A copy of this amended and restated preliminary prospectus has been filed with the securities regulatory authorities in Ontario, Alberta, and British Columbia but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.

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

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

AMENDED AND RESTATED PRELIMINARY PROSPECTUS
(amending and restating the preliminary prospectus dated January 11, 2019)

Initial Public Offering — March 14, 2019

AVICANNA™

AVICANNA INC.

A minimum of 540,484 Common Shares and 270,242 Warrants issuable without payment upon the conversion of a minimum of 540,484 Special Warrants

A maximum of 2,000,000 Common Shares and 1,000,000 Warrants issuable without payment upon the conversion of up to a maximum of 2,000,000 Special Warrants

---

No securities are being offered or sold pursuant to this non-offering preliminary prospectus. This Prospectus (as defined herein) qualifies the distribution of a minimum of 540,484 and up to a maximum 2,000,000 common shares (the "**Qualifying Shares**") in the capital of Avicanna Inc. ("**Avicanna**", "**us**", "**we**" or the "**Corporation**") and a minimum of 270,242 and up to a maximum of 1,000,000 common share purchase warrants of Avicanna (the "**Qualifying Warrants**" and, together with the Qualifying Shares, the "**Qualifying Securities**"). Each Qualifying Warrant shall entitle the holder to acquire one common share (a "**Common Share**") in the capital of Avicanna (each such acquired Common Share, a "**Warrant Share**") for a period of 24 months from the respective Closing Date (as defined herein) at a price of $10.00 per Warrant Share.

The Qualifying Securities will be issuable for no additional consideration upon automatic exercise of previously issued special warrants of the Corporation (the "**Special Warrants**"). Avicanna issued 540,484 Special Warrants on December 13, 2018 (the "**First Closing**"), and has agreed to issue up to an additional 1,459,516 Special Warrants on or prior to April 5, 2019 (the "**Second Closing**" and collectively with the

First Closing, the "**Offering**") at a price of $8.00 per Special Warrant (the "**Offering Price**") to purchasers in Ontario, Alberta, and British Columbia (the "**Qualifying Jurisdictions**"), the United States and certain other jurisdictions agreed to by the Corporation and the Agents (as defined herein) pursuant to an agency agreement dated December 13, 2018 and amended March 13, 2019 (the "**Agency Agreement**") among the Corporation and Sprott Capital Partners LP ("**Sprott**"), as lead agent and with Paradigm Capital Inc., (the "**Agents**"). See "*Avicanna – Our History – Special Warrant Financing*" and "*Plan of Distribution*".

The Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Corporation from the distribution of Qualifying Securities other than the exercise price payable upon exercise of the Qualifying Warrants.

	Price to the Public[(1)]	Agents' Fee[(2)]	Net Proceeds to the Corporation[(3)]
Per Special Warrant.....	$8.00	$0.0555	$7.9445
First Closing.....	$4,323,872	$30,000	$4,293,872
Maximum Second Closing[(4)]	$11,676,128	$700,568	$10,975,560
Maximum Total Offering.....	$16,000,000	$730,568	$15,269,432

Notes:

(1) The price per Special Warrant was determined by arm's length negotiation between Avicanna and Sprott, on behalf of the Agents. Certain insiders purchased Special Warrants under the Offering. See: "*Plan of Distribution".*

(2) Pursuant to the terms of the Agency Agreement, at the First Closing, Avicanna paid the Agents a cash commission equal to 6% of the value of Special Warrants not issued to subscribers on the Strategic Investors' List (as such term is defined in the Agency Agreement), which, for the First Closing, amounted to 62,500 Special Warrants and 18,090 non-transferable compensation options (each, a "**Compensation Option**") representing 6% of the securities sold on the First Closing to certain investors and 3% of the securities sold under the Offering to subscribers on the Strategic Investors' List . The Compensation Options entitle the Agents to purchase one unit (a "**Compensation Unit**") at an exercise price of $8.00 per Compensation Unit on or before December 13, 2020 (collectively, the "**Agents' Fee**"). On the Second Closing Avicanna will pay an Agent's Fee of: (i) cash equal to up to 6% of the gross proceeds raised on the Second Closing; and (ii) Compensation Options representing up to 6% of the securities sold on the Second Closing. These amounts are subject to reduction for subscribers on the Strategic Investors' List. See "*Plan of Distribution – Second Closing*".

(3) After deducting the cash portion of the Agents' Fee, but before deducting payment of the expenses of Avicanna or the Agent in connection with the Offering and the preparation and filing of this Prospectus (estimated to be approximately $135,000), which, have or will be paid out of the general funds. See: "*Use of Available Funds*".

(4) We currently do not know how many Special Warrants will be issued under the Second Closing and the actual number of Special Warrants could be lower than what is anticipated. The values in the table represent the price to the public, commission paid and net proceeds to the Corporation if the anticipated number of Special Warrants are issued on the Second Closing. This also assumes that no subscribers on the Strategic Investors' List subscribe for Special Warrants under the Second Closing which would result in a lower Agents' Fee. See "*Avicanna – Our History – Special Warrant Financing*" and "*Plan of Distribution*".

The following table sets out the number of compensation securities that were issued or are issuable by Avicanna to the Agents:

Agent's Position	Number of Additional Securities	Exercise period or acquisition date	Exercise price
Compensation Options (First Closing)	18,090 Compensation Units[(1)]	On or before December 13, 2020	$8.00 per Compensation Unit
Compensation Options (Second Closing)	Up to 87,571 Compensation Units[(1)]	On or before April 5, 2021	$8.00 per Compensation Unit

Note:

(1) Pursuant to the Agency Agreement, the Agent is entitled to such number of Compensation Options equal to 6% of the Special Warrants issued to subscribers other than those subscribers on the Strategic Investors' List, and 3% of the Special Warrants issued to subscribers on the Strategic Investors' List. Each Compensation Unit is comprised of one Common Share and one

half of one common share purchase warrant (each whole warrant, a "**Compensation Warrant**"). Each Compensation Warrant is exercisable into one Common Share of the Corporation at a price of $10.00 per Common Share on or before the date that is 24 months from the Closing Date, subject to acceleration. The Compensation Options and securities issuable thereunder are not qualified for distribution by this Prospectus and shall be subject to the applicable hold periods under Canadian securities laws. See: "*Plan of Distribution*".

Prior to Avicanna filing a final prospectus, Avicanna expects to complete, on a brokered private placement basis, the Second Closing of up to 1,459,516 Special Warrants at a price of $8.00 per Special Warrant for gross proceeds of up to $11,676,128. **The Special Warrants issuable on the Second Closing are not being issued pursuant to this Prospectus. Additionally, this Prospectus does not qualify the distribution of the Special Warrants issued pursuant to the Second Closing but the will qualify the distribution of the Qualifying Shares and Qualifying Warrants that are issuable upon the automatic conversion of such Special Warrants. The Second Closing is expected to close on or before April 5, 2019 or such other date that Avicanna and the Agents agree.** See "*Plan of Distribution – Second Closing*" and "*Risk Factors*".

There is currently no market through which the Qualifying Securities may be sold and purchasers may not be able to resell the Qualifying Securities. This may affect the pricing of the Qualifying Securities and the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Qualifying Securities, and the extent of issuer regulation. See "*Risk Factors*".

As at the date of this Prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

It is proposed that the Corporation will seek to list the Common Shares on a Canadian securities exchange, however, no applications have been made by the Corporation for a listing and, when such application is made, there can be no assurance that such listing will be obtained and even if obtained, that an active and liquid market for the Common Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Corporation. See: "*Plan of Distribution*".

