSA**" means the *Controlled Drugs and Substances Act* (Canada), as amended.

"**CEO**" means Chief Executive Officer.

"**CFO**" means Chief Financial Officer.

"**Common Shares**" has the meaning ascribed thereto in *"Corporate Structure"*.

"**Compensation Committee**" means the compensation committee of the Company.

"**Compensation Options**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2018 – Prospectus Offering"*.

"**Computershare**" means Computershare Investor Services Inc.

"**Consolidation**" has the meaning ascribed thereto in *"Corporate Structure"*.

"**Conversion Price**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2017 – The RTO and Related Financings"*.

"**Conversion Warrants**" has the meaning ascribed thereto in *"General Development of the Business –– 2017 – The RTO and Related Financings"*.

"**Convertible Debenture Financing Broker Warrants**" has the meaning ascribed thereto in *"General Development of the Business –– 2017 – The RTO and Related Financings"*.

"**Convertible Debenture Financing**" has the meaning ascribed thereto in *"General Development of the Business – Three Year History – 2017 – The RTO and Related Financings"*.

"**Convertible Debentures**" has the meaning ascribed thereto in *"Description of Indiva's Securities– Convertible Debentures"*.

"**COO**" means Chief Operating Officer.

"**COVID-19**" has the meaning ascribed thereto in "*Risk Factors – General Business Risk and Liability – COVID-19 Pandemic*".

"**CSA Notice**" has the meaning ascribed thereto in *"U.S. Cannabis-Related Activities - CSA Staff Notice 51-352 (Revised) Regarding Issuers with U.S. Marijuana-Related Activities"*.

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

"**CSE Listing**" has the meaning ascribed thereto in *"General Development of the Business – Three Year History – 2018 – Shareholder Approval of the CSE Listing"*.

"**CTLS**" has the meaning ascribed thereto in *"Description of the Business – Legal and Business Context – Cannabis Tracking and Licensing System"*.

"**DeepCell**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2018 – DeepCell License Agreement and Ruby Products"*.

"**Demand Facility**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2019 – Debt Financing"*.

"**DTC**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2019 – DTC Eligibility for Common Shares on OTCQX"*.

"**Dycar**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2020 – Dycar White-Label Partnership and Financing"*.

"**Dycar Products**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2020 – Dycar White-Label Partnership and Financing"*.

"**Exchange Policies**" means the policies of the TSXV and all orders, policies, rules, regulations and by-laws of the TSXV, as amended from time to time.

"**Facility**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2019 – Debt Financing"*.

"**Indiva Facility**" has the meaning ascribed thereto in *"Corporate Structure"*.

"**Indiva Opco**" has the meaning ascribed thereto in *"Corporate Structure"*.

"**Indiva**" or "**Company**" means Indiva Limited (formerly known as Rainmaker Resources Limited), a corporation continued under the OBCA.

"**Issue Price**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2018 – Prospectus Offering"*.

"**IT**" has the meaning ascribed thereto in *"Risk Factors – Information Systems Security Threats"*.

"**Licence**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2018 – Canada's Legalization of Recreational Cannabis"*.

"**Licence Holder**" has the meaning ascribed thereto in *"Description of the Business – Legal and Business Context – Security Clearances"*.

"**Licensed Producer**" has the meaning ascribed thereto in the ACMPR.

"**Licensors**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2018 – Receipt of Import Permit & Swiss Supply Agreement"*.

"**Listing Requirements**" has the meaning ascribed thereto in "*U.S. Cannabis-Related Activities - TSXV Policy Regarding Business Activities Related to Marijuana in the United States*".

"**Maturity Date**" has the meaning ascribed thereto in *"Description of Indiva's Securities – Convertible Debentures"*.

"**MediPharm Agreement**" has the meaning ascribed thereto in "*General Development of the Business – Three Year History – 2018 – MediPharm Cannabis Concentrate Program Agreement*".

"**Minister**" has the meaning ascribed thereto in *"Description of the Business – Legal and Business Context– Security Clearances"*.

"**OBCA**" means the *Business Corporations Act* (Ontario).

"**Over-Allotment Option**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2018 – Prospectus Offering"*.

"**PMC**" has the meaning ascribed thereto in "*General Development of the Business – Three Year History – 2020 – 2020 Debenture Offering*".

"**Prospectus Offering**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2018 – Prospectus Offering"*.

"**Replacement Warrants**" has the meaning ascribed thereto in *"General Development of the Business –– 2017 – The RTO and Related Financings"*.

"**Requirements**" has the meaning ascribed thereto in *"Description of the Business – U.S. Cannabis-Related Activities"*.

"**RTO**" has the meaning ascribed thereto in *"Corporate Structure"*.

"**RTO Broker Warrants**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2017 – The RTO and Related Financings"*.

"**RTO Debentures**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2017 – The RTO and Related Financings"*.

"**RTO Debenture Financing**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2017 – The RTO and Related Financings"*.

"**RTO Indenture**" has the meaning ascribed thereto in *"General Development of the Business – Three Year History – 2017 – The RTO and Related Financings"*.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval as located on the internet at www.sedar.com.

"**Shareholders' Meeting**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2018 – Shareholder Approval of the CSE Listing"*.

"**SQDC**" means the "Société québécoise du cannabis".

"**Stock Option Plan**" means the rolling 10 percent stock option plan of the Company.

"**Subscription Receipt Broker Warrants**" has the meaning ascribed thereto in *"General Development of the Business –– 2017 – The RTO and Related Financings"*.

"**Subscription Receipt Offering**" has the meaning ascribed thereto in *"General Development of the Business – Three Year History – 2017 – The RTO and Related Financings"*.

"**Subscription Receipt Unit**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2017 – The RTO and Related Financings"*.

"**Subscription Receipt Warrant Share**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2017 – The RTO and Related Financings"*.

"**Subscription Receipt Warrant**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2017 – The RTO and Related Financings"*.

"**Subscription Receipts**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2017 – The RTO and Related Financings"*.

"**Supplemental Indenture**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2019 – Amendment and Repricing of Outstanding Warrants"*.

"**Supply Agreement**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2018 – Receipt of Import Permit & Swiss Supply Agreement"*.

"**Supreme Cannabis**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2019 – Supreme Pre-Roll Partnership"*.

"**TerrAscend**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2019 – Extraction Agreement with TerrAscend"*.

"**TerrAscend Agreement**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2019 – Extraction Agreement with TerrAscend"*.

"**THC**" means tetrahydrocannabinol.

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

"**TSXV Bulletin**" has the meaning ascribed thereto in *"General Development of the Business –- U.S. Cannabis-Related Activities"*.

"**Undertaking**" has the meaning ascribed thereto in *"Risk Factors – Risks Relating to the Medical and Recreational Cannabis Industry – TSXV Restrictions on Business".*

"**Underwriters**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2018 – Prospectus Offering"*.

"**Unit Issue Price**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2018 – Prospectus Offering"*.

"**Unit Warrant**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2018 – Prospectus Offering"*.

"**Units**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2018 – Prospectus Offering"*.

"**Wana**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2020 – Wana Brands Partnership"*.

"**Warrant Indenture**" has the meaning ascribed thereto in *"General Development of the Business – Three-Year History – 2018 – Prospectus Offering"*.

CORPORATE STRUCTURE

The Company was incorporated as "Teddington Developments Ltd." on September 13, 1979, under the *Company Act* (British Columbia). On November 20, 2009, the Company changed its name to Rainmaker Mining Corp. and on May 8, 2014, the Company again changed its name to Rainmaker Resources Ltd. The common shares of the Company were traded on the TSXV under the symbol "RIR".

On December 13, 2017, the Company completed a reverse take-over whereby it acquired 100% of the issued and outstanding securities of Indiva Corporation (the "**RTO**") by way of a "three-cornered" statutory amalgamation (the "**Amalgamation**") of Indiva Corporation and a wholly-owned subsidiary of the Company, being Indiva Amalco Ltd. ("**Amalco**"). In connection with the closing of the Acquisition the Company: (i) completed a consolidation of its common shares (the "**Consolidation**") on the basis of 10.878 pre-Consolidation common shares to one (1) post-Consolidation common share (each post-Consolidation common share, a "**Common Share**"); (ii) changed its name from "Rainmaker Resources Ltd." to "Indiva Limited"; (iii) and continued under the *Business Corporations Act* (Ontario); and (iv) changed its year-end from October 31 to December 31. The Acquisition constituted a reverse takeover and change of business within the meaning of the TSXV policies. As a result of the completion of the Acquisition, the Company's principal business activities became that of Indiva Corporation, being the licensed production of medical cannabis. Following the Acquisition, the Common Shares resumed trading on the TSXV under the symbol "NDVA". The Company's Common Shares are also listed on OTCQX under the symbol "NDVAF".

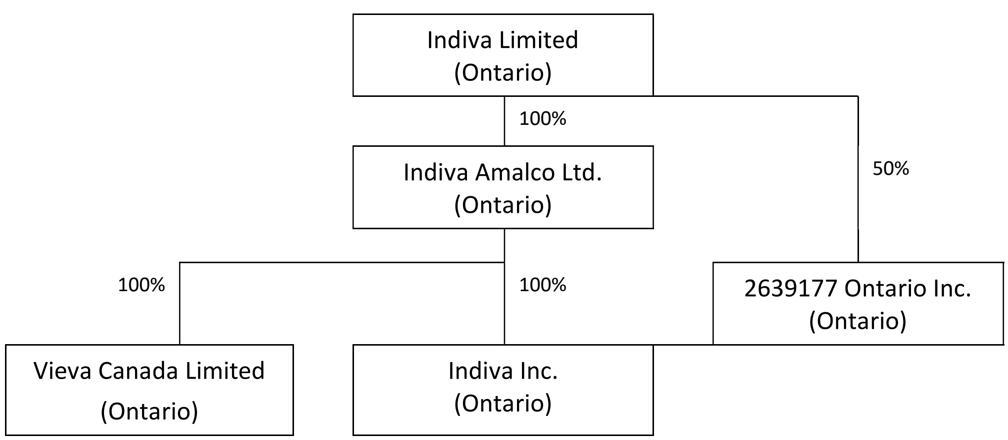
The Company's head and registered office of the Company is located at 333 Preston Street, Suite 710, Ottawa, Ontario, K1S 5N4 and is a reporting issuer in the provinces of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland.

The Company has three (3) wholly owned indirect subsidiaries, being Amalco, Vieva Canada Limited and Indiva Inc. ("**Indiva Opco**") and one (1) 50% owned indirect subsidiary, being 2639177 Ontario Inc.

Amalco was incorporated on May 12, 2015 under the *Business Corporations Act* (Ontario) and subsequently amalgamated with a wholly-owned subsidiary of the Company, formed solely for the purpose of completion the Amalgamation.

Indiva Opco was incorporated on August 8, 2013 under the *Business Corporations Act* (Ontario) and on July 14, 2017 became a licensed producer of cannabis. Indiva Opco is the principal operating subsidiary of the Company and holds a standard cultivation licence, standard processing licence, and sale licence for medical purposes pursuant to the *Cannabis Act* (Canada) (the "**Cannabis Act**") and the Cannabis Regulations. The Company's principal business is the production of medical and recreational cannabis and cannabis-based products at its facility located at 1050 Hargrieve Road in London, Ontario (the "**Indiva Facility**"). See "*General Development of the Business – Three Year History – 2018 – Canada's Legalization of Recreational Cannabis*".

The following diagram illustrates the corporate structure and provides the name, the percentage of voting securities owned, directly or indirectly, by the Company and the jurisdiction of incorporation, and continuance or formation of the Company's subsidiaries.



GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

2017

Indiva Corporation Offerings

In early 2017, Indiva Corporation completed non-brokered private placements of 2,462 common shares at a price of $1,280 per common share (9,848,000 Common Shares at $0.32 per Common Share on a post-split basis) for gross proceeds of $3,151,360.

On June 15, 2017, Indiva Corporation completed a non-brokered private placement with one investor, issuing a $2,100,000 unsecured convertible debenture, with no coupon, which converted into Common Shares upon closing of the RTO at $0.75.

The RTO and Related Financings

On December 13, 2017, the Company completed the RTO by way of the Amalgamation and in consideration for the issuance of 43,540,000 Common Shares to the shareholders of Indiva Corporation at an ascribed price of $0.75 per Common Share which, after giving effect to the Consolidation, was equal to a purchase price of $32,655,000.

Prior to and in connection with the RTO, the Company completed the issuance of an aggregate of 16,073,085 subscription receipts (the "**Subscription Receipts**") at a price of $0.75 per Subscription Receipt in three tranches (on August 28, 2017, November 2, 2017, and December 6, 2017) for aggregate gross proceeds of $12,054,813.75 (the "**Subscription Receipt Offering**"). Sunel Securities Inc. (the "**Agent**") acted as exclusive agent to the Company under the Subscription Receipt Offering.

On completion of the RTO, the net proceeds of the Subscription Receipt Offering were released from escrow to the Company and each Subscription Receipt was exchanged, without any further action by the holder thereof and for no additional consideration, for one unit (a "**Subscription Receipt Unit**") of the Company. Each Subscription Receipt Unit consisted of one Common Share and one-half of one Common Share purchase warrant (each whole warrant, a "**Subscription Receipt Warrant**"). Each Subscription Receipt Warrant entitled the holder thereof to acquire one Common Share (a "**Subscription Receipt Warrant Share**") at an exercise price of $0.90 per Subscription Receipt Warrant Share until December 13, 2019. The Subscription Receipt Warrants were subject to the terms of a warrant indenture between the Company and Computershare Trust Company of Canada, dated November 2, 2017 (the "**RTO Indenture**").

In connection with the Subscription Receipt Offering and the closing of the RTO, the Company issued: (a) 845,113 broker warrants (the "**Subscription Receipt Broker Warrants**") to the Agent. Each Subscription Receipt Broker Warrant was exercisable into one Common Share at an exercise price of $0.75 until December 13, 2019; (b) 1,400,000 warrants (the "**Conversion Warrants**") upon conversion of certain previously issued debentures of Indiva Corporation. Each Conversion Warrant was exercisable into one Common Share at an exercise price of $0.90 until December 13, 2019; and (c) 196,000 warrants (the "**Replacement Warrants**") to replace certain previously issued warrants of Indiva Corporation. Each Replacement Warrant was exercisable into one Common Share at an exercise price of $0.75 until June 14, 2019.

The Subscription Receipt Offering was completed concurrently with an offering (in tranches) of 10% senior convertible debentures ("**RTO Debentures**") of Indiva Corporation at a price of $1,000 per RTO Debenture for aggregate gross proceeds of $11,000,000 (the "**RTO Debenture Financing**"). The RTO Debentures matured on December 13, 2019. The interest on the RTO Debentures was payable in cash semi-annually in arrears on June 30 and December 31 of each year.

The principal amount of the RTO Debentures and, subject to the approval of the TSXV, any unpaid and accrued interest thereon, were convertible, at the option of the holder, into Common Shares at any time prior to the close of business on the last business day immediately preceding the December 13, 2019 maturity date at a conversion price equal to $0.75 per Common Share (the "**Conversion Price**"), subject to adjustment in certain events.

In connection with the RTO Debenture Financing, the Company issued 1,024,000 broker warrants (the "**RTO Broker Warrants**") to PI Financial Corp. Each RTO Broker Warrant was exercisable into one Common Share at an exercise price of $0.75 until December 13, 2019.

2018

<u>Prospectus Offering</u>

On February 13, 2018, the Company completed a "bought deal" short form prospectus offering (the "**Prospectus Offering**") of units ("**Units**") of the Company, which included the exercise of the over-allotment option (the "**Over-Allotment Option**") granted to the Underwriters (defined below) in full.

In connection with closing of the Prospectus Offering, 14,238,150 Units were sold at a price of $1.05 per Unit (the "**Unit Issue Price**") for aggregate gross proceeds of $14,950,058. The Prospectus Offering was completed by a syndicate of underwriters including Eight Capital, as sole bookrunner and lead underwriter, and PI Financial Corp. (the "**Underwriters**"). Each Unit was comprised of one Common Share and one Common Share purchase warrant (a "**Unit Warrant**"). Each Unit Warrant entitled the holder thereof to purchase one Common Share at an exercise price of $1.30 until February 13, 2020. The Unit Warrants were governed by a warrant indenture dated February 13, 2018 between the Company and Computershare, as warrant agent. On March 19, 2018, the Unit Warrants were listed for trading on the TSXV under the symbol "NDVA.WT".

As consideration for their services, the Underwriters received a cash commission equal to 7% of the gross proceeds of the Prospectus Offering and a total of 996,670 compensation options ("**Compensation Options**"). Each Compensation Option is exercisable into one Unit at the Unit Issue Price until February 13, 2020.

<u>DeepCell License Agreement and Ruby Products</u>

On June 11, 2018, the Company prepaid USD$1,500,000 to DeepCell Industries ("**DeepCell**") for future royalty fees that were anticipated to be generated from sales of DeepCell-branded products. DeepCell is a Seattle-based technology development company focusing on material science, microfluidics and cannabinoid molecule discoveries. Pursuant to the licence agreement with DeepCell, the Company acquired exclusive rights in Canada to manufacture and sell DeepCell's complete line of products, including its cannabis infused Ruby® Cannabis Sugar, Sapphire™ Cannabis Salt, and Gems™ products produced using DeepCell's patented Crystal Fusion™ technology. The Crystal Fusion™ technology mechanically fuses cannabinoids with sugar or salt, creating crystals that are both water soluble and stable. The Company intends to manufacture Ruby® Cannabis Sugar, Sapphire™ Cannabis Salt, and Gems™ DeepCell cannabis products.

The Company does not intend to complete an equity investment in DeepCell.

Bhang Corporation Joint Venture

On June 14, 2018, the Company announced receipt of TSXV approval for its previously announced joint venture with Bhang Corporation ("**Bhang**"), a California-based licensor of cannabis edibles and concentrates. The joint venture provides the Company with exclusive rights to manufacture and sell Bhang products in Canada as well as the right to export those products internationally (the "**Bhang JV**"). As part of the Bhang JV, the Company has committed to investing USD$5,000,000 into cannabis processing equipment at the Indiva Facility. The Company advanced USD$1,000,000 to the Bhang JV as a prepayment for future services.

The Company does not intend to complete an equity investment in Bhang.

Receipt of Import Permit and Swiss Supply Agreement

On December 21, 2017, the Company entered into a strategic cooperation agreement (the "**Supply Agreement**") with Medropharm GmbH and Greenfields Health Care S.A. (together, the "**Licensors**") for the exclusive supply by the Licensors of cannabis strains for cultivation and sale by the Company in Canada. Pursuant to the Supply Agreement, the Licensors granted the Company the exclusive Canadian rights to import, cultivate and sell three high-CBD, low-THC strains of cannabis. The Licensor will also identify for the Company the chemical composition and treatment uses of each strain supplied under the Supply Agreement and provide cultivation guidance from time to time. On July 19, 2018, the Company received approval from Health Canada to import the cannabis strains from the Licensors pursuant to the Supply Agreement.

Shareholder Approval of the CSE Listing

On July 26, 2018, the Company announced the results of its annual general and special meeting of shareholders (the "**Shareholders' Meeting**") held on July 24, 2018.

At the Shareholders' Meeting, the Company obtained shareholder approval to pursue a listing on the CSE (the "**CSE Listing**"). The Company believes that the CSE Listing is in the best interests of the Company and its shareholders, as more fully discussed in the Company's management information circular for the Shareholders' Meeting dated June 15, 2018. The circular is available under the Company's SEDAR profile at www.sedar.com

In 2019, Management determined the CSE listing was no longer advantageous and the process to relist was halted in favour of remaining on the TSXV.

MediPharm Cannabis Concentrate Program Agreement

On September 4, 2018, the Company entered into a cannabis concentrate program agreement with MediPharm Labs Inc. (the "**MediPharm Agreement**"). Pursuant to the MediPharm Agreement, the Company will provide MediPharm Labs Inc. with dried cannabis for the purposes of producing cannabis oil for an initial term of three years. The Company and Medipharm Labs Inc. will share all revenue generated from the sale of such cannabis oils.

Retail Cannabis Stores

In September 2018, the Company obtained leases for proposed cannabis retail stores in Ontario in anticipation of the province initiating its retail store licence application process. On September 27, 2018, the Ontario government released the *Cannabis Licence Act, 2018,* which limited licensed cannabis producers and their affiliates (as defined in the provincial legislation) under the Cannabis Act to operating one retail store located on or within the properties listed on their respective licences. On November 5, 2018, the Company announced its plans to open a retail store at the Indiva Facility. The Company also announced that it would revise its interests in the currently-leased proposed retail stores in order to comply with all applicable law while maintaining its retail strategy progress. The Government of Ontario subsequently announced a lottery system for issuing retail licenses and limited Licensed Producers to holding a 9.9% interest in any Ontario retail store. As a result, Indiva terminated its retail lease agreements in January 2019. The Company intends to apply for a license to open a farmgate store at the Indiva Facility when regulations allow.

Acquisition of AEssense Europe

On November 21, 2018, the Company announced that it signed a non-binding letter of intent with AEssense Europe for the acquisition of 100% of a medical cannabis cultivation and handling licence in Denmark under the Danish Medicines Agency development scheme (the "**AEssense Acquisition**"). AEssense Europe received its licence from the Danish Medicines Agency on January 12, 2018. Through the AEssence Acquisition, the Company intends to pursue the cultivation and worldwide distribution of EU-GMP-certified medical cannabis and cannabis-derived products, as well as leverage AEssense Europe's licence to import EU-GMP cannabis into the Danish and European markets.

The AEssense Acquisition was to be funded with a combination of 1,600,000 million Common Shares plus USD$1,100,000 in cash, payable over three years.

In 2019, Management made the decision to focus exclusively on its Canadian operations and accordingly has not further pursued plans to finalize the AEssense Acquisition.

E-Commerce Store Launch

On November 27, 2018, the Company announced the launch of its online e-commerce store, through which permitted customers can purchase cannabis accessories.

Import of CBD Strains

On December 13, 2018, the Company successfully imported three CBD strains from Swiss cannabis producer Medropharm GmbH and Greenfields Health Care SA. The Company holds exclusive rights to these CBD strains in Canada.

2019

Commissioning of Extraction Operations

In January 2019, the Company engaged Lucid Lab Group to design, construct and commission an ethanol-based extraction operation at the Indiva Facility. Construction continues and is expected to be complete in Q3 2020. The Company expects that the extractor will process 70 tonnes of biomass resulting in more than 4,000,000 grams of distillate. The commencement of extraction operations at the Indiva Facility is expected to begin in Q3 2020.

Investment in RetailGo Inc.

On January 22, 2019, the Company announced that it completed a 9.9% equity investment in RetailGo Inc. The Company also obtained a five-year promissory note from RetailGo Inc. in the amount of $730,000, plus an additional $300,000 to be repaid separately. To date, RetailGo has not been successful in obtaining a retail license in Ontario or elsewhere in Canada.

Supply Agreement with the Ontario Cannabis Store

On February 8, 2019, the Company entered into a supply agreement with the Ontario Cannabis Retail Corporation (d/b/a the Ontario Cannabis Store), pursuant to which the Company will supply two pre-roll products for resale to consumers. On March 1, 2019, the Company announced that the pre-roll products were available for purchase at the Ontario Cannabis Store.

Purchase of the Indiva Facility

On February 20, 2019, the Company acquired ownership of the Indiva Facility for a purchase price of $5,550,000 in cash.

Expanded Production Capacity

On June 3, 2019, the Company announced that it had successfully received an amendment to its cannabis licences from Health Canada for three additional grow rooms and three additional processing rooms, bringing the Company's estimated annual cultivation capacity to approximately 1,000kg.

Extraction Agreement with TerrAscend

On August 7, 2019, the Company and TerrAscend Corp. ("**TerrAscend**") entered into an agreement to partner on an extraction services program to provide high-quality cannabis oils for TerrAscend patients and consumers (the "**TerrAscend Agreement**"). Under the terms of the TerrAscend Agreement, TerrAscend has committed to delivering a minimum of 800 kg of dry flower on an annual basis to the Company for extraction. The Company will return the final product to TerrAscend in bulk formulated oil, or in distillate form.

Debt Financing

On October 15, 2019, the Company entered into definitive documentation with an institutional investor in respect of a $7,500,000 secured bridge loan facility (the "**Bridge Facility**") and a $6,500,000 secured demand loan facility (the "**Demand Facility**", and together with the Bridge Facility, the "**Facility**"), for aggregate debt financing in an amount up to $11,000,000.

The Bridge Facility permits the Company to draw a certain amount of the gross face value of eligible invoices and the Demand Facility permits the Company to draw up to $6,500,000 at a 9% interest rate above the Bank of Montreal prime rate. The Company may repay the Demand Facility at any time without penalty. In connection with the Facility, the Company has granted security over its assets and is subject to certain restrictive covenants under the Facility. The Company paid the lender transaction fees of $65,000. In connection with the Facility, the Company also paid a finder's fee to Manor Financial Ltd., an arm's-length third party, in an amount equal to 2% of the value of the Facility, of which $100,000 was payable in cash and the remainder through the issuance of 375,000 Common Shares at a price per Common Share of $0.32. The proceeds under the Facility were used for repayment of a then outstanding convertible debenture and related interest, the Company's facility expansion and general working capital.