The Special Warrants are governed by the terms of the special warrant certificates (the "**Special Warrant Certificates**") issued by the Corporation to the holders thereof. Each Special Warrant will be automatically exercised, without payment of additional consideration and subject to customary anti-dilution adjustments, into one unit of the Corporation (a "**Unit**") consisting of one Qualifying Share and one half Qualifying Warrant at 5:00 p.m. (Toronto time) on the earlier of: (a) the date that is 120 days from the respective Closing Date (the "**Qualification Date**"); and (b) the third (3rd) Business Day after receipt for a final prospectus qualifying the distribution of the Qualifying Securities in the Qualifying Jurisdictions (the "**Prospectus Qualification**"). The Corporation has agreed to use reasonable commercial efforts to complete the Prospectus Qualification on or before the Qualification Date.

The Qualifying Warrants will be governed by the terms of the warrant certificates (the "**Qualifying Warrant Certificates**") to be issued by the Corporation to the holders thereof upon conversion of the Special Warrants. Each Qualifying Warrant will entitle the holder thereof to acquire one Warrant Share until the date that is 24 months from the Closing Date at a price of $10.00 per Warrant Share, subject to acceleration. The Qualifying Warrant certificates also provide that, if the Common Shares are listed and posted for trading on a stock exchange and the volume weighted average price of the Common Shares on such stock exchange is equal to or greater than $12.50 for a period of 10 consecutive trading days, the Corporation may at its option elect to accelerate the expiry of the Qualifying Warrants by providing notice to the holders thereof, in which case the Qualifying Warrants will expire on the 30th calendar day following delivery of such notice.

The Special Warrants were purchased by subscribers pursuant to certain exemptions from the prospectus requirements of applicable securities legislation in the Qualifying Jurisdictions in compliance with laws applicable to each subscriber. There is no market through which the Special Warrants may be sold and none is expected to develop. Unless the Prospectus Qualification occurs, the Qualifying Securities issued in connection with the Offering will remain subject to the relevant hold periods under applicable securities legislation. Further, any securities of the Corporation not qualified for distribution by this Prospectus shall be subject to the relevant hold periods under applicable securities legislation.

Certain legal matters in connection with the Offering and this Prospectus have been or will be reviewed on behalf of the Corporation by Dentons Canada LLP and on behalf of the Agents by CC Corporate Counsel Professional Corporation.

The Corporation's head office is located at 661 University Avenue, Suite 1300, Unit 1397, MaRS Centre, West Tower, Toronto, Ontario, Canada, M5G 0B7. The registered office of the Corporation is located at 510 King Street East, Suite 323, Toronto, Ontario, Canada, M5A 1M1.

Lucas Nosiglia, David Allan White and Giancarlo Davila Char (collectively, the "**Foreign Officers**"), each an officer or director of the Corporation, reside outside of Canada and will be providing a certificate under Part 5 of National Instrument 41-101 - *General Prospectus Requirements*. The Foreign Officers have appointed Dentons Canada LLP, 77 King Street West, Suite 400, Toronto-Dominion Centre, Toronto, Ontario, M5K 0A1, Canada as agent for service of process. Investors are advised that it may not be possible to enforce judgments obtained in Canada against any person that resides outside of Canada even if the party has appointed an agent for service of process.

TABLE OF CONTENTS

GLOSSARY

"**ACMPR**" means the Access to Cannabis for Medical Purposes Regulations.

"**Agency Agreement**" means the agency agreement dated December 13, 2018 among the Corporation and the Agents.

"**Agents**" means collectively Sprott and Paradigm Capital Inc.

"**allowable capital loss**" has the meaning ascribed thereto under "*Certain Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Capital Losses*".

"**Altea**" has the definition ascribed thereto under *"Our Business - Overview"*.

"**Altea Manufacturing Agreement**" has the meaning ascribed thereto under *"Our Business - Overview"*.

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

"**Avicanna**" means Avicanna Inc.

"**Avicanna LATAM**" means Avicanna LATAM S.A.S., a wholly owned subsidiary of Avicanna.

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

"**Bondue**" has the meaning ascribed thereto under *"Our Business – Cultivation – Santa Marta Golden Hemp"*.

"**Business Day**" means any day except Saturday, Sunday, any statutory holiday in the Province of Ontario or any other day on which the principal chartered banks in the City of Toronto are closed for business.

"**CAIMED**" means the Centro de Atencion e Investigacion Medica CAIMED S.A.S.

"**Canadian Holder**" has the meaning ascribed thereto under *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada"*.

"**Cannabis Act**" means Bill C-45, An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts, which, when combined with the proposed Bill C-46, An Act to Amend the Criminal Code, provides a framework for the legalization of recreational cannabis in Canada.

"**Cannabis Regulations**" has the meaning ascribed thereto under *"Regulatory Framework – Canada – Federal Regulatory Framework".*

"**CARG**" has the meaning ascribed thereto under *"Our Business – Research and Development – History and Development – University of Toronto"*.

"**CBD**" means cannabidiol.

"**Closing Date**" means: (i) December 13, 2018; and (ii) the date of the Second Closing, or either of them, as applicable.

"**Code of Conduct**" has the meaning ascribed thereto under *"Corporate Governance – Ethical Business Conduct"*.

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

"**Compensation Options**" has the meaning ascribed thereto on the second page of this Prospectus.

"**Compensation Unit**" means has the meaning ascribed thereto on the second page of this Prospectus.

"**Compensation Warrant**" has the meaning ascribed thereto on the second page of this Prospectus.

"**Conversion Price**" means the price at which all owed and accrued amounts under the Convertible Debentures shall convert into Common Shares, initially set at $8.00 per Common Share.

"**Corporation**" means Avicanna Inc. and any reference to "we", "us", or "our" in this Prospectus is a reference to the Corporation.

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

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

"**Debenture Certificates**" means the certificates issued to the holders of Debentures representing and governing the terms and conditions of the Debentures.

"**Debenture Warrants**" means the Common Share purchase warrants issued by the Corporation on March 1, 2019 in connection with the issuance of the Debentures.

"**Debentures**" means the 8% convertible debentures in the capital of Avicanna issued on March 1, 2019.

"**Dvine**" has the meaning ascribed thereto under *"Our Business – History and Development – Dvine Laboratories Inc."*.

"**Eligible Person**" has the meaning ascribed thereto under "*Executive Compensation – Stock Option Plan*".

"**Extracts**" means plant-derived cannabinoid extracts, purified cannabinoids including distillates and isolates.

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

"**First Closing**" means the first closing of the Offering which occurred on December 13, 2018 and pursuant to which 540,484 Special Warrants were issued.

"**FNE**" has the meaning ascribed thereto under *"Regulatory Framework – Colombia - Cannabis Legalization Framework and Oversight of the Colombian Cannabis Industry".*

"**Foreign Officers**" has the meaning ascribed thereto on the second page of this Prospectus.

"**forward-looking statements**" has the meaning ascribed thereto under "*Forward-Looking Statements"*

"**Founders**" has the meaning ascribed thereto under *"Our Business – History and Development"*.

"**GACP**" has the meaning ascribed thereto under *"Our Business – History and Development – Sativa Nativa"*.

"**GMP**" means Good Manufacturing Practice.

"**Holder**" has the meaning ascribed thereto under *"Certain Canadian Income Tax*".

"**ICA**" means Colombian Agriculture Institute.

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

"**IHR**" has the meaning ascribed thereto under *"Regulatory Framework – Canada – Federal Regulatory Framework".*

"**IMA**" has the meaning ascribed thereto under *"Our Business – History and Development – Santa Marta Golden Hemp"*.

"**Insider Lock-Up Agreements**" has the meaning ascribed thereto under *"Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer"*.