Health Canada Expansion Approval

On October 21, 2019, Health Canada approved an amendment to its cannabis licences to add 10,000 square feet of production space to facilitate three new grow rooms and two additional processing rooms. This additional square footage is used to manufacture edible cannabis products, increase the Company's cannabis flower production capacity, and enable new growth in the production, manufacturing, processing and refinement arms of the Company's business. The final phase of expansion to the Indiva Facility added an additional 10,000 square feet of licensed production space for manufacturing and processing as well as the Company's ethanol extraction system. On March 31, 2020, the Company announced receipt of the final amendment and that its facility was fully licensed.

Supreme Pre-Roll Partnership

On October 22, 2019, the Company announced that it signed a definitive agreement with The Supreme Cannabis Company, Inc. ("**Supreme Cannabis**") to manufacture and distribute pre-rolls for Supreme Cannabis' portfolio of brands at the Indiva Facility. The Supreme Cannabis portfolio includes the recognized premium recreational and wellness brands 7ACRES, Sugarleaf, Blissco and KKE.

Amendment and Repricing of Outstanding Warrants

On November 26, 2019, the Company received approval from the TSXV to extend the expiry date and reduce the exercise price of 9,429,896 outstanding Common Share purchase warrants issued in connection with the RTO (the "**Amendment Warrants**") and entered into a supplemental warrant indenture with Computershare Trust Company of Canada, dated November 26, 2019, amending the terms of the RTO Indenture (the "**Supplemental Indenture**"). The amendment reduced the exercise price of the warrants from $0.90 to $0.75 and extended the expiry date from December 13, 2019 to December 13, 2020.

2019 Debenture Offering

On December 6, 2019, the Company announced a non-brokered unsecured convertible debenture (the "**2019 Debentures**") financing of up to $4,000,000 (the "**2019 Offering**"). The Company completed the first tranche of the financing in aggregate principal amount of $2,115,000 on December 23, 2019 and the second tranche of the financing in aggregate principal amount of $1,040,000 on January 20, 2020. The 2019 Debentures: (i) mature on the date that is 36 months from the date of issuance; (ii) bear interest at the rate of 10.0% per annum, computed on the basis of a 360-day year composed of twelve 30-day months, and payable semi-annually on the last day of June and December of each year; and (iii) are convertible, at the option of the holder, into Common Shares at a conversion price of $0.20 per Common Share. As at the date hereof, $1,045,000 of the 2019 Debentures have been converted into 5,225,000 Common Shares of the Company.

In connection with the 2019 Offering: (i) the Company paid a cash finder's fee in the aggregate amount of $6,300, which represents 7% of the gross proceeds received from the investor introduced to the Company by the finder; and (ii) insider participation totaled $760,000.

First Shipment of Pre-Rolls to Saskatchewan

On December 18, 2019, the Company completed its first shipment of pre-rolled cannabis to Saskatchewan. This shipment marked the second province to receive the Company's cannabis products. The products are offered through The Pot Shack, a dispensary located in Saskatoon.

First Shipment of Jack Herer Pre-Rolls to Ontario

On December 19, 2019, the Company began shipping pre-rolls of the Jack Herer cannabis strain to the Ontario Cannabis Store.

2020

First Shipment of Cannabis Products to Quebec

On January 14, 2020, the Company announced that it delivered its first batch of cannabis products to the SQDC. Included in the shipment were White Russian and Jack Herer cannabis strains of dry flower and pre-rolls.

Health Canada Edibles, Extracts and Topicals Sales Licence

On January 31, 2020, the Company received its edibles, extracts and topicals sales licence from Health Canada. This approval enables the Company to deliver extracts, capsules and edibles to Canadians. Following the receipt of this license, the Company began shipping edible products to provincial wholesalers including Ontario, Nova Scotia, Alberta, Saskatchewan, Manitoba and British Columbia.

2020 Debenture Offering

On February 4, 2020, the Company completed a non-brokered unsecured convertible debenture (the "**2020 Debentures**") offering of $1,500,000 (the "**2020 Offering**"). The 2020 Offering was subscribed for by Prairie Merchant Corporation ("**PMC**") and another entity, both controlled by or affiliated with W. Brett Wilson. The subscription for the 2020 Debentures by PMC was in addition to its existing shareholdings of the Company and the $500,000 aggregate principal amount of 2019 Debentures. The 2020 Debentures: (i) mature on the date that is 36 months from the date of issuance; (ii) bear interest at the rate of 10.0% per annum, computed on the basis of a 360-day year composed of twelve 30-day months, and payable semi-annually on the last day of June and December of each year; and (iii) are convertible, at the option of the holder, into Common Shares at a conversion price of $0.25 per Common Share. As at the date hereof, none of the 2020 Debentures have been converted.

Bhang Chocolate Distributed to the Province of Ontario

On February 8, 2020, the Ontario Cannabis Store began selling the Company's Bhang® Chocolate. Within days, both the milk and dark chocolate ranked in the top two positions for sales, by dollars and units, above all other edible SKUs in the province, and received numerous positive reviews. Similarly, to the Company's results in other markets, Bhang® Chocolate quickly became and remains a consumer favourite in Alberta, Saskatchewan and Nova Scotia. Across the four provinces where Bhang® is currently available, the Company has secured significant market share within the edibles category. The Company intends to distribute additional products, including Bhang® CBD Chocolate, later in 2020. In Q2 2020, the Company expanded distribution of Bhang® Chocolate to British Columbia and New Brunswick.

Delisting of Unit Warrants

On February 13, 2020, all issued and outstanding Unit Warrants, trading under the symbol "NDVA.WT", expired and was such, were delisted from the TSXV.

Dycar White-Label Partnership and Financing

On February 18, 2020, the Company entered into a licensing and manufacturing agreement with Dycar Pharmaceuticals ("**Dycar**"). Under the agreement, Dycar initially provided the Company with non-dilutive financing of $3,600,000 and has agreed to provide an additional $4,500,000 of non-dilutive financing over two instalments, subject to certain milestones being achieved. Such amounts will be used to finance the production and distribution by the Company of certain Dycar-branded cannabis products (the "**Dycar Products**"). Sale proceeds from Dycar Products will be used to repay the financing. The Company and Dycar will also share additional sale proceeds of Dycar Products pursuant to the terms of the agreement. The Company intends to begin production of Dycar products in Q2 2020.

Wana Brands Partnership

On March 10, 2020, the Company entered into a licensing and consulting agreement with The Cima Group LLC, the owner of the "Wana Brands" a producer of cannabis-infused edibles ("**Wana**"). Wana is a premiere U.S. edibles company with more dollars sold than any other brand in the United States according to BDS Analytics' 2019 Brand Share Report. This is Wana's first international agreement. Its products are currently available in Arizona, California, Colorado, Illinois, Michigan, Ohio and Oregon. Under this agreement, the Company will have exclusive rights to produce and distribute Wana’s cannabinoid-infused, pectin-based gummies in Canada. The Company intends to begin production of Wana's cannabis-infused gummies in Q3 2020 and subject to regulatory approval intends to distribute the products in the same quarter.

Facility Expansion and License

On March 31, 2020, the Company announced the receipt from Health Canada of its licence amendment to add 10,000 square feet of production space. The newly licensed space adds additional capacity for production of Bhang® Chocolate, Wana Sour Gummies and other Powered by INDIVA™ products. It also provides licensed space for Indiva to begin extraction operations. With the receipt of this amendment, the Indiva Facility is now fully licensed.

Current Outlook – COVID-19 Pandemic

In Q1 2020 and the beginning of Q2 2020, the global economy, and society generally, has been in a state of upheaval as a result of the COVID-19 virus pandemic, which has had, and is expected to continue to have, an unprecedented impact. The severity of the pandemic and the mid-to-long term effects on the economic system cannot yet be determined, but they are expected to be deep and wide-spread. While much of this is expected to be negative, there are certain sectors that are experiencing an uptick in activity.

The Company expects that its results of operations may be materially adversely affected in 2020 as a result of the pandemic, particularly if there is a break down in the supply chain both domestically, with respect to the shipment of its cannabis products across Canada, and globally.

The Company continues to monitor the latest developments in assessing the impact of the pandemic as it aggressively spreads internationally, while also keeping a close eye on the more immediate impacts on the Company's operations. The Company remains committed to satisfying consumer needs during this pandemic.

DESCRIPTION OF THE BUSINESS

Overview

The Company's business is the production and sale of medical and recreational cannabis and cannabis-based products, including premium pre-rolls, flower, capsules, oils, and edible products and provides production, manufacturing and soon refinement services to peer entities. The Company currently produces and distributes the award-winning Bhang® Chocolate and intends to produce and distribute in the near-term Wana Sour Gummies, Ruby® Cannabis Sugar, Sapphire™ Cannabis Salt, Gems™, and other Powered by INDIVA™ products through license agreements, partnerships and joint ventures.

Products and Distribution

The Company produces premium pre-rolls, flower, capsules, oils, and edible products and provides production, manufacturing and refinement services to peer entities. The Company's family of cannabis brands include INDIVA™, Bhang® Chocolate, Wana Sour Gummies, Ruby® Cannabis Sugar, Sapphire™ Cannabis Salt, and Gems™.

Medical cannabis patients order from the Company, pursuant to a prescription, primarily by phone. Medical cannabis is and will continue to be delivered by secured courier or other methods permitted under the Cannabis Act. The Company's prices vary based on growth time, strain yield and market prices. Following successful placement of an order, the requested cannabis products are sent to the patient through registered mail to his or her home address. To date, the Company has a small number of registered medical patients.

In the adult-use market, the Company distributes its products in the provinces of Ontario, Quebec, British Columbia, Alberta, Nova Scotia, Manitoba and Saskatchewan, covering 96% of the Canadian population.

The Company plans to explore new partnerships with provincial distributors and intends to open a retail cannabis outlet at the Indiva Facility when regulations allow. On March 1, 2019, the Company's pre-roll products became available for purchase at the Ontario Cannabis Store. On July 24, 2019, the Company announced that it was approved to distribute dry flower and pre-rolls to Quebec enabling access to more than 17 million potential of-age consumers. The Company delivered its first shipment to the SQDC on January 14, 2020.

In Q4 2019, the Company officially revealed its new portfolio of Cannabis 2.0 products, focused on the chocolates and concentrates categories, which will leverage the Company's premium adult-use cannabis brands. The range of new products, when fully launched, will include Bhang® Chocolate, Wana Sour Gummies, Ruby® Cannabis Sugar, Sapphire™ Cannabis Salt and Gems™**.**

The Company completed construction of a new extraction and refinement space at the Facility and intends to commence cannabis extraction operations in Q3 2020.

The Licences

Indiva Opco holds licences under the Cannabis Act for the standard cultivation of cannabis, the standard processing of cannabis and the sale of cannabis for medical purposes in the Indiva Facility (collectively, the "**Licence**"). The licences expire on July 14, 2020. The Company is in the renewal process with Health Canada.

Pursuant to the transitional provisions of the Cannabis Regulations all licences issued under the *Access to Cannabis for Medical Purposes* (the "**ACMPR**"), promulgated under the CDSA, prior to October 17, 2018, including the Company's licences, were deemed equivalent licences under the Cannabis Act, subject to complying with certain administrative transition requirements. Consequently, the Company's licences were, following legalization, transitioned to be licences under the Cannabis Act.

Under the Cannabis Regulations, standard cultivation licences authorize holders to: (i) possess cannabis; (ii) obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis; (iii) obtain cannabis by altering its chemical or physical properties by any means for the purposes of testing; and (iv) sell cannabis to prescribed parties. Standard processing licences authorize holders to: (i) possess cannabis; (ii) produce cannabis, other than obtain it by cultivating, propagating or harvesting it (i.e., produce cannabis oil and other cannabis-infused products by means other than cultivation); and (iii) sell cannabis to prescribed parties. Sale licences for medical purposes authorize holders to: (i) possess cannabis products; and (ii) sell cannabis products to prescribed parties. Unlike all other licensees under the Cannabis Act, holders of sale licences for medical purposes can sell cannabis products to registered patients in accordance with Part 14 of the Cannabis Regulations entitled "Access to Cannabis for Medical Purposes".

Pursuant to these licences the Company is permitted to sell cannabis plants, cannabis seeds, dried cannabis, fresh cannabis, cannabis extracts, cannabis edible and topical containing cannabis to the provinces, territories, authorized retails and distributors and registered patients.

There can be no guarantee that Health Canada will extend or renew any of the Company's licences or, if extended or renewed, that the licences will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew any of the Company's licences, or should it extend or renew the licences on different terms, the business, financial condition and results of the operation of the Company could be materially adversely affected. See "*Risk Factors*".

The Facility

The Indiva Facility is located in London, Ontario. It is a production, processing and distribution facility. At the Indiva Facility, cannabis is produced in individually segregated and highly controlled grow rooms. The Company's approach to production is to bring together modern agricultural technologies, genetic materials, and tested growing practices to produce high-quality cannabis in an environmentally sustainable manner. The Company is also currently in the process of designing, constructing and commissioning an ethanol-based extraction operation at the Indiva Facility, which it expects to complete in Q3 2020.

The Indiva Facility is currently comprised of offices and approximately 40,000 square feet of cannabis production and processing space consisting of four grow rooms and the extraction and manufacturing operations at the Indiva Facility. The Company further received the amendment to its Licence for the final phase of the Indiva Facility on March 31, 2020. The entire facility is now fully licensed. The Company is in the process of completing finishings in the final phase with the intent of commencing operations in that area in Q2 2020.

Legal and Business Context

On October 17, 2018, the Cannabis Act and the Cannabis Regulations came into force, legalizing the sale of cannabis for adult recreational use in Canada. Prior to this time, only the sale of medical cannabis was permitted, which was regulated by the ACMPR.

The Cannabis Act and Cannabis Regulations provide a licensing regime for the production, importation, exportation, testing, packaging, labelling, delivery, transport, sale, possession and disposal of cannabis for both adult recreational use and medical purposes, while also maintaining separate provisions that solely apply to cannabis for medical purposes.

The Cannabis Regulations establish six classes of licences for cultivation, processing, sale for medical purposes, analytical testing, research and cannabis drugs, as well as sub-classes for cultivation licences (standard cultivation, micro-cultivation and nursery) and processing licences (standard processing and micro-processing).

Pursuant to the provisions of the Cannabis Act, certain licences issued under the ACMPR were deemed to be licences under the Cannabis Act. Indiva Opco successfully transitioned its licences as at October 17, 2018 to various licences under the Cannabis Act, which permit them to conduct the activities described herein, among others.

Federal

The Cannabis Act provides a licensing and permitting framework for the cultivation, processing, testing, packaging, labelling, distribution, sale, possession and disposal of adult-use cannabis, as implemented by the Cannabis Regulations. As described below, the Cannabis Regulations include, among other things, strict specifications for the plain packaging and labelling and analytical testing of all cannabis products, as well as stringent physical and personnel security requirements for all federally licensed cultivation, processing and sales sites.

Security Clearances

Certain persons, such as directors and officers of a holder of a licence under the Cannabis Act (in any case, a "**Licence Holder**") and any organization that controls the Licence Holder, holders of key positions identified by licence class (e.g. master grower, quality assurance person, head of security), and any individual or position specified 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 associated with organized crime or with past convictions for, or an association with, drug trafficking, corruption or violent offences. Individuals who have histories of nonviolent, lower-risk criminal activity (e.g. simple possession of cannabis or small-scale cultivation of cannabis plants) are not automatically precluded from participating in the legal cannabis industry. The grant of security clearance to such individuals is at the discretion of the Minister and such applications are reviewed on a case-by-case basis.

Cannabis Tracking and Licensing System

Under the Cannabis Act, the Minister has established the Cannabis Tracking and Licensing System (the "**CTLS**") to track cannabis throughout the supply chain to help prevent the diversion of cannabis into and out of the illegal market. The CTLS applies to: (i) Licence Holders, which are required to provide information to the Minister; (ii) public provincial bodies that are authorized to sell cannabis under a provincial act, which are required to provide information to the Minister; and (iii) private distributors and retailers, which are required to provide data to the public body authorized to sell cannabis or that authorizes sale under provincial legislation.. Licence-holders are required to use the CTLS to submit monthly reports to the Minister, among other things, pursuant to the *Cannabis Tracking System Order*, SOR/2018-178.

Cannabis Products

The Cannabis Regulations set out the requirements for the sale of cannabis products and permit the sale to the public, at the retail level, of dried cannabis, cannabis oil, fresh cannabis, cannabis plants and cannabis seeds. The THC content and serving size of cannabis products is limited by the Cannabis Regulations. On October 17, 2019, the sale of edibles containing cannabis, cannabis extracts and cannabis topicals were added as new classes of cannabis permitted to be sold through medical and adult-use consumer channels. The Cannabis Regulations require a filing of a notice with Health Canada at least 60 days before releasing a new product to the market.

Packaging and Labelling

The Cannabis Regulations set out strict requirements for 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. These requirements include plain packaging for cannabis products, strict requirements for logos, colours and branding, and the use of packaging that is tamper-proof and child-resistant. The Cannabis Regulations further require the inclusion of mandatory health warnings, a standardized cannabis symbol and specific product information on product packaging. Amendments to the Cannabis Regulations that came into effect on October 17, 2019 aim to standardize the display of THC and CBD levels contained in cannabis products, including edible cannabis, cannabis extracts, cannabis topical and vaporized cannabis products. For existing classes of cannabis, a 12-month transition period is provided to allow for modification of packaging and labelling practices. However, the sale to consumers of dried cannabis, fresh cannabis, cannabis plants and cannabis seeds packaged and labelled prior to the recent amendments will be allowed indefinitely, to allow for the sale of any products packaged and labelled prior to the end of the transition period.

Advertising and Promotion

The Cannabis Act prohibits any promotion, packaging and labelling of cannabis that could be appealing to young persons or encourage consumption, while allowing consumers to have access to information with which they can make informed decisions about the consumption of cannabis. In particular, the Cannabis Act provides for broad restrictions on the promotion, packaging and labelling, display, and sale and distribution of cannabis and cannabis accessories. Therefore, the Company may only advertise and promote its products in compliance with the provisions of the Cannabis Act.

Cannabis for Medical Purposes

Part 14 of the Cannabis Regulations entitled "Access to Cannabis for Medical Purposes" sets out the regime for medical cannabis following legalization, which remains substantively the same as previously existed under the CDSA and the ACMPR, with adjustments to create consistency with rules for recreational use, improve patient access, and reduce the risk of abuse within the medical access system. The sale of medical cannabis remains federally regulated and in each case, sales can only be made by an entity that holds a licence to sell under the Cannabis Regulations to patients that have a medical document and have registered with the licensed entity. Similar to the medical cannabis regime under the ACMPR, under the Cannabis Regulations, customers (patients) need to obtain a medical document (i.e. a prescription) from their doctors and then register as a client with a cannabis company that has a licence to sell cannabis. The registration is only valid for up to one year. The client can then order from the cannabis company online or via telephone and the cannabis will be shipped directly to the client, up to a maximum 150 grams per month.

Under the ACMPR regime, medical cannabis was sold online by licensed producers only. This did not change on October 17, 2018, with the introduction of the Cannabis Act and Cannabis Regulations. Users of medical cannabis may, however, elect to purchase cannabis from retailers of recreational cannabis. The Government of Canada intends to review the medical cannabis system in five years.

Export Permits

Export permits issued by Health Canada are specific to each shipment and may only be obtained for medical or scientific purposes. To apply for a permit to export cannabis, a licence holder must submit significant information to the Minister, including information about the substance to be exported (including description, intended use, quantity) and the importer. As part of the application, applicants are also required to provide a copy of the import permit issued by a competent authority in the jurisdiction of final destination and to make a declaration to the Minister that the shipment does not contravene the laws of the jurisdiction of the final destination or any country of transit or trans-shipment. Export permits are time limited and the Minister may include conditions that the export permit holder must meet in order to comply with an international obligation, or reduce any potential public health, safety or security risk, including the risk of the exported substance being diverted to an illicit market or use.

Moreover, the jurisdiction of import may impose additional obligations on a Canadian exporter. Export permit holders must also comply with post-export reporting requirements.

Health Products and Cosmetics Containing Cannabis

Health Canada has taken a scientific, evidence-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, are permitted and subject to provisions of the Cannabis Act.

Provincial and Territorial Regulatory Regimes

While the Cannabis Act provides for the regulation by the Federal Government of, among other things, the commercial cultivation and processing of cannabis and the sale of medical cannabis, the various provinces and territories of Canada regulate certain aspects of adult-use cannabis, such as distribution, sale, minimum age requirements, places where cannabis can be consumed, and a range of other matters.

The governments of every Canadian province and territory have enacted regulatory regimes for the distribution and sale of cannabis for adult-use purposes in their respective jurisdictions. Most provinces and territories have a minimum age for possession and consumption of 19 years old, except for Alberta, where the minimum age is 18, and Quebec, where the minimum age was increased to 21, effective as of January 1, 2020.

There are three general frameworks enabled by provincial and territorial governments: (i) private cannabis retailers licensed by the provincial or territorial government; (ii) government-run retail stores; and (iii) a combination of both frameworks (namely, privately licensed brick and mortar retail storefronts, with online retail stores operated by the applicable government). Regardless of the framework, the adult-use cannabis market is ultimately supplied by Licence Holders. The following table sets out the current framework in each province, however there is no guarantee that the frameworks set out below will continue as they currently are, or will not be amended:

Manner of Sale	**Privately Operated**	**Publicly Operated**
Storefront Adult-Use Sale	British Columbia Alberta Saskatchewan Manitoba Ontario Newfoundland and Labrador Nunavut	British Columbia Quebec New Brunswick Nova Scotia Prince Edward Island Yukon
Online Adult-Use Sale	Saskatchewan Manitoba	British Columbia Alberta Ontario Quebec New Brunswick Nova Scotia Prince Edward Island Newfoundland and Labrador Northwest Territories Nunavut Yukon

Regulatory Framework for Cannabis Edibles, Extracts and Topicals

Currently, permitted cannabis product formats in Canada include dried flowers, oils, soft-gel capsules and pre-rolled cannabis products, ingestible cannabis, cannabis extracts and cannabis topical products. On June 14, 2019, the Canadian federal government released regulations with respect to the regulatory framework for ingestible cannabis, cannabis extracts and cannabis topical products. These regulations came into force on October 17, 2019.

The chart[1] below provides a summary of the amended Cannabis Regulations by type of cannabis product:

Type of regulation	Edible cannabis (eating or drinking)	Cannabis extract (ingesting)	Cannabis extract (inhaling)	Cannabis Topical (applying to skin, hair, nails)
THC limit	• 10 mg of THC per package	• 10 mg of THC per unit (such as a capsule) or dispensed amount • 1000 mg of THC per package	• 1000 mg of THC per package	• 1000 mg of THC per package
Product rules	• No added vitamins or minerals • No nicotine or added alcohol • Limits on caffeine	• No added vitamins or minerals • No nicotine • No caffeine • No added sugars, sweeteners or colours	• No added vitamins or minerals • No nicotine or alcohol • No caffeine • No added sugars, sweeteners or colours	• No nicotine or alcohol • For use only on skin, hair and nails • Not for use in eyes or on damaged skin
Packaging	• Child-resistant • Plain	• Child-resistant • Plain • Maximum package size of 90 mL for liquid extracts if under 3% THC • Must include dispensing device if a liquid and not in unit form • Maximum package size of 7.5 g for extracts if over 3% THC	• Child-resistant • Plain • Maximum package size of 90 mL for liquid extracts if under 3% THC • Maximum package size of 7.5 g for extracts if over 3% THC	• Child-resistant • Plain

1 Source: Health Canada at: https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/resources/regulations-edible-cannabis-extracts-topicals.html

Type of regulation	Edible cannabis (eating or drinking)	Cannabis extract (ingesting)	Cannabis extract (inhaling)	Cannabis Topical (applying to skin, hair, nails)
Label	• Standardized cannabis symbol for products containing THC • Health Warning Message • THC/CBD content • Equivalency to dried cannabis to determine public possession limit • Ingredient list • Allergens • Nutrition Facts Table	• Standardized cannabis symbol for products containing THC • Health Warning Message • THC/CBD content • Equivalency to dried cannabis to determine public possession limit • Ingredient list • Allergens • Intended use	• Standardized cannabis symbol for products containing THC (and directly on accessories such as vape cartridges) • Health Warning Message • THC/CBD content • Equivalency to dried cannabis to determine public possession limit • Ingredient list • Allergens • Intended use	• Standardized cannabis symbol for products containing THC • Health Warning Message • THC/CBD content • Equivalency to dried cannabis to determine public possession limit • Ingredient list • Intended use
Other	• Must not be appealing to youth • Must not make health claims • No elements that would associate the product with alcoholic beverages, tobacco products, or vaping products • Must not make dietary claims • Must not make cosmetic claims	• Must not be appealing to kids • Must not make health claims • No elements that would associate product with alcoholic beverages, tobacco products, or vaping products • Must not make cosmetic claims	• Must not be appealing to youth • Must not make health claims • No elements that would associate product with alcoholic beverages, tobacco products, or vaping products • Must not make cosmetic claims	• Must not be appealing to youth • Must not make health claims • No elements that would associate product with alcoholic beverages, tobacco products, or vaping products • Must not make cosmetic claims

International Operations

The Company is focusing on its Canadian operations at the Indiva Facility. It has put on hold any opportunities to expand its footprint internationally, including the AEssense Acquisition. Notwithstanding the foregoing, the Company will only operate in foreign jurisdictions with the prior approval of the TSXV.