"**INVIMA**" means the Instituto Nacional de Vigilancia de Medicamentos y Alimentos, a regulatory authority created under the Colombian Ministry of Health.

"**IT**" has the meaning ascribed thereto under *"Risk Factors – Risks Related to the Corporation's Business and Industry – Information Systems Security Threats"*.

"**January Unit**" has the meaning ascribed thereto under *"Description of the Securities Distributed"*.

"**January Warrants**" has the meaning ascribed thereto under *"Description of the Securities Distributed"*.

"**Jimenez**" has the meaning ascribed thereto under *"Our Business – Cultivation – Sativa Nativa"*.

"**Licences**" has the meaning ascribed thereto under *"Our Business – History and Development – Sativa Nativa"*.

"**Listing Date**" means the date the Common Shares are listed and posted for trading on a recognized Canadian exchange.

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

"**Minister**" has the meaning ascribed thereto under *"Regulatory Framework – Canada – Security Clearances".*

"**MJL**" has the meaning ascribed thereto under "*Regulatory Framework – Colombia – Genetic Registration Process in Colombia*".

"**Mountain Valley**" means Mountain Valley MD Inc.

"**My Cannabis**" means 2516167 Ontario Inc., an Ontario corporation doing business as My Cannabis.

"**Named Executive Officers**" or "**NEOs**" has the meaning ascribed thereto under *"Executive Compensation"*.

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

"**Non-Canadian Holder**" has the meaning ascribed thereto under "*Certain Canadian Income Tax Considerations – Holders Not Resident in Canada*".

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

"**Offering**" has the meaning ascribed thereto on the face page of this Prospectus.

"**Offering Price**" has the meaning ascribed thereto on the face page of this Prospectus.

"**Order**" has the meaning ascribed thereto under "*Directors and Executive Officers – Cease Trade Orders, Bankruptcies, Penalties or Sanctions and Conflicts Of Interest – Cease Trade Orders*".

"**Percos**" has the meaning ascribed thereto under *"Our Business – History and Development – Percos S.A. Distribution Agreement"*.

"**person**" includes an individual, partnership, association, body corporate, trustee, executor, administrator or legal representative.

"**Plan Options**" has the meaning ascribed thereto under *"Executive Compensation – Stock Option Plan"*.

"**Pre-Plan Options**" has the meaning ascribed thereto under *"Executive Compensation – Outstanding Stock Options"*.

"**Preferred Shares**" has the meaning ascribed thereto under *"Description of the Securities Distributed – Authorized Share Capital"*.

"**Principals**" has the meaning ascribed thereto under "*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer – Escrow Securities – Principals*".

"**Proposed Amendments**" has the meaning ascribed thereto under *"Certain Canadian Federal Income Tax Considerations"*.

"**Prospectus**" means this amended and restated preliminary prospectus.

"**Prospectus Qualification**" has the meaning ascribed thereto on the second page of this Prospectus.

"**Puerta**" has the meaning ascribed thereto under *"Our Business – History and Development – Sativa Nativa"*.

"**Qualification Date**" has the meaning ascribed thereto on the second page of this Prospectus.

"**Qualifying Jurisdictions**" has the meaning ascribed thereto on the face page of this Prospectus.

"**Qualifying Securities**" has the meaning ascribed thereto on the face page of this Prospectus.

"**Qualifying Shares**" has the meaning ascribed thereto on the face page of this Prospectus.

"**Qualifying Warrant Certificates**" has the meaning ascribed thereto on the second page of this Prospectus.

"**Qualifying Warrants**" has the meaning ascribed thereto on the face page of this Prospectus.

"**Regulations**" has the meaning ascribed thereto under *"Regulatory Framework – Canada – Federal Regulatory Framework".*

"**Resident Holder**" has the meaning ascribed thereto under "*Certain Canadian Income Tax Considerations – Taxation of Resident Holders*".

"**Second Closing**" has the meaning ascribed thereto on the face pages of this Prospectus.

"**Section 56 Exemption**" has the meaning ascribed thereto under *"Our Business – History and Development – University of Toronto"*.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval, accessible at www.sedar.com.

"**Shareholder Lock-Up Agreements**" has the meaning ascribed thereto under *"Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer"*.

"**SickKids**" has the meaning ascribed thereto under "*Our Business - Overview*".

"**SMGH**" has the meaning ascribed thereto under *"Corporate Structure – Intercorporate Relationships".*

"**SMGH Shareholders' Agreement**" has the meaning ascribed thereto under *"Our Business – History and Development – Santa Marta Golden Hemp"*.

"**SMGH SPA**" has the meaning ascribed thereto under *"Our Business – History and Development – Santa Marta Golden Hemp"*.

"**SN**" has the meaning ascribed thereto under *"Corporate Structure – Intercorporate Relationships"*.

"**SN Share**" has the meaning ascribed thereto under *"Our Business – Cultivation – Sativa Nativa"*.

"**SN Shareholders' Agreement**" has the meaning ascribed thereto under *"Our Business – Cultivation – Sativa Nativa"*.

"**SN SPA**" has the meaning ascribed thereto under *"Our Business – Cultivation – Sativa Nativa"*.

"**Special Warrant Certificates**" means the certificates issued to purchasers of the Special Warrants evidencing the Special Warrants.

"**Special Warrants**" has the meaning ascribed thereto on the face page of this Prospectus.

"**Sprott**" has the meaning ascribed thereto on the face page of this Prospectus.

"**Stock Option Plan**" has the meaning ascribed thereto under *"Executive Compensation – Long Term Incentives"* and as more particularly described under "*Executive Compensation – Stock Option Plan*."

"**Stock Options**" has the meaning ascribed thereto under *"Executive Compensation – Outstanding Stock Options"*.

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

"**Tax Regulations**" has the meaning ascribed thereto under *"Certain Canadian Federal Income Tax Considerations"*

"**taxable capital gain**" has the meaning ascribed thereto under "*Certain Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Capital Losses*".

"**U de A**" has the meaning ascribed thereto under *"Our Business – History and Development – Universidad de Antioquia"*.

"**U of T Faculty of Pharmacy**" has the meaning ascribed thereto under *"Our Business - Overview"*.

"**U.S.**" means the United States of America.

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

"**UHN**" has the meaning ascribed thereto under *"Our Business - Overview"*.

"**UHN Service Agreement**" has the meaning ascribed thereto under *"Our Business – Research and Development – UHN Service Agreement"*.

"**Unit**" has the meaning ascribed thereto on the second page of this Prospectus.

"**USD**" means U.S. dollars.

"**UWI**" means the University of West Indies.

"**UWI Services Agreement**" has the meaning ascribed thereto under *"Our Business – Research and Development – UWI Services Agreement"*.

"**Vergara**" has the meaning ascribed thereto under *"Our Business – Cultivation – Sativa Nativa"*.

"**Warrant**" means a common share purchase warrant in the capital of the Corporation.

"**Warrant Share**" has the meaning ascribed thereto on the face page of this Prospectus.

"**We Bay**" has the meaning ascribed thereto under *"Our Business – Cultivation – Santa Marta Golden Hemp"*.

GENERAL MATTERS

Unless otherwise noted or the context indicates otherwise "we", "us", "our" and the "Corporation", all refer to Avicanna Inc. Prospective investors should rely only on the information contained in this Prospectus. We have not authorized any other person to provide prospective investors with additional or different information. If anyone provides prospective investors with additional or different or inconsistent information, including information or statements in media articles about us, prospective investors should not rely on it. We are making an offer to sell or seeking offers to buy our shares or other securities. Prospective investors should assume that the information appearing in this Prospectus is accurate only as at its date, regardless of its time of delivery. Our business, financial conditions, results of operations and prospects may have changed since that date.