U.S. Cannabis-Related Activities

On October 16, 2017, the TSXV released a bulletin entitled "*Business Activities Related to Marijuana in the United States*" (the "**TSXV Bulletin**"). Pursuant to the TSXV Bulletin, the TSXV indicated that it considers marijuana-related activities in the United States to be a violation of TSXV policy due to the U.S. federal prohibition on marijuana. Specifically, issuers with ongoing business activities that violate U.S. federal law regarding cannabis are not in compliance with the TSXV's Listing Requirements (the "**Requirements**"). These business activities may include (i) direct or indirect ownership of, or investment in, entities engaging in activities related to the cultivation, distribution or possession of cannabis in the U.S., (ii) commercial interests or arrangements with such entities, (iii) providing services or products specifically targeted to such entities, or (iv) commercial interests or arrangements with entities engaging in providing services or products to U.S. cannabis companies. The TSXV reminded issuers that, among other things, should the TSXV find that a listed issuer is engaging in activities contrary to the Requirements, the TSXV has the discretion to initiate a delisting review.

For the reasons set forth above, while the Company has partnered with U.S.-based companies which develop and licence intellectual property and copyright branding to the cannabis market, and do not engage in 'plant-touching' activities, it is possible that the Company's licensing agreements associated with entities located in the United States may become the subject of heightened scrutiny by the TSXV. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction.

CSA Staff Notice 51-352 (Revised) Regarding Issuers with U.S. Marijuana-Related Activities

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, on February 8, 2018, the Canadian Securities Administrators revised their previously released "*CSA Staff Notice 51-352 Issuers with U.S. Marijuana Related Activities*" (the "**CSA Notice**") setting out their disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. The CSA Notice confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities and provided guidance on disclosure expectations for issuers with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties, in the United States.

The Company views the CSA Notice favourably, as it provides increased transparency and greater certainty regarding the views of its exchange and its regulator of existing operations and strategic business plan as well as the Company's ability to pursue further opportunities in the United States.

Health Canada Statement on Changes to Cannabis Licensing Process

On May 8, 2019, Health Canada introduced changes to the cannabis licensing process to align the approach with other regulated sectors, such as pharmaceuticals.

Under the new approach, Health Canada will require new applicants for licences to cultivate cannabis, process cannabis, or sell cannabis for medical purposes to have a fully built site that meets all the requirements of the Cannabis Regulation*s* at the time of their application, as well as satisfying other application criteria.

With respect to existing applications, Health Canada will complete a high-level review of applications currently in the queue. If the application passes this review, Health Canada will provide a status update letter to the applicant, indicating that it has no concerns with what is proposed in the application. Once the applicant has a completed site that meets the regulatory requirements, Health Canada will review the application in detail, in priority based on the original application date.

Health Canada is implementing these adjustments following a review of its current licensing process, which identified that a significant amount of resources are being used to review applications from entities that are not ready to begin operations, contributing to wait times for more mature applications and an inefficient allocation of resources. To support applicants, Health Canada has made available additional guidance on the licence application process and on the regulatory requirements regarding Good Production Practices and physical security measures. Health Canada is also working to establish service standards for the review of applications, which will increase predictability for applicants.

Products and Sales

Gross revenues, net of excise taxes and discounts, from the manufacturing and sale of adult-use dried cannabis and derivative products in the three months and year ended December 31, 2019 were $323,454 and $923,862, respectively, as compared to $nil for both the three months and year-ended December 31, 2018.

There were no sales of medical use cannabis in the three months and year ended December 31, 2019, and 2018.

Net revenues from the sale of cannabis plants and seeds for the three months and year ended December 31, 2019, were $nil and $47,253 ($58,307 for the three months and year ended December 31, 2018).

Total adult-use dried cannabis sold during the three months and year ended December 31, 2019 was 43,236 grams and 124,660 grams (nil grams for both the same periods in 2018 – the adult-use market only opened in the fourth quarter), at an Average Selling Price, Net of Excise, of $6.63 per gram and $6.74 per gram (2018: $nil per gram), respectively.

Gross revenues from processing services in the three months and year ended December 31, 2019, amounted to $36,838 (2018 - $nil). The Company processed 24,552 units in the three months and year ending December 31, 2019, with an average selling price of $1.50 per unit.

For the purposes of this section, "**Average Selling Price, Net of Excise**" means gross sales less discounts and excise taxes per gram (or gram equivalent, where applicable) sold.

The Company's business is not currently affected by seasonality.

Marketing Strategies

Advertising and marketing of cannabis in Canada is strictly regulated by the Cannabis Act, which prohibits any promotion, packaging and labelling of cannabis that could be appealing to young persons or encourage consumption, while allowing consumers to have access to information with which they can make informed decisions about the consumption of cannabis.

Specialized Knowledge, Skills, Resources and Equipment

While the nature of growing cannabis is not substantially different from the nature of growing other agricultural products, knowledge with respect to cultivating and growing cannabis is important in the cannabis industry. Variables such as temperature, humidity, lighting, air flow, watering and feeding cycles are defined and controlled to produce consistent product and to avoid contamination. The product is cut, sorted and dried under defined conditions that are established to protect the activity and purity of the product. The post-processing of the Company's cannabis into dried flower, pre-rolls, oils, edibles and concentrates involves specialized skill and knowledge with respect to, among other things, procurement, manufacturing, automation, assembly line optimization, packaging and labeling. Once processing is complete, each batch is subject to full testing against stringent quality specifications set for, among other things, activity and purity.

The Company's operations are also dependent on a number of key inputs, including raw materials and supplies related to its growing operations, as well as electricity, water and other utilities. Staff with suitable horticultural and quality assurance expertise are available in the jurisdictions in which the Company operates. In addition, in order to ensure compliance with the Cannabis Act and any directives issued by Health Canada, which include strict security measures, equipment required to manage production, HVAC systems, odour control systems and laboratory equipment to monitor and test product quality, the Company must employ a number of regulatory personnel to assist the Company to remain compliant with the complex and rapidly evolving regulations applicable to the industry. The Company has successfully recruited the necessary personnel with these skill sets.

The equipment used is specialized but is readily available. The Company does not anticipate any difficulty in obtaining equipment as needed for its operations.

Employees

As at December 31, 2019, the Company had approximately 95 employees.

Competition

The markets for medical and recreational cannabis products appear to be sizable and Health Canada has only issued a limited number of licences under the former ACMPR regime and the new Cannabis Act regime. The number of licences issued could have an impact on the operations of the Company. According to Health Canada, as of the date hereof there were 383 licensees under the Cannabis Act. If the number of users of medical and recreational cannabis 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. There are also a number of unlicensed cannabis growers in the black market that continue to compete with the legal market.

The Company expects significant competition from other Licence Holders that may have significantly greater financial, technical, marketing and other resources, which 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. On May 8, 2019, Health Canada introduced changes to the cannabis licensing process, which now require that new licence applicants have a fully built site that meets all the requirements under the Cannabis Regulations at the time of their application. The Company believes that this requirement, in addition to the extensive regulatory restrictions imposed on the industry, and large amounts of financing needed for operations, will result in a relatively small number of new Licence Holders that can compete in Canada on a large-scale in the near future.

To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis, which could materially and adversely affect the business, financial condition and results of operations of the Company. If the Company and its subsidiaries are not successful in investing sufficient resources in these areas, their ability to compete in the market may be adversely affected, which in turn could materially and adversely affect the Company's business, financial conditions and results of operation.

Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Company. See "*Risk Factors – Competition*".

Intangible Assets

The Company believes that the ownership and protection of its intellectual property rights represents a significant component of its future success. The Company relies on trade secrets, technical know-how and proprietary information in operating its business, and it protects its intellectual property by, among other things, seeking and obtaining registered protection where possible, developing and implementing standard operating procedures to protect trade secrets, technical know-how and proprietary information, and entering into agreements with parties that have access to the Company's inventions, trade secrets, technical know-how and proprietary information, such as the Company's partners, collaborators, employees and consultants, to protect confidentiality and ownership. The Company also seeks to preserve the integrity and confidentiality of its inventions, trade secrets, trademarks, technical know-how and proprietary information by maintaining security of its premises and information technology systems.

The Company has filed trademark registration applications to protect certain trademarks. Registration is pending.

Research and Development

The Company to date has undertaken limited research and development activities and instead has relied upon its joint venture and licensing partners to provide the necessary IP and know-how to produce and launch its various product offerings.

RISK FACTORS

There are numerous and varied risks, known and unknown, that may prevent the Company from achieving its goals. The risks described below are not the only ones the Company will face. If any of these risks actually occur, the Company's business, financial condition or results of operations may be materially adversely affected. In that case, the trading price of the Common Shares could decline and investors could lose all or part of their investment.

General Business Risk and Liability

Given the nature of the Company's business, it may from time to time be subject to claims or complaints from investors or others in the ordinary course of business. The legal risks facing the company, its directors, officers, employees or agents in this respect include potential liability for violations of securities law, breach of fiduciary duty or misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or the suspension or revocation of the Company's right to carry on its existing business. The Company may incur significant costs in connection with such potential liabilities.

Covid-19 Pandemic

The novel coronavirus commonly referred to as "**COVID-19**" was identified in December 2019 in Wuhan, China. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, and on March 11, 2020, the spread of COVID-19 was declared a pandemic by the World Health

Organization. On March 13, 2020, the spread of COVID-19 was declared a national emergency by President Donald Trump. The outbreak has spread throughout Europe, the Middle East and North America, causing companies and various international jurisdictions to impose restrictions such as quarantines, business closures and travel restrictions. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

The rapid development of the COVID-19 pandemic and the measures being taken by governments and private parties to respond to it are extremely fluid. While the Company has continuously sought to assess the potential impact of the pandemic on its financial and operating results, any assessment is subject to extreme uncertainty as to probably, severity and duration. The Company has attempted to assess the impact of the pandemic by identifying risks in the following principle areas:

- **Mandatory Closure.** In response to the pandemic, many provinces and localities have implemented mandatory shut-downs of business to prevent spread of COVID-19. The Company's business has been deemed an "essential service", permitting the Indiva Facility to stay open despite the mandatory closure of non-essential businesses. While the Company is working closely with provincial and local regulators to seek temporary measures that allow it to remain operational, there is no guarantee further measures may nevertheless require the Company to shut operations in some or all provinces. The Company's ability to generate revenue would be materially impacted by any shut down of its operations.

- **Customer Impact.** While the Company has not yet noticed an overall downturn in demand for its products in connection with the pandemic, if its customers become ill with COVID-19, are forced to quarantine, decide to self-quarantine or not to visit its stores or distribution points to observe "social distancing", it may have material negative impact on demand for its products while the pandemic continues. While the Company is seeking to implement measures, where permitted to reduce infection risk to our customers, regulators may not permit such measures, or such measures may not prevent a reduction in demand.

- **Supply Chain Disruption.** The Company relies on third party suppliers for equipment and services to produce its products and keep its operations going. If its suppliers are unable to continue operating due to mandatory closures or other effects of the pandemic, it may negatively impact its own ability to continue operating. At this time, the Company has not experienced any failure to secure critical supplies or services. However, disruptions in its supply chain may affect the Company's ability to continue certain aspects of the Company's operations or may significantly increase the cost of operating its business and significantly reduce its margins.

- **Staffing Disruption.** The Company is, for the time being, implementing among its staff where feasible "social distancing" measures recommended by federal, provincial and local governments. The Company has cancelled nonessential travel by employees, implemented remote meetings where possible, and permitted all staff who can work remotely to do so. For those whose duties require on-site work, measures have been implemented to reduce infection risk, such as reducing contact with customers, mandating additional cleaning of workspaces and hand disinfection, providing masks and gloves to certain personnel. Nevertheless, despite such measures, the Company may find it difficult to ensure that its operations remain staffed due to employees falling ill with COVID-19, becoming subject to quarantine, or deciding not to come to come to work on their own volition to avoid infection. The Company has experienced increased absenteeism due to the pandemic. If such absenteeism increases, the Company may not be able, including through replacement and temporary staff, to continue to operate.

- **Regulatory Backlog.** Regulatory authorities are heavily occupied with their response to the pandemic. These regulators, as well as other executive and legislative bodies, may not be able to provide the level of support and attention to day-to-day regulatory functions as well as to needed regulatory development and reform that they would otherwise have provided. Such regulatory backlog may materially hinder the development of the Company's business by delay such activities as product launches, facility openings and business acquisitions, thus materially impeding development of its business.

The Company is actively addressing the risk to business continuity represented by each of the above factors through the implementation of a broad range of measures throughout its structure and is re-assessing its response to the COVID-19 pandemic on an ongoing basis. The above risks individually or collectively may have a material impact on the Company's ability to generate revenue. Implementing measures to remediate the risks identified above may materially increase the costs of doing business, reduce margins and potentially result in losses. While the Company is not currently in financial distress, if the Company's financial situation materially deteriorates as a result of the impact of the pandemic, the Company could eventually be unable to meet its obligations to third parties, including observing covenants under its agreements, which in turn could lead to insolvency and bankruptcy of the Company.

Reliance on Licence

The continuation and development of the Company's business of growing, storing and distributing medical and recreational cannabis is dependent on the good standing of the Licence and any other permits or approvals required to engage in such activities and upon adhering to all regulatory requirements related to such activities.

Failure to comply with the requirements of the Licence or any failure to maintain the Licence would have a material adverse impact on the business, financial condition and operating results of the Company. Although the Company believes it will meet the requirements of the Cannabis Act and Cannabis Regulations for future extensions or renewals of the Licence, there can be no guarantee that Health Canada will extend or renew the Licence or that, if extended or renewed, the Licence will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the Licence or should it renew the Licence on different terms, the business, financial condition and results of the operation of the Company would be materially and adversely affected.

Volatile Market Price for Common Shares

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

- 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 transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry generally and its business and operations;
- announcements of developments and other material events by the Company or its competitors;
- 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;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities and have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Such volatility has been particularly evident with regard to the share prices of cannabis-producing and cannabis-related companies that are public issuers in Canada. Accordingly, the market price of 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 lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share 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 Common Shares may be materially adversely affected.

Financing Requirements

In the future, the Company may require additional equity and/or debt financing to, among other things, support ongoing operations, repay its outstanding convertible debentures, undertake capital expenditures, and expand to new markets. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise additional financing could limit the Company's growth and may have a material adverse effect upon its business, operations, results, financial condition or prospects. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. 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. Debt financings may contain provisions, which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of any security granted pursuant to such debt financing.

Reliance on its Facility

The Company has a single facility which is licensed to produce cannabis under the Cannabis Act, the Indiva Facility. The Company's operations and the conditions of the Indiva Facility are, and will be, subject to hazards inherent in the cannabis industry, including equipment defects, equipment malfunctions, natural disasters, fire, explosions, or other accidents that may cause damage to the facilities. Any adverse change or event affecting the Indiva Facility may have a material and adverse effect on the Company's business, results of operations and financial condition.

Expansion of Facilities

Any expansion of the Indiva Facility is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond the Company's control. These uncertainties include the failure to obtain regulatory approvals or permits, delays in the delivery or installation of equipment by suppliers, difficulties in integrating new equipment with existing facilities, shortages in materials or labour, defects in design or construction, diversion of management resources, and insufficient funding or other resource constraints. The actual cost of construction may exceed the amount budgeted for expansion. As the result of construction delays, cost overruns, changes in market circumstances or other factors, the Company may not be able to achieve the intended economic benefits from the expansion of operations at existing facilities, which in turn may affect the Company's business, prospects, financial condition and results of operations.

Holding Company Status

The Company is a holding company and essentially all of its operating assets are the capital stock of its subsidiaries. The Company conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues, and its investors are therefore subject to the risks attributable to its subsidiaries. The Company's cash flow and its ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Company. The ability of the Company's subsidiaries to pay dividends and other distributions depends on each subsidiary's operating results, applicable laws and regulations regarding the payment of dividends and distributions, and any contractual restrictions on distributions in debt instruments, among other things. In the event of a bankruptcy, liquidation or reorganization of any of the Company's subsidiaries, debtholders and trade creditors will generally be entitled to the payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Company.

Limited Operating History

The Company entered the medical cannabis business in 2017 and the recreational cannabis business in October 2018. The Company is therefore subject to many of the risks common to entering a new area of investment, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and a lack of revenue. There is no assurance that the Company will be successful in achieving a return on its shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

History of Net Losses

The Company has incurred operating losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase its operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset its expected increases in costs and operating expenses, the Company will not be profitable.

Unfavourable Publicity or Consumer Perception

The success of the medical and recreational cannabis industries may be significantly influenced by the public's perception of cannabis' medicinal and recreational applications. Medicinal and recreational cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to cannabis will be favourable. The medical and recreational cannabis industries are early-stage businesses that are constantly evolving with no guarantee of viability. The markets for medical and recreational cannabis are uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of medical and recreational cannabis may have a material adverse effect on the Company's (and the Company's subsidiaries') operational results, consumer base and financial results.

Third Party Transportation

The Company relies on third party transportation services to deliver products to its customers and to import its agreed-upon cannabis genetics from the Licensors in accordance with the Supply Agreement. The Company is exposed to the inherent risks associated with relying on third party transportation services providers, including logistical problems, delays, loss or theft of product and increased shipping costs. Any delay in transporting the product, breach of security or loss of product, could have a material adverse effect on the Company's business, financial performance and results of operations. Further, any breach of security and loss of product during transport could affect the Company's status as a licencee under the Cannabis Act.

Relationships with Ancillary Businesses in the United States Cannabis Industry

The Company does not engage in any U.S. marijuana-related activities as defined in the CSA Notice. While the Company has entered into certain agreements with U.S.-based companies, these entities are not engaged in the cultivation, possession, or distribution of marijuana. Instead, the Company has partnered with U.S.-based companies which develop and license intellectual property and copyright branding to the cannabis market, and do not engage in 'plant-touching' activities.

At this time, the Company will only conduct business activities related to growing or processing cannabis, in jurisdictions where it is federally legal to do so. The Company believes that conducting activities which are federally-illegal, or investing in companies which do, puts the company at risk of prosecution, puts at risk its ability to operate freely, and potentially could jeopardize its listing on major exchanges now and in the future, limiting access to capital from large and reputable global funds.

Nevertheless, the Company's licensing agreements associated with ancillary businesses in the U.S. cannabis industry may later fall into the CSA Notice’s definition of U.S. marijuana-related activities as a result of the global cannabis industry's ever-evolving legal landscape. Further, although the Company has publicly announced its intention to delist its listed securities from the TSXV and list such securities on the CSE, such delisting is not yet complete. Accordingly, until such time as the Company has effectively delisted its securities from the TSXV, the Board has undertaken to consider, evaluate, assess and provide additional disclosure on any risks there may be to investors as a result of such current arrangements with entities involved with medical cannabis in the United States.

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

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require continued implementation and improvement of their operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with growth may have a material adverse effect on business, financial conditions, results of operations and prospects.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of senior management and key employees. While employment agreements and incentive programs are customarily used as primary methods of retaining the services of key employees, these agreements and incentive programs cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Intellectual Property

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others.

In addition, other parties may claim that the Company's products infringe on their proprietary and perhaps patent-protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licences from third parties who allege that the Company has infringed on their lawful rights. Such licences, however, may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favourable to it, or at all, licences or other rights with respect to intellectual property that it does not own.

Conflicts of Interest

Certain directors and officers of the Company are also directors and officers of other entities, or are otherwise engaged, and will continue to be engaged, in activities that may put them in conflict with the business strategy of the Company. Consequently, there is a risk that such officers or directors will be in a position of conflict. Conflicts, if any, will be subject to the procedures and remedies available under the OBCA.

In addition, the Company's 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 unfavourable to the Company.

Acquisition Strategy Risks

The Company may pursue acquisition opportunities to advance its strategic plan. The successful integration of an acquired business typically requires the management of the pre-transaction business strategy, including the retention and addition of customers, realization of identified synergies, retention of key staff and the development of a common corporate culture. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as well as the ability to realize on anticipated growth opportunities and synergies from newly formed partnerships. Any failure to integrate an acquired business or realize the anticipated benefits of new partnerships may have a material adverse effect on the Company's business, financial condition and results of operations, as well as its future prospect for acquisitions or partnerships. There is no assurance that the Company will be able to successfully integrate an acquired business in order to maximize or realize the benefits associated with an acquisition.

Dividends

The Company has not paid dividends in the past and does not anticipate paying dividends in the near future. The Company expects to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in the Company's businesses. Any decision to declare and pay dividends in the future will be made at the discretion of the board of directors of the Company and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the board of directors of the Company may deem relevant. As a result, investors may not receive any return on investment in Common Shares unless they sell them for a share price that is greater than that at which such investors purchased them.

Limited Market for Securities

There can be no assurance that an active and liquid market for Common Shares will be maintained and an investor may find it difficult to resell any securities of the Company.

Liquidity Risk

The Company's ability to remain liquid over the long term may depend on its ability to obtain additional financing. The Company has in place planning and budgeting processes to help determine the funds required to support normal operating requirements on an ongoing basis as well as its planned development and capital expenditures. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Litigation

The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and the Company could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages.

While the Company has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover all costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact the Company's business, operating results or financial condition.

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, investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Additionally, as legalization of cannabis occurs in markets outside of Canada, including, but not limited to, the United States, the Company may be subject to enhanced competition from foreign cannabis producers, which could adversely impact 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 impact of these factors cannot be accurately predicted.

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 favourable 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 and the trading price of the Common Shares.

Information Systems Security Threats

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 cable cuts, damage to physical plants, natural disasters, terrorism, 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 financial performance.

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 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.

Risks Relating to the Medical and Recreational Cannabis Industries

Regulatory Risks

The Company operates in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may occur and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

The Company's ability to grow, store and sell cannabis in Canada is dependent on its Licence from Health Canada and maintaining the Licence in good standing. Failure to comply with the requirements of the Licence and maintain the Licence in good standing would have a material adverse impact on the business, financial condition and operating results of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of our 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 may 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 industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, including changes to government regulations. Changes in government levies and taxes could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic. The cannabis industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Development of Canadian Adult-Use Recreational Market

The Cannabis Act came into effect on October 17, 2018 and governs the federal legalization and regulation of adult-use cannabis in Canada, following which, on October 17, 2019, targeted amendments to the Cannabis Act and Cannabis Regulations came into force, adding three new authorized classes of cannabis for sale: edibles, extracts and topicals. The amendments introduced new regulatory controls to address sale of the new product classes, content and product specifications, packaging and licensing requirements. Given the recent introduction of these regulations, the effect of Health Canada's administration, application and enforcement of this new regulatory regime on the Company is unknown and the interpretation and application of the regulations may change at any time, or their implementation may be delayed. There is no assurance that the Company will be able to comply with these new regulations.

In addition, the governments of every Canadian province and territory have enacted and implemented their respective regulatory regimes for the distribution and sale of cannabis for adult-use purposes within those jurisdictions. Various different models for distribution and sale have been implemented in each jurisdiction across Canada, including government-operated retail models, privately operated retail models and hybrid approaches. These regulatory regimes may change in ways that impact the Company's ability to continue its business as currently conducted or proposed to be conducted. There is no guarantee that the various regulatory regimes will remain as currently enacted or that any such legislation will create the growth opportunities that the Company currently anticipates.

The various regulatory regimes for cannabis products also include excise duties payable by Licence Holders on adult-use cannabis products, in addition to goods and services tax/harmonized sales tax in certain provinces and territories. The rate of the excise duties for cannabis products varies by province and territory. Any significant increase in the rate of excise duties could reduce consumer demands for cannabis products and adversely impact the adult-use cannabis industry and market in general. In addition, any increase in the rate of excise duties could reduce the Company's margins and profitability in the event that the Company cannot, or chooses not to, pass along such increases to consumers. Any of the foregoing could result in a material adverse effect on the Company's business, financial condition, results of operations and prospects.

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 comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or restrictions on the Company's manufacturing operations. Changes in environmental, employee health and safety, or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to current 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.

Changes in Laws, Regulations and Guidelines

The Company's operations are subject not only to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical and recreational cannabis, but also to regulations relating to health and safety, privacy, the conduct of operations and the protection of the environment in the jurisdictions in which they operate. Changes to such laws, regulations and guidelines, including changes related to government taxes and levies, may materially and adversely affect the Company's businesses, financial conditions and results of operations. For more information on recent changes to the regulatory framework of medicinal and recreational cannabis in Canada, see "*Description of the Business – Legal and Business Overview*".