All financial information herein has been presented in Canadian dollars in accordance with IFRS. Words importing the singular number include the plural, and vice versa, and words importing any gender include all genders. All dollar amounts set forth in this Prospectus are stated in Canadian dollars except where otherwise indicated.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking information and forward-looking statements, within the meaning of applicable Canadian securities legislation, and forward looking statements, within the meaning of applicable United States securities legislation (collectively, "**forward-looking statements**"), which reflects management's expectations regarding the Corporation's future growth, results from operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects and opportunities. Wherever possible, words such as "predicts", "projects", "targets", "plans", "expects", "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative or grammatical variation thereof or other variations thereof, or comparable terminology have been used to identify forward-looking statements. These forward-looking statements include, among other things, statements relating to:

- expectations regarding our revenue, expenses and operations;
- the Corporation's anticipated cash needs and additional financing needs;
- the timing and completion of the Second Closing;
- the number and terms of the proposed Compensation Units and additional Agents' compensation to be issued in connection with the Second Closing;
- the intention to complete the listing of the Common Shares on a Canadian securities exchange;
- plans for future products and enhancements of existing products, including, without limitation, its expectations and intentions regarding pharmaceuticals, phyto-therapeutics, derma-cosmetics and Extracts;
- the ailments for which the Corporation's intended products will be used to treat;
- business plans, growth strategy and growth rate, including, without limitation, the Corporation's intentions with respect to market positioning, its projected synergies expected from vertical integration of its business and its projected business segments;
- the timing of our business objectives, clinical trials, and third party agreements;
- the intended outcome of collaborations with third parties, including, without limitation, the expected results of clinical trials, the expected results of prevalence studies and the expected timing of Health Canada applications;
- the net proceeds of the Second Closing and the use of the net proceeds of the Second Closing;
- the ability to obtain additional funds in the future;
- the timing for receipt of applicable regulatory licences, approvals and permits, including, without limitation, expectations with respect to changes to the Canadian and Colombian cannabis regulatory regimes;

- the Corporation's treatment under regulatory regimes and applicable laws;
- expected production, yield and capacity;
- the construction schedule for facilities in Colombia, including, without limitation, the expected size and scope of such facilities;
- the ability of the Corporation's Colombian subsidiaries to generate revenue from the distribution of Extracts to third parties, including, without limitation, the expected timing of commercial production, the expected timing of necessary approvals, the expected production capabilities of such subsidiaries, the expected ability to produce Extracts at a low cost and the ability to export such Extracts;
- the expected terms and timing of the completion of the Mountain Valley transaction;
- the intention to extend the term of the JLABS @ Toronto Licence Agreement;
- the jurisdictions in which we will pursue distribution and manufacturing licenses;
- the Corporation's anticipated agreements with third parties, including, without limitation, the terms thereof, the timing of such agreements, the expected outcomes of such agreements and the geographic locations of such parties;
- the timing of our next shareholder meeting and the amendment of the Shareholders' Agreement and Amended Stock Option Plan, and the terms thereof;
- the Corporation's planned business objectives and future dividend policy;
- the expectations regarding insider participation in the Second Closing;
- the time and attention each executive officer and director will devote to the Corporation;
- the compensation structure for executive officers and directors;
- the corporate governance practices and policies of the Corporation;
- future intellectual property, research and development, product formulations, and business lines;
- the costs associated with the preparation and filing of this Prospectus;
- the intentions of the Board with respect to the executive compensation plans and corporate governance plans described herein; and
- the anticipated cash flows and costs, and their effect on the Corporation’s ability to achieve its stated business objectives.

Forward-looking statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management, in light of management’s experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as of the date of this Prospectus including, without limitation, the following:

- the Common Shares being listed on a recognized Canadian securities exchange;
- the future customer concentration;
- the ability to anticipate future needs of customers;

- the Corporation's expectations with respect to the competitive landscape of the industry in which it operates and its present intentions to differentiate itself within that industry;
- anticipated trends and challenges in the markets in which the Corporation operates, including, without limitation, the cyclicality of the Corporation's business and the expected environmental regulations;
- the Second Closing proceedings on the terms and within the timeframes currently proposed;
- the regulatory framework governing cannabis for recreational and medicinal use in Canada, Colombia, and any other jurisdiction in which the Corporation may conduct its business in the future;
- our ability to obtain licences as required;
- there being no significant delays in the completion of the Corporation's cultivation facilities;
- there being no significant delays in the development and commercialization of the Corporation's products;
- maintaining sufficient and effective production and research and development capabilities;
- our ability to analyze customer data;
- our ability to secure partnerships with manufacturers and distributors in international markets;
- the ability of our strategic partnerships to effectively operate;
- our ability to develop its brand and market its products successfully to consumers;
- future production and supply levels, and future consumer demand levels;
- the price of cannabis and cannabis related products;
- continuing to attract and retain key personnel;
- the demand for our products will grow for the foreseeable future; and
- there will be no significant barriers to acceptance of our products in the market.

While we consider these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks, uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward-looking statements. Many assumptions are based on factors and events that are not within our control and there is no assurance they will prove to be correct.

Furthermore, such forward-looking statements involve a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of the Corporation to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking information. Such risks include, without limitation:

- the Corporation’s business is heavily regulated in Canada and Colombia;
- the regulatory regime is evolving and uncertainty exits regarding the impact of the regime on the Corporation;

- the political environment surrounding the cannabis industry is in flux and subject to change;
- the inability to successfully complete clinical trials or obtain regulatory approval of products;
- risks of foreign operations generally, including but not limited to agriculture and drug policies, nationalization, expropriation, contractual rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases, and risks of loss due to civil strife, acts of war, guerilla activities and insurrections;
- the potential inability to obtain or retain licences required to grow, store and sell cannabis in Colombia,
- the ability to establish and maintain bank accounts;
- potential involvement in regulatory or agency proceedings, investigations and audits;
- compliance with evolving environmental, health and safety laws;
- potential government policy changes or shifts in public opinion;
- the potential that Colombia will impose repatriation of earnings restrictions in the future;
- constraints on marketing of products;
- travel restrictions imposed on travelers entering the U.S. for reasons related to the marijuana industry by U.S. Customs and Border Protection;
- the inability to register U.S. federal trademarks for cannabis-related products;
- the potential risk exposure resulting from the control of foreign subsidiaries in Colombia;
- Colombian political and economic conditions are subject to intervention and change;
- exposure to foreign exchange risks;
- inflationary risks based on Colombia's historic experience of double digit rates of inflation;
- the cannabis industry and market is subject to general business risks, and those associated with an agricultural and regulated consumer products;
- competitive conditions, consumer tastes, patient requirements and spending patterns remain relatively unknown;
- there are no assurances that the cannabis industry and market will continue to exist or grow as anticipated;
- the industry is changing at rapid speeds, and the Corporation may be unable to keep pace;
- the consumer perception of cannabis can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media, and other publicity;
- future clinical research into effective medical cannabis therapies could raise concerns regarding, and perceptions relating to, cannabis;
- limited history of operations;
- the inability to retain and attract employees and key personnel;
- potential for delays in obtaining, or restructure conditions imposed by, regulatory approvals;
- potential increases in material and labour costs;

- the Corporation has incurred losses since inception and may continue to incur losses in the future;
- the ownership of the Common Shares is heavily concentrated among the directors and officers;
- the potential to experience difficulty developing new products and remaining competitive;
- the completion and commercial viability of new products in the prototype stage;
- construction risk in connection with the facilities in Colombia;
- lack of geographic diversification by the Corporation's limited number of investments;
- potential for adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment;
- reliance on third-party, manufacturers and distributors;
- there can be no assurances of profit generation or immediate results;
- there is no guarantee that funds sought will materialize, and the Corporation may be required to undertake additional financings;
- risks against which the Corporation is unable or unwilling to insure itself;
- shareholder dilution pursuant to additional financings;
- transportation disruptions of the Corporation's courier services;
- the cost of the Corporation's key inputs is unpredictable;
- compliance with laws relating to privacy, data protection, and consumer protection;
- potential for information systems security threats;
- the Corporation is reliant on key suppliers and skilled labour;
- inability to effectively implement quality control systems;
- there is a potential for conflicts of interest to arise among key stakeholders of the Corporation;
- the Corporation may be unable to sustain its pricing models;
- the Corporation may not be able to successfully identify or complete future acquisitions;
- the Corporation may be unable to effectively protect personal information;
- exposure to product recalls, liability claims, regulatory action and litigation based on products;
- the Corporation may be unable to protect intellectual property in relevant markets;
- the market price for the Common Shares may be volatile and subject to wide fluctuations;
- the Corporation may not be able to effectively prevent fraudulent or illegal activities by the Corporation's employees, contractors or consultants;
- the Corporation may not be able to effectively prevent security breaches at its facilities;
- management of the Corporation may not be able to effectively manage the Corporation's growth;
- outside factors may harm the Corporation's reputation;
- the Corporation may become subject to legal proceedings from time to time;

- the Corporation may be unable to prevent residents in certain jurisdictions from accessing its website and marketing materials for its products;
- management of the Corporation has limited experience managing public companies;
- the Corporation may be unable to effectively protect its trade secrets;
- securities analysts may publish negative coverage about the Corporation;
- the financial statements have been prepared on a going concern basis;
- the Corporation is dependent on the performance of its subsidiaries;
- the operating subsidiaries of the Corporation are not wholly owned;
- there may be substantial expenses related to going public and ongoing disclosure obligations;
- there may be future sales of the Common Shares by directors, officers and principal shareholders;
- management has wide discretion regarding how to use the proceeds from the Second Closing;
- interruptions or changes in the availability or economics of the supply chain of the Corporation; and
- other factors discussed under "*Risk Factors*".

Although the Corporation has attempted to identify important factors that could cause actual actions, events, conditions, results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events, conditions, results, performance or achievements to differ from those anticipated, estimated or intended. See "*Risk Factors*" for a discussion of certain factors investors should carefully consider before deciding to invest.

The Corporation cautions that the foregoing lists of important assumptions and risks, uncertainties and other factors are not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking information contained herein. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking statements.

Forward-looking statements contained herein are made as of the date of this Prospectus and the Corporation disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as and to the extent required by applicable securities laws.

FUTURE-ORIENTED FINANCIAL INFORMATION

Select financial information included in this document is unaudited. There is a material risk that the audited financial results will differ significantly from the unaudited financial information presented herein.

This document also contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") including, without limitation:

- the proceeds available to the Corporation in the event of a maximum and minimum Offering;
- the Agents' Fees payable on the Second Closing;

- the Corporation's expected available funds, including, without limitation, the proceeds to be realized by the Corporation from the Second Closing and the Mountain Valley Transaction;
- the Corporation's expected use of available funds under each of the minimum and maximum offerings; and
- the expected costs of obtaining the Corporation's business objectives, including, without limitation, the cost to scale the cultivation infrastructure in Colombia, the cost of ongoing research and development initiatives, the cost of funding the Corporation's collaboration agreements, the cost of clinical trials, the cost of planned marketing activities, the cost to scale the Corporation's human capital and the cost of technical transfers.

In addition to the same estimates, assumptions, limitations, and qualifications as set forth in the above paragraphs, the FOFI contained herein is based on the following assumptions:

- that the Corporation will be able to raise an amount under the Second Closing consistent with the expectations of management;
- that there will not be any unseen or unexpected costs incurred in connection with our research agreements aside from what is set out therein and the budgets prepared in connection therewith;
- that the proposed transaction with Mountain Valley will be completed on the terms described in the MVMD LOI;
- that the cost of the Colombian cultivation infrastructure will be in accordance with the various budgets and estimates provided by anticipated service providers;
- that the cost of clinical trials will be in accordance with budgets provided by consultants; and
- that the Corporation will be able to find individuals that meet its employment objectives at rates consistent with those currently paid for similar talent in the market.

In addition to the risk factors as set forth in the above paragraphs, the FOFI contained herein involves a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of the Corporation to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such FOFI. Such additional risks include, without limitation:

- the Corporation may be unable to raise the maximum amount anticipated under the Second Closing, in which case the Corporation may not accelerate its growth at the pace it expects;
- service providers and consultants engaged to assist with the completion of the Corporation's business objectives may incur unexpected costs or go over-budget which may result in unexpected costs to the Corporation;
- clinical trials may experience delays in approvals or may not generate anticipated results;
- the Corporation's actual financial position and the revenue from the proposed transaction with Mountain Valley may differ materially from management’s current expectations; and
- the Corporation may experience turnover or other unexpected costs that may increase its cost to acquire sufficient talent.

FOFI contained in this Prospectus was made as of the date of this Prospectus and was provided for the purpose of describing the anticipated effects of the expected revenue and proceeds on the Corporation's

business objectives. The Corporation disclaims any intention or obligation to update or revise any FOFI contained in this Prospectus, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this Prospectus should not be used for purposes other than for which it is disclosed herein.

FINANCIAL STATEMENT PRESENTATION IN THIS PROSPECTUS

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

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

- Audited consolidated statements of loss and comprehensive loss for years ended December 31, 2017 and December 31, 2016 of the Corporation, including notes thereto.
- Management's discussion and analysis of operations, financial position and outlook for the years ended December 31, 2017 and December 31, 2016.
- Unaudited condensed interim financial statements of the Corporation including: for the three and nine months ended September 30, 2018 and September 30, 2017 including notes thereto.
- Management's discussion and analysis of operations, financial position and outlook for the three and nine months ended September 30, 2018 and September 30, 2017.

Schedule B - Business Acquisition Financial Statements

- Audited statements for the year ended December 31, 2017 and from the date of incorporation, December 23, 2016 to December 31, 2016, including notes thereto for Sativa Nativa S.A.S.
- Management's discussion and analysis of operations, and financial position as at and for the year ended December 31, 2017 and as at and for the period from incorporation, December 23, 2016 to December 31, 2016 for Sativa Nativa S.A.S.
- Audited statements for the year ended December 31, 2017 and from the date of incorporation, July 27, 2016 to December 31, 2016, including notes thereto for Santa Marta Golden Hemp S.A.S.
- Management's discussion and analysis of operations, and financial position as at and for the year ended December 31, 2017 and as at and for the period from incorporation, July 27, 2016 to December 31, 2016 for Santa Marta Golden Hemp S.A.S.
- Unaudited condensed interim financial statements of Santa Marta Golden Hemp S.A.S for the three and nine months ended September 30, 2018 and 2017, including notes thereto.
- Management's discussion and analysis of operations, financial position and outlook for the three and nine months ended September 30, 2018 and September 30, 2017 for Santa Marta Golden Hemp S.A.S.

Schedule C – Pro Forma Financial Statements

- Pro forma statements of financial position of the Corporation, as at September 30, 2018 that gives effect to the acquisition of SMGH, as if it had taken place at January 1, 2017.

- Pro forma consolidated statement of income (loss) and comprehensive income (loss) of the Corporation that gives effect to the acquisitions of each of SN and SMGH, as if each of them had taken place at January 1, 2017 for each of the following periods:
    - the year ended December 31, 2017; and
    - the nine months ended September 30, 2018.

EXCHANGE RATE INFORMATION

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

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

Notes:

(1) Calculated using the daily rates of the Bank of Canada.