Restrictions on Sales and Marketing

The medical and recreational cannabis industries are in their early development stages and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental or quasi-governmental bodies or voluntary industry associations may adversely affect the Company's ability to conduct sales and marketing activities, and could have a material adverse effect on the Company's businesses, operating results and financial conditions.

TSXV Restrictions on Business

As a condition to listing on the TSXV, the TSXV required that the Company deliver an undertaking (the "**Undertaking**") to only conduct cannabis or cannabis-related activities in Canada pursuant to one or more licences issued by Health Canada, unless prior approval is obtained from the TSXV. The Undertaking could have an adverse effect on the Company's ability to do business or operate outside of Canada, and the Company's competitors may not be subject to the same restrictions. These restrictions could materially and adversely affect the growth, business, financial condition and results of operations of the Company.

Competition

The markets for the medical and recreational cannabis products appear to be sizable and Health Canada has only issued a limited number of licences under the former ACMPR regime and the new Cannabis Act regime to produce and sell medical and recreational cannabis. There are several hundred existing applicants for licences in queue. The number of licences issued could have an impact on the operations of the Company. Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. According to Health Canada, as of the date hereof there were 383 licensees under the Cannabis Act. If the number of users of medical and recreational cannabis 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. The Company expects significant competition from other companies applying for production licences that may have significantly greater financial, technical, marketing and other resources, which 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.

To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis, which could materially and adversely affect the business, financial condition and results of operations of the Company. If the Company and its subsidiaries are not successful in investing sufficient resources in these areas, their ability to compete in the market may be adversely affected, which in turn could materially and adversely affect the Company's business, financial conditions and results of operation.

Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Company.

Risks Inherent in an Agriculture Business

The Company's business involves the growing of medical and recreational cannabis, which are agricultural products. As such, the business is subject to the risks inherent in the agricultural business, including pests, plant diseases and similar agricultural risks. Although the Company expects to grow its products in a climate controlled, monitored, indoor location, there is no guarantee that changes in outside weather and climate will not have a material adverse effect on the Company' ability to cultivate cannabis.

Vulnerability to Rising Energy Costs

The Company's cannabis-growing operations consume considerable energy, making the Company vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Company and its ability to operate profitably.

Product Liability

As a manufacturer and distributor of products designed to be ingested or inhaled by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory actions and litigation if its products are alleged to have caused loss or injury. In addition, the manufacture and sale of products involve the risk of injury or loss to consumers due to tampering by unauthorized third parties, product contamination and unauthorized use by consumers or other third parties. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including that the Company's products caused death, injury, illness, or other loss. A product liability claim or regulatory action against the Company could result in increased costs, adversely affect the Company's reputation with its respective clients and consumers generally, and adversely affect the results of operations and financial conditions of the Company.

There can be no assurance that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance in expensive and may not be available in the future on acceptable terms, or at all. An inability to obtain sufficient insurance coverage on reasonable terms could prevent or inhibit the commercialization of the Company's products.

Product Recalls

Manufacturers and distributors of products may be subject to the recall or return of their products for a variety of reasons, including product defects (such as contamination, unintended harmful side effects or interactions with other substances), packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention and otherwise distract from day to day operations.

Product Obsolescence

Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products characterize the Company's business. The introduction of new products embodying new technologies, including new manufacturing processes, and the emergence of new industry standards may render the Company's products obsolete, less competitive or less marketable. The process of developing the Company's products is complex and requires significant continuing costs, development efforts and third party commitments. The Company's failure to develop new technologies and products or the obsolescence of existing technologies could adversely affect the business, financial condition and operating results of the Company. The Company may be unable to anticipate changes in its potential customer requirements that could make the Company's existing technology obsolete. The Company's success will depend, in part, on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. The Company may not be successful in developing or using new technologies, exploiting its niche markets effectively, or adapting its business to evolving customer or medical preferences or emerging industry standards.

Inventory Shelf Life

The Company holds finished goods in inventory and the Company's inventory has a shelf life. Although the Company's management regularly reviews the amount of inventory on hand and its remaining shelf life, and estimates the time required to manufacture and sell such inventory, write-down of inventory may still be required. Any such write-down of inventory could have a material adverse effect on the Company's business, financial condition, and results of operations.

Operating Risk and Insurance Coverage

The Company maintains insurance to protect its assets, operations and employees. While the Company believes its insurance coverage addresses all material risks to which they are exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company may be exposed. The Company may also be unable to maintain insurance at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon the Company's financial performance and results of operations.

Results from Future Clinical Research

Research regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of CBD and THC. Although the Company believes that the articles, reports and studies support its beliefs regarding the therapeutic benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, investors should not place undue reliance on such articles, reports and studies. Future research studies and clinical trials may draw opposing or negative conclusions regarding the facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Dependence on Suppliers and Skilled Labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. Loss of any skilled labour, equipment, parts and components may have an adverse effect on the business, financial condition, results of operations or prospects of the Company.

Co-Investment Risk

The Company may decide to invest with certain strategic investors and/or other third parties through joint ventures or other entities. These parties may have different interests or superior rights to those of the Company, although it is the general intent of the Company to retain control and superior rights associated with its investments, under certain circumstances, it may be possible that the Company relinquishes such rights over certain of its investments and, therefore, may have a limited ability to protect its position therein. In those cases where the Company does maintain a control position with respect to its investments, the Company's investments may be subject to typical risks associated with third party involvement, including the possibility that a third party may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Company, or may be in a position to take (or block) action in a manner contrary to the Company's objectives. The Company may also, in certain circumstances, be liable for the actions of its third party partners or co-investors.

Difficulty to Forecast and Reliability of Data

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, financial condition or prospects of the Company.

In addition, as a result of recent and ongoing regulatory and policy changes in the medical and recreational cannabis industry, the market data available may be limited and unreliable. The research data collected by the Company will be an integral part of its business for the production of research-based reports. Market research and projections by the Company of estimated total retail sales, demographics, demand,

and similar consumer research, may be based on assumptions from limited and unreliable market data. If there are issues with the data's integrity or security, the data and research-based reports could be considered ineffective or unreliable.

Competition from Synthetic Production and Technological Advances

The pharmaceutical industry may attempt to dominate the cannabis industry through the development and distribution of synthetic products which emulate the effects and treatment of organic cannabis. If they are successful, the widespread popularity of such synthetic products could change the demand, volume and profitability of the cannabis industry. This could adversely affect the ability of the Company to secure long-term profitability and success through the sustainable and profitable operation of its business. There may be unknown additional regulatory fees and taxes that may be assessed in the future.

Fraudulent or Illegal Activity by Employees, Contractors and Consultants

The Company is exposed to the risk that its employees, independent contractors, and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates government regulations, manufacturing standards, federal and provincial healthcare fraud and abuse laws and regulations; or laws that require the true, complete, and accurate reporting of financial information or data. 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.

Security Risks

Given the nature of the Company's product and its lack of legal availability outside of channels approved by the Canadian federal government, as well as the concentration of inventory in its facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of the Company's facilities could expose the Company to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches, and may deter potential patients and consumers from choosing the Company's products.

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

In addition, there are a number of federal and provincial laws protecting the privacy of personal information, including records of a patient's personal health information. Generally, these laws require the prior consent of an individual to collect, use and disclose that individual's personal information. They also require that personal information be protected by appropriate safeguards, and that the Company restrict the handling of personal information to the minimum amount of personal information necessary to carry out permitted purposes. If the Company is found to be in violation of these privacy laws, or other laws governing patient health information, the Company could be subject to sanctions and civil or criminal penalties, which could increase the Company's liabilities, harm the Company's reputation and have a material adverse effect on the Company's business, results of operations and financial condition.

Illicit Supply of Cannabis

In addition to competition from Licence Holders and those able to produce cannabis legally without a licence, the Company also faces competition from unlicensed and unregulated market participants, including illegal dispensaries and black market suppliers selling cannabis and cannabis-based products in Canada. Despite the legalization of cannabis in Canada, black market operations remain and are a substantial competitor to the Company's business. In addition, illegal dispensaries and black market participants may: (i) offer products with higher concentrations of active ingredients that are either expressly prohibited or impracticable to produce under current Canadian regulations, (ii) use marketing and branding strategies that are restricted under the Cannabis Act, and (iii) make claims not permissible under the Cannabis Act and other regulatory regimes. As these illicit market participants do not comply with the regulations governing the legal cannabis industry in Canada, their operations may also have significantly lower costs. Any unwillingness by consumers currently utilizing unlicensed distribution channels to begin purchasing under the legal regime for any reason, or any inability or unwillingness of law enforcement authorities to enforce laws prohibiting the unlicensed cultivation and sale of cannabis and cannabis-based products, could result in the perpetuation of the black market for cannabis and adversely affect the Company's market share, which could have a materially adverse effect on the Company's business, operations and financial condition.

DIVIDENDS

There are no restrictions in the constating documents of the Company, and it is not currently expected that there will exist such restriction elsewhere, which could prevent the Company from paying dividends. However, the Company has not paid any dividends to date on the Common Shares.

As of the date of this AIF, the Company does not intend to declare dividends on the Common Shares in the near future. Any decision to pay dividends on the Common Shares in the future will be at the discretion of Board and will depend on, among other things, the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board may deem relevant. No assurances in relation to the payment of dividends can be given.

DESCRIPTION OF INDIVA'S SECURITIES

Common Shares

The authorized capital of the Company consists of an unlimited number of Common Shares. As at the close of business on December 31, 2019, there were 83,588,269 Common Shares issued and outstanding.

The holders of Common Shares are entitled to notice of, and to vote at, all meetings of shareholders and are entitled to one vote per Common Share. Holders of Common Shares are entitled to receive dividends, if, as and when declared by the Board, subject to the rights attached to any preferred shares. In the event of the liquidation, dissolution or winding up of the Company, or any other distribution of assets among its shareholders for the purpose of winding up its affairs, holders of Common Shares are entitled to share pro rata in the distribution of the property and assets of the Company. The Common Shares do not carry any pre-emptive rights, conversion or exchange rights, or any redemption, retraction, purchase for cancellation or surrender rights, nor do they contain any sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities, or provisions requiring a shareholder to contribute additional capital.

Options

The Company has also adopted the Stock Option Plan, under which it is authorized to grant to directors, officers, employees and consultants of the Company and its affiliates, non-transferable Options to purchase Shares. Unless the Board determines otherwise and subject to any accelerated termination in accordance with the Stock Option Plan, each Option shall expire by the tenth anniversary of the date on which it was granted. The number of Shares reserved for issuance under the Stock Option Plan may not exceed 10% of the total issued and outstanding Shares at the date of the applicable grant of Options. Options vest and become exercisable by a holder at such time or times as may be determined by the Board. The Board may, in its discretion, accelerate the date upon which any Option vests and becomes exercisable. No unvested Options may be exercised. As of the date of this AIF, there are 7,274,148 Options outstanding.

Warrants, Compensation Options and Compensation Warrants

As at the date of this AIF, the following convertible securities are outstanding:

- 9,429,896 Amendment Warrants. Each Amendment Warrant is exercisable into one Common Share at an exercise price of $0.75 until December 13, 2020. See "*General Development of the Business — 2019 – Amendment and Repricing of Outstanding Warrants*"

The following convertible securities, issued prior to the completion of the RTO, are outstanding as at the date hereof:

- 524,484 common share purchase warrants exercisable at a price ranging from $0.87 to $1.25;

- 45,829 Compensation Options exercisable into one Common Share at an exercise price between $0.76 and $1.09 and one Warrant which is exercisable into an additional Common Share at an exercise price between $0.87 to $1.25; and,

- 29,942 finders warrants exercisable at a price of $0.54.

Convertible Debentures

The Company currently has $3,610,000 principal amount of convertible debentures outstanding (the "**Convertible Debentures**"). The outstanding Convertible Debentures were issued by the Company under the 2019 Debenture Offering and the 2020 Debenture Offering.

The 2019 Debentures issued in the First Tranche mature on December 23, 2022, the 2019 Debentures issued in the Second Tranche mature on January 20, 2023 and the 2020 Debentures mature on February 4, 2023 (collectively, the "**Maturity Dates**" and "**Maturity Date**" means any one of the dates listed above).

Interest

The Convertible Debentures bear interest at 10 percent per annum from the date of issue, payable in cash semi-annually in arrears on June 30 and December 31 of each year.

Conversion Rights

The principal amount of the Convertible Debentures are convertible, at the option of the holder, into Common Shares at any time prior to the close of business on the last business day immediately preceding the applicable Maturity Date, at the applicable conversion price, subject to adjustment in certain events.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed on the TSXV under symbol "NDVA". The following table sets out the high and low trading prices and aggregate volumes of trading of Common Shares on a monthly basis for each month, or part month, where applicable, for the year ended December 31, 2019.

Period	High ($)	Low ($)	Volume
2019			
January	0.63	0.385	3,263,484
February	0.64	0.53	3,597,499
March	0.58	0.47	5,805,348
April	0.55	0.42	4,829,985
May	0.53	0.405	3,553,171
June	0.5	0.355	2,286,086
July	0.52	0.365	2,156,535
August	0.51	0.36	2,057,911
September	0.395	0.25	7,442,961
October	0.32	0.215	2,702,891
November	0.295	0.155	4,985,729
December	0.295	0.19	3,613,193

Prior Sales

As of December 31, 2019, there were 83,588,269 Common Shares outstanding. Other than as described below, during the 12-month period ended December 31, 2019, the Company has not issued any other Common Shares or securities that are convertible or exchangeable into Common Shares.

Date	Type of Security	Number of Securities	Issue Price Per Security	Aggregate Issue Price	Consideration Received
December 23, 2019	Convertible Debentures	2,115	$1,000	$2,115,000	$2,115,000
October 22, 2019	Common Shares	375,000	$0.32	$120,000	Nil.[1]
October 4, 2019	Common Shares	177,041	$0.4787	$84,750	Nil.[2]

Notes:

(1) Shares issued as consideration for finders' fees on the Facility of $220,000, of which $100,000 was paid in cash and the balance in common shares.

(2) Shares issued in satisfaction of fees payable to a consultant for future services rendered under an advisory agreement dated September 20, 2019.

ESCROWED SECURITIES

To the knowledge of management as of December 31, 2019, the following Common Shares are held in escrow or otherwise subject to escrow restrictions:

Designation of Class	Number of Common Shares Held in Escrow	Percentage of class (non-diluted)
Common Shares	Nil	0%

DIRECTORS, OFFICERS AND PROMOTERS

Name, Address, Occupation and Security Holdings for Indiva

The following table sets forth the names of the directors and officers of the Company, the municipality and province of residence, position with the Company, principal occupation during the five preceding years and the number and percentage of Common Shares which are beneficially owned, directly or indirectly, or over which control or direction is to be exercised, by each of the Company's directors and officers:

Name, Position and Province of Residence	Date Became Director	Principal Occupation During Past 5 Years	Common Shares Owned or Controlled
Carmine (Niel) Marotta, CEO and Director, Ontario, Canada[(2)]	December 13, 2017	CEO, Indiva Corp. CEO, North Street Consulting Inc.	4,000,000[(3)]

Name, Position and Province of Residence	Date Became Director	Principal Occupation During Past 5 Years	Common Shares Owned or Controlled
Jennifer Welsh, CFO, Ontario, Canada	N/A	CFO Indiva Corp. Independent consultant; Controller, Orezone Gold Corporation	16,667[(4)]
Dave Paterson, Chief Commercial Officer, Ontario, Canada	N/A	Vice President Sales and Trade Marketing, Aurora Cannabis; Vice President Marketing, Strategic Partnerships & Product, Travel Brands; Vice President Marketing & Strategic Partnerships, itravel2000	Nil.[(5)]
Jamie Riff, P. Eng., VP Corporate Development, Ontario, Canada	N/A	Vice President, Credit Suisse Canada; Director, Altacorp	15,000[(6)]
Rob Carse, VP Operations, Ontario, Canada	N/A	Canada Supply Chain Lead, B&G Foods Inc.; Sr. Operations Business Manager, General Mills Canada Corp.	Nil.[(7)]
Kate Abernathy, VP Marketing and Communications, Ontario, Canada	N/A	VP Communications, Indiva Limited; Director of Communications, HCA Healthcare	Nil.[(8)]
Andre Lafleche, Director, Ontario, Canada[(2)]	December 13, 2017	President, Calco Soils	2,523,564[(9)]
Hugh Hamish Sutherland, Director, Ontario, Canada[(1) (2)]	December 13, 2017	President and Co-CEO White Sheep Corp., Managing Partner, Initiative Capital Ltd., Executive, Bedrocan Cannabis Corp.	100,000 [(10)]
John Marotta, Director, Ontario, Canada[(1) (2)]	December 13, 2017	Managing Director, Woodbine Co-Tenancy; CEO, Scarborough Truck Center	5,354,000[(11)]
James Yersh, Director, Ontario Canada[(1) (2)]	December 13, 2017	Chief Administrative Officer, eSentire; CFO & EVP (Corporate Development), KORE Wireless; CFO, Blackberry	Nil. [(12)]

Notes:

(1) Member of Audit Committee of Indiva.

(2) Member of Compensation Committee of Indiva.

(3) Mr. Marotta also holds 600,000 Options and $50,000 of convertible debentures.

(4) Ms. Welsh also holds 800,000 Options, 8,334 common share purchase warrants and $10,000 of convertible debentures.

(5) Mr. Paterson holds 600,000 Options.
(6) Mr. Riff also holds 500,000 Options.
(7) Mr. Carse holds 500,000 Options.
(8) Ms. Abernathy holds 200,000 Options.
(9) Represents 2,490,230 Common Shares held by 2235313 Ontario Inc., a company controlled by Mr. Lafleche, and 33,334 Common Shares, owned by Mr. Lafleche's spouse over which Mr. Lafleche has control or direction. 2235313 Ontario Inc. also holds 113,449 common share purchase warrants and $200,000 of convertible debentures. Mr. Lafleche's spouse also holds 16,667 common share purchase warrants. Mr. Lafleche also holds 250,000 Options.
(10) Mr. Sutherland holds 250,000 Options.
(11) Includes 5,000,000 Common Shares held by Marotta Investments Limited, a company controlled by Mr. Marotta, as well as 4,000 shares held by a family member over which Mr. Marotta has control or direction. Marotta Investments Limited also holds 456,000 common share purchase warrants. Mr. Marotta also holds 250,000 Options and $200,000 of convertible debentures.
(12) Mr. Yersh holds 250,000 Options.

The directors and officers of the Company collectively hold 12,009,231 Common Shares, representing 13.5% of the issued and outstanding Common Shares.

Indiva Board and Management Biographies

Niel Marotta, President, CEO, Director, Founder of Indiva Corp.: Niel was a top-performing fund manager at a prominent U.S. firm, where he managed a portfolio of over $1 billion across several industries. He also served as Vice President for a TSX listed natural resource focused company. Subsequently, Niel worked as an investment banker, and has been involved in financings and M&A transactions exceeding $1 billion. Niel is a graduate of McGill University's commerce program.

Jennifer Welsh, CFO: Jennifer is a Chartered Professional Accountant (CA) who previously led a global finance team for nearly eight years as Corporate Controller of a TSX-listed company. She subsequently provided accounting and finance services to companies in a variety of industries including a publicly-traded licensee under the Cannabis Act. Jennifer received her B. Comm. (Accounting) from Carleton University in Ottawa.

Dave Paterson, Chief Commercial Officer: Mr. Paterson is an experienced sales and marketing executive with more than 30 years of experience providing strategic leadership to internationally-renowned organizations like Major League Baseball, The Beer Store and iTravel 2000.

Jamie Riff, P. Eng., VP Corporate Development: Mr. Riff has over 15 years' experience in capital markets and institutional sales including significant equity and debt financings in the cannabis industry.

Rob Carse, VP Operations: Mr. Carse is a seasoned business operations leader with over 20 years of experience in operations and supply chain management in large CPG and food manufacturing companies including Clorox, Maple Leaf Foods, General Mills and B&G.

Kate Abernathy, VP Marketing and Communications: Kate has over 10 years of experience in corporate communications and public relations strategy for Fortune 100 companies.

Andre Lafleche, Director: Mr. Lafleche is a successful entrepreneur. He is currently the President of Calco Soils Inc., a business he founded in 1979 and which is now owned by his two daughters. Other businesses he successfully launched include Lafleche Environmental (founded in 1997 and sold in 2010), Moose Creek Tire Recycling (founded in 2004 and continues to operate) and Lafleche-Leblanc Soil Remediation (founded in 2006 and sold in 2013).

Hugh Hamish Sutherland, Director: Mr. Sutherland is a pioneer in the Canadian cannabis space. He was Chief Operating Officer at Bedrocan Cannabis Corp., a leading Canadian cannabis firm prior to its acquisition by Tweed Marijuana Inc. (now Canopy Growth Corporation). Mr. Sutherland continues to be involved in the Canadian cannabis industry today. Mr. Sutherland is an engineer by training, and also holds an MBA from Schulich School of Business at York University. Mr. Sutherland also acts as Managing Principal at Initiative Capital Limited.

John Marotta, Director: Mr. Marotta recently retired from the Scarborough Truck Centre business, which he operated between 2014 and 2017. Between 1984 and 2014, he was the President of the Woodbine Truck Centre business. Mr. Marotta is an accountant by training, having received his Chartered Professional Accountant designation in 2012 and his Chartered Accountant designation in 1978. He graduated from the Schulich School of Business with a B.A. (Business) in 1975.

James Yersh, Director: James Yersh is the Chief Administrative Officer of eSentire. Prior to joining eSentire, James served as the Chief Financial Officer and Executive Vice President of Corporate Development of KORE Wireless Group where he was responsible for all aspects of the company's financial operations as well as key cross-functional projects and partnerships. He also previously held the role of the Chief Financial Officer of BlackBerry, a global leader in secure mobile communications. In this role, he was responsible for all aspects of the BlackBerry's financial operations and investor relations, including consolidated and legal entity accounting, the external reporting function, insurance programs, as well as a number of aspects of management reporting and results analysis, and the consolidation of forecasts and plans. Prior to joining BlackBerry, he held various senior positions at Cognos Incorporated and Deloitte in Canada. James graduated magna cum laude with a Bachelor of Commerce (Hon. Accounting) from the University of Ottawa.

Corporate Cease Trade Orders or Bankruptcies

As of the date hereof, and within the 10 years before the date hereof, no director or officer of the Company is, or has been, a director or executive officer of any issuer that, while that person was acting in that capacity:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant corporation access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

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

Bankruptcies

To the best of management's knowledge, no director or executive officer of the Company has: (i) within 10 years before the date of this AIF, been a director or officer of any corporation that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the director or executive officer.

Penalties and Sanctions

To the best of management's knowledge, no director or executive officer of the Company has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with any securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a director or executive officer.

Conflicts of Interest

Directors and officers of the Company may also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations, but only through exercise by the directors and officers of such judgment as is consistent with their fiduciary duties to the Company which arise under the OBCA and corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Company. All conflicts of interest will be resolved in accordance with the OBCA and other applicable law. Any transactions with directors and officers will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Company, and may be submitted to the shareholders for their approval to the extent required by the OBCA or Exchange Policies.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not aware of: (a) any legal proceedings to which it is a party, or by which any of its property is subject, which would be material to it and are not aware of any such proceedings being contemplated, (b) any penalties or sanctions imposed by a court relating to securities legislation, or other penalties or sanctions imposed by a court or regulatory body against it that would likely be considered important to a reasonable investor making an investment decision and (c) any settlement agreements that the Company has entered into before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this AIF or in the financial statements of the Company for the financial year ended December 31, 2019, none of the directors or executive officers of the Company, nor any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of the Company's outstanding voting securities, nor any associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three years prior to the date of this AIF that has materially affected or is reasonably expected to materially affect the Company or its subsidiaries.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Company is Computershare, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

MATERIAL CONTRACTS

Other than those listed below, elsewhere in this AIF, and those entered into in the ordinary course of the Company's business, there are no material contracts of the Company which were entered into in the most recently completed financial year or which were entered into before the most recently completed financial year but are still in effect as of the date of this AIF:

- the Supplemental Indenture; and
- the RTO Indenture.

INTEREST OF EXPERTS

The financial statements of the Company for the fiscal year ended December 31, 2019, have been audited by MNP LLP, the auditors of the Company located at 1600 Carling Avenue #800, Ottawa, Ontario K1Z 1G3. MNP LLP has advised the Company that they are independent of the Company within the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found under its profile on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company securities, and securities authorized for issuance under the Stock Option Plan can be found in the Company's Management Information Circular dated May 28, 2019, and filed under the Company's profile on SEDAR. Additional financial information is provided in the Company's annual financial statements and Management's Discussion and Analysis for the year ended December 31, 2019, also filed under the Company's profile on SEDAR.