(2) Calculated as an average of the respective Bank of Canada rates for each day during the period.

(3) Calculated to September 28, 2018, being the last business day of the period.

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

TRADEMARKS AND TRADE NAMES

This Prospectus includes trademarks which are protected under applicable intellectual property laws and are the property of the Corporation, including, without limitation, the trademarks "Avicanna", "Pura Earth", and "Pura Elements". Solely for convenience, the trademarks and trade names referred to in this Prospectus may appear without the ®, ™, © or other applicable symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights in our intellectual property, including the aforementioned trademarks and trade names. All other trademarks used in this Prospectus are the property of their respective owners. See also "*Our Intellectual Property – Trademarks*".

PROSPECTUS SUMMARY

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

Avicanna:

We were incorporated under the name Avicanna Inc. on November 25, 2016 pursuant to the provisions of the *Business Corporations Act* (Ontario). Our head office is located at 661 University Avenue, Suite 1300, Unit 1397, MaRS Centre, West Tower, Toronto, Ontario, Canada, M5G 0B7. The registered office of the Corporation is located at 510 King Street East, Suite 323, Toronto, Ontario, Canada, M5A 1M1. See "*Avicanna*".

Description of the Business:

We aim to establish ourselves as a leader in the global medical cannabis industry through our product discovery and development processes, intellectual property portfolio, strategic relationships, and cultivation infrastructure. We have the infrastructure in place to begin to cultivate cannabis and produce the Extracts required in the formulation of our products that we created through our research and development program. See "*Our Business - Cultivation*", "*Our Business - Research and Development*" and "*Our Products*".

We intend to capitalize on the nexus between our R&D and Cultivation business segments where the intellectual property gained from our R&D program is used to inform and improve the products of our cultivation and extraction activities and the raw materials from our cultivation and extraction activities will be used to create the tailored Extracts required for our proprietary formulations; in both cases at a reduced cost from what would be incurred through purchasing such intellectual property or raw materials, as the case may be, from third parties.

We are growing our network of strategic relationships with best-in-class institutions located around the world to assist with the achievement of our business objectives, including large-scale, environmentally sustainable cultivation, world-class scientific R&D, and market-leading manufacturing and distribution. See "*Our Business*" and "Our Products".

Summary Pro Forma Financial Information:

The following sets out selected pro forma financial information for the periods or as at the dates indicated. The summary pro forma financial information should be read in conjunction with Avicanna's audited and unaudited financial statements and the management's discussion and analysis and the audited and unaudited financial statements of SN and SMGH and corresponding management's discussion and analysis including in this Prospectus under Schedules A, B and C.

	Unaudited pro forma for the nine months ended September 30, 2018 ($)	Unaudited pro forma for the year ended December 31, 2017 ($)
Revenue	93,829	26,661
Total expenses	5,118,995	2,635,752
Net income (loss)	(5,260,673)	(2,610,853)
Current assets	2,204,222	

Total assets	28,479,454
Current liabilities	2,095,798
Total liabilities	2,110,794
Shareholders equity (deficit)	26,368,660

The Offering:

On December 13, 2018, Avicanna completed the First Closing of the Offering and issued 540,484 Special Warrants at a price of $8.00 per Special Warrant to purchasers in the Qualifying Jurisdictions pursuant to the Agency Agreement.

Additionally, on or before April 5, 2019, Avicanna plans to issue, on a private placement basis, up to an additional 1,459,516 Special Warrants pursuant to the Second Closing. The Second Closing will be conducted on a commercially reasonable efforts basis. There is no guarantee that the Second Closing will be completed at the levels expected or at all. See "*Plan of Distribution*".

The Special Warrants issuable under the Second Closing are not being distributed under or qualified by this Prospectus. The distribution of the Qualified Securities underlying the Special Warrants issued on both the First Closing and the Second Closing if any, will be qualified hereunder.

Each Special Warrant will be automatically exercised, without payment of additional consideration and subject to customary anti-dilution adjustments, into one Unit consisting of one Qualifying Share and one half Qualifying Warrant at 5:00 p.m. (Toronto time) on the earlier of: (a) Qualification Date; and (b) the third (3rd) Business Day after receipt for a final prospectus qualifying the distribution of the Qualifying Securities in the Qualifying Jurisdictions. See "*Plan of Distribution*".

Available Funds:

As at the date of this Prospectus, we have $3,758,352 available to us for use over the next 12 months. This amount includes the funds raised from the First Closing, (net of funds already expended in furtherance of our business plan and the Agents' Fee and expenses) the offering of Debentures, which closed on March 1, 2019 as well as our working capital as of the date of this Prospectus, See "*Use of Available Funds*".

Pursuant to the Second Closing we could receive up to $10,975,560 of additional net proceeds, after deducting the maximum of amount of Agents' Fee payable pursuant to the Agency Agreement. We estimate the expenses related to the Second Closing should be no greater than $275,000. We are also currently negotiating a disposition of certain shares of Sativa Nativa which would result in $3.8 million payable to us. See "*Our Business – Cultivation - Sativa Nativa - Proposed Transaction*" and "*Plan of Distribution*".

Based on the foregoing, we have a minimum of $3,758,352 and up to a maximum of $18,341,912 available to us over the next 12 months. See "*Use of Available Funds*".

Risk Factors:

An investment in our securities is speculative and involves a high degree of risk due to the nature of our business. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include: our business is heavily regulated in Canada and Colombia; the regulatory regime is evolving and uncertainty exits regarding the impact of the regime on our business

once finalized; the political environment surrounding the cannabis industry is in flux and subject to change; we may be unable to successfully complete clinical trials or obtain regulatory approval of products; risks of foreign operations generally, including but not limited to agriculture and drug policies, nationalization, expropriation, contractual rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases, and risks of loss due to civil strife, acts of war, guerilla activities and insurrections; individuals may be unable to successfully enforce judgements obtained in Canadian courts against us or our directors or officers; the potential inability to obtain or retain licences required for us to grow, store and sell cannabis in Colombia, the potential risk exposure resulting from the control of foreign subsidiaries in Colombia; Colombian political and economic conditions are subject to intervention and change; exposure to foreign exchange risks; inflationary risks based on Colombia's historic experience of double digit rates of inflation; we are operating in a relatively new cannabis industry and market subject to general business risks, and those associated with an agricultural and regulated consumer products; competitive conditions, consumer tastes, patient requirements and spending patterns remain relatively unknown; there are no assurances that the cannabis industry and market will continue to exist or grow as anticipated; the industry is changing at rapid speeds, and we may be unable to keep pace; the consumer perception of cannabis can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media, and other publicity; future clinical research into effective medical cannabis therapies could raise concerns regarding, and perceptions relating to, cannabis; we have a very limited history of operations and are considered a start-up company; we may be unable to retain and attract employees and key personnel; there may be delays in obtaining, or conditions imposed by, regulatory approvals; potential increases in material and labour costs; we have incurred losses since inception and may continue to incur losses in the future; the ownership of the Common Shares is heavily concentrated among the directors and officers; the potential to experience difficulty developing new products and remaining competitive; the completion and commercial viability of new products in the prototype stage; construction risk factors in connection with the facilities in Colombia; potential for adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment; reliance on third-party suppliers, manufacturers and contractors; there can be no assurances of profit generation or immediate results; there is no guarantee that funds sought will materialize, and we may be required to undertake additional financings; potential involvement in regulatory or agency proceedings, investigations and audits; compliance with evolving environmental, health and safety laws; potential government policy changes or shifts in public opinion; we may be hindered by applicable constraints on marketing of products; travel restrictions imposed on travelers entering the U.S. for reasons related to the marijuana industry by U.S. Customs and Border Protection; and other risk factors outlined in this Prospectus. Readers should carefully consider the information set out under "*Risk Factors*" and the other information in this prospectus.

AVICANNA

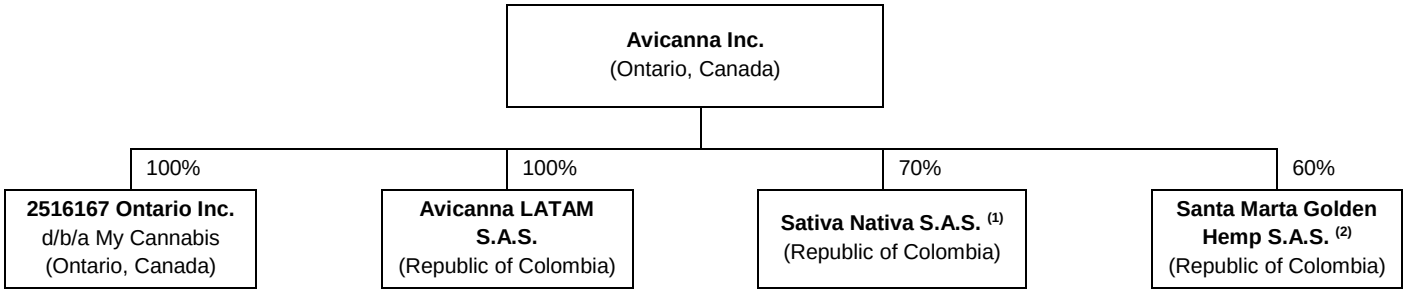
Name, address and incorporation

We incorporated under our current name, Avicanna Inc., on November 25, 2016, under the *Business Corporations Act* (Ontario). Our head office is located at 661 University Avenue, Suite 1300, Unit 1397, MaRS Centre, West Tower, Toronto, Ontario, Canada, M5G 0B7. Our registered office is located at 510 King Street East, Suite 323, Toronto, Ontario, Canada, M5A 1M1.

The Corporation is subject to a shareholders' agreement by and among the shareholders of the Corporation (the "**Shareholders' Agreement**"). The Shareholders' Agreement contains customary rights of first refusal, drag along rights, confidentiality obligations, and transfer restrictions. The Shareholders' Agreement provides Setu Purohit, Aras Azadian, and Kyle Langstaff with the right to nominate the directors of the Corporation. An amendment to the Shareholders' Agreement will be presented to shareholders of the Corporation at the next special meeting of shareholders, expected to be held prior to filing the final prospectus, and will provide for the automatic termination of the Shareholders' Agreement upon such listing.

Intercorporate relationships

Avicanna has two wholly-owned subsidiaries, My Cannabis, an Ontario corporation, and Avicanna LATAM a corporation governed by the laws of Colombia. The Corporation holds a 70% controlling equity interest in Sativa Nativa S.A.S. ("**SN**"), a corporation governed by the laws of Colombia and a 60% controlling equity interest in Santa Marta Golden Hemp S.A.S. ("**SMGH**"), a corporation governed by the laws of Colombia.



Notes:

(1) The remaining 30% of SN is owned by Sergio Aurelio Puerta, Carlos Andres Jimenez, Jose Rafael Lopez Vergara and Inversiones Frutas del Campo S.A.S., collectively.

(2) The remaining 40% of SMGH is owned by Bondue (38.4%) and Lucas Echeverri Robledo (1.6%). Bondue is owned and controlled by Mr. Giancarlo Davila Char, one of our directors.

My Cannabis

My Cannabis was acquired by the Corporation on June 1, 2017 from two of the founders of the Corporation. My Cannabis does not represent a material portion of our business from a financial or operational basis. My Cannabis is the patient onboarding and data collection component of our business. See "*Our Business – Research and Development - History and Development – My Cannabis".*

Avicanna LATAM

On March 28, 2018, we incorporated Avicanna LATAM, a wholly owned subsidiary of Avicanna, in Colombia. Avicanna LATAM employs our Colombian operation's team of executives, and our agricultural, engineering, horticulture, and genetic experts. Avicanna LATAM and its team act as a manager and

intermediary body that is focused on maintaining efficient operating practices for our cultivation and extraction operations. Avicanna LATAM provides a low cost outsourced alternative to hiring permanent individuals for roles that are typically higher cost or its own contractors or consultants during busy and expensive phases of construction.

SN and SMGH

Avicanna's interest in SN and SMGH represents the cultivation business of Avicanna. The acquisition of our interests in SN and SMGH are significant acquisitions in accordance with applicable securities laws. For more information on the acquisition of such interests and the businesses of SN and SMGH please see the disclosure under "*Our Business – Cultivation – Sativa Nativa"* and *"Our Business – Cultivation- Santa Marta Golden Hemp".*

Our History

The following is a summary of certain material developments since incorporation.

Previous Financings

On incorporation, we issued 7,000,000 Common Shares for gross proceeds of $70. Each Common Share was issued at $0.00001 per Common Share. See "*Risk Factors – Listing of Common Shares*".

On April 21, 2017, we issued 2,359,160 units for gross proceeds of $1,651,413. Each unit was issued at $0.70 per unit and included one Common Share and one Warrant. Each Warrant is exercisable into one Common Share at an exercise price of $1.00 per Common Share for a period expiring on the earlier of: (i) April 21, 2019; and (ii) 12 months subsequent to the date we receive a receipt for a final Prospectus.

On December 22, 2017, we closed the first tranche of a private placement, under which we issued 135,000 units for gross proceeds of $270,000. Each unit was issued at $2.00 per unit and included one Common Share and one half of one Warrant. Each whole Warrant is exercisable into one Common Share at an exercise price of $2.50 per Common Share for a period expiring on the earlier of: (i) 18 months from the date of issuance; and (ii) 3 months subsequent to the date we receive a receipt for a final Prospectus.

On December 27, 2017, we closed a second tranche of the private placement, under which we issued 225,000 units for gross proceeds of $450,000. Each unit was issued at $2.00 per unit and included one Common Share and one half of one Warrant. Each whole Warrant is exercisable into one Common Share at an exercise price of $2.50 per Common Share for a period expiring on the earlier of: (i) 18 months from the date of issuance; and (ii) 3 months subsequent to the date we receive a receipt for a final Prospectus.

On January 29, 2018, we closed a third tranche of the private placement, under which we issued 2,015,008 units at a price of $2.00 per unit for aggregate gross proceeds of $4,030,016. Each unit issued under the third tranche of the offering being comprised of one Common Share and one-half of one common share purchase warrant, each such common share purchase warrant entitling the holder thereof to acquire one additional Common Share at a price of $2.50 per Common Share until the earlier of: (i) 18 months from the date of issuance, and (ii) three months after the date that the Corporation completed an initial public offering and listing on a recognized stock exchange in Canada.

On July 31, 2018, we issued 325,324 Common Shares for gross proceeds of $2,374,865. Each Common Share was issued at $7.30. Mr. Davila Char acquired, indirectly through various corporations he owns or controls, 177,296 Common Shares under this private placement.

Special Warrant Financing

On December 13, 2018, we completed the First Closing of the Offering pursuant to which we issued 540,484 Special Warrants at a price of $8.00 per Special Warrant pursuant to the terms of the Agency Agreement with the Agents. Each Special Warrant will be automatically exercised, without payment of additional consideration or action by the holder into one Qualifying Share and one Qualifying Warrant Mr. Davila Char indirectly acquired 254,156 (approximately 47%) of these Special Warrants. On March 13, 2019 we amended the Agency Agreement to provide for: (i) the Second Closing; and (ii) to reflect the correct syndicate. We currently do not have any indication as to whether any of our insiders intend on participating in the Second Closing.

It is not currently known how many Special Warrants will be issued under the Second Closing. We anticipate being able to issue up to a maximum of approximately 1,459,516 for a total of 2,000,000 Special Warrants, however the actual number could be lower than this anticipated amount. See: "*Plan of Distribution*".

The Debenture Offering

On March 1, 2019 we completed a non-brokered private placement offering of Debentures. The Debentures were issued as part of a unit which included 62.5 Debenture Warrants for every $1,000 principal amount of debenture acquired. Pursuant to the offering of Debentures we raised gross proceeds of $783,000 and issued: (i) Debentures having an aggregate principal amount of $783,000 (issued in denominations of $1,000); and (ii) 48,937 Debenture Warrants. The Debentures are governed by and issued pursuant to the terms of the certificates evidencing the Debentures (the "**Debenture Certificates**"). The Debentures incur interest at 8.0% per annum and have a maturity date of March 1, 2021 (the "**Maturity Date**"). Mr. Davila Char indirectly acquired an aggregate principal amount of $406,000 Debentures and 25,375 Debenture Warrants.

The Debentures are direct obligations and are not secured by any mortgage, pledge, hypothec or other charge and are subordinated to all other prior indebtedness. The Debenture does not restrict us from incurring additional indebtedness for borrowed money or from mortgaging, pledging our charging our assets to secure any indebtedness. The Debentures are transferable in accordance with the Debenture Certificates.

Each Debenture will be convertible at any time at the option of the holder thereof into fully paid and non-assessable Common Shares at any time prior to 5:00 p.m. (Toronto time) on the earliest of: (i) the Maturity Date; and the Voluntary Conversion Date (as defined in the Debenture Certificates) at the Conversion Price, representing a conversion rate of 125 Common Shares per $1,000 principal amount of Debentures, subject to adjustment in accordance with the Debenture Certificates. Upon conversion of any Debentures, the holder thereof will also receive all accrued and unpaid interest thereon in Common Shares issued at the Conversion Price.

The Debenture Certificate provides for the adjustment of the Conversion Price in certain events including: (i) the subdivision or consolidation of the outstanding Common Shares; (ii) the issuance of Common Shares or securities convertible into Common Shares by way of stock dividend (other than the issue of Common Shares to holders of Common Shares who have elected to receive dividends in the form of Common Shares in lien of dividends paid in the ordinary course or the Common Shares) to the holders of all or substantially all of the outstanding Common Shares; (iii) the issuance of rights or warrants to all or substantially all the holders of Common Shares entitling them to acquire Common Shares or other securities convertible into Common Shares at less than 80% of the then Current Market Price (as defined hereafter) of the Common

Shares; and (iv) the distribution to all holders of Common Shares of any securities or assets other than Common Shares.

Provided the Common Shares are then listed on a recognized stock exchange, the term "Current Market Price" is defined in the Debenture Certificates to mean, on any day the volume weighted average trading price of the Common Shares on such exchange for the 20 consecutive trading days ending on the fifth trading day preceding such date.

Subject to prior regulatory approval, if required, there will be no adjustment of the Conversion Price in respect of any event described in (ii), (iii) or (iv) above if the holders of the Debentures are allowed to participate as though they had converted their Debentures prior to the applicable record date or effective date of such event. We will not be required to make adjustments to the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%. However, any adjustments that are less than 1% of the Conversion Price will be carried forward and taken into account when determining subsequent adjustments.

In the case of: (i) any reclassification, capital reorganization or change (other than a change resulting only from consolidation or subdivision) of the Common Shares; (ii) our amalgamation, arrangement, consolidation or merger with or into any other entity; (iii) the sale, transfer or other disposition of our properties and assets as, or substantially as, an entirety to any other entity; or (iv) our liquidation, dissolution or winding-up, the terms of the conversion privilege will be adjusted so that each Debenture will, after such reclassification, capital reorganization, change, amalgamation, arrangement, consolidation, merger, sale, transfer, disposition, liquidation, dissolution or winding-up, be exercisable for the kind and amount of our securities or property, or of such continuing, successor or purchaser entity, as the case may be, which the holder thereof would have been entitled to receive as a result of such disposition, liquidation, dissolution or winding-up if on the effective date thereof it had been the holder of the number of Common Shares into which the Debenture was convertible prior to the effective date thereof.

On the Maturity Date, the remaining Debentures and all accrued interest thereon up to but excluding the Maturity Date will be automatically converted into Common Shares at the Conversion Price.

No fractional Common Shares will be issued upon the conversion of the Debentures and the holder of the Debentures will receive a cash payment in satisfaction of any fractional securities date required on the basis of the conversion price of the Conversion Time. All Debentures converted will be cancelled and may not be reissued or sold.

In connection with the issuance of the Debentures, we issued 48,937 Debenture Warrants. Each Debenture Warrant entitles the holder thereof to acquire one Common Share at a price of $10.00 per share for a period of 12 months following March 1, 2019, subject to our right to accelerate the expiry date of the Debenture Warrants upon 30 days notice in the event that our Common Shares become listed on a recognized stock exchange and the volume weighted average trading price of the Common Shares equals or exceeds $12.50 for a period of 10 consecutive trading days on such exchange. See "*Prior Sales*".

In addition to the above, a history of other material developments to our business since incorporation is discussed below under the headings "*Our Business – Research & Development – Background*" and "*Our Business – Cultivation – Background*" and "*Our Products*".

OUR BUSINESS

Overview

We aim to establish ourselves as a leader in the global medical cannabis industry through our product discovery and development processes, intellectual property portfolio, strategic relationships, and cultivation infrastructure. We have the infrastructure in place to begin to cultivate cannabis and produce the Extracts required in the formulation of our products that we created through our research and development program. See "*Our Business - Cultivation*", "*Our Business - Research and Development*" and "*Our Products*".

We believe that our business segments, of research and development or "R&D" and cultivation, strategically position us to be a front runner in the development, manufacturing and commercialization of plant-derived cannabinoid-based products and Extracts throughout North America, Latin America, Europe and Asia.

We intend to capitalize on the nexus between our R&D and cultivation business segments where the intellectual property gained from our R&D efforts is used to inform and improve our cultivation and extraction activities and the raw materials from our cultivation and extraction activities can be used to created tailored Extracts required for our proprietary formulations, in both cases, to benefit from a reduced cost from what would be incurred through purchasing such intellectual property or raw materials, as the case may be, from third parties.

We are growing our network of strategic relationships with institutions we believe to be best-in-class and market leading located around the world to assist with the achievement of our business objectives, including large-scale, environmentally sustainable cultivation, scientific R&D, and manufacturing and distribution.

Research and Development: Our R&D business is primarily conducted out of Canada at our headquarters in the Johnson & Johnson Innovation centre, JLABS @ Toronto. Our scientific team develops products and we have engaged the services of researchers at the Leslie Dan Faculty of Pharmacy at the University of Toronto ("**U of T Faculty of Pharmacy**") to optimize and improve upon our products. See "*Our Business – Research and Development*".

Cultivation: We control two companies located in Santa Marta, Colombia that are authorized to cultivate and process cannabis for the production of Extracts, including CBD and THC. Although we are still in the registration and quota-setting phase of development, we have the infrastructure in place to commence cultivation and production of Extracts upon receipt of the required regulatory approvals. Over the following years we intend to allocate significant resources to our Colombian cultivation subsidiaries as we aim to become global leaders in high quality and low cost mass production of Extracts. While our Colombian subsidiaries will focus on large-scale cultivation, any extraction and further refinement or purification of the Extracts is expected to be completed by licensing our proprietary methods and processes. We expect our Colombian subsidiaries to add value to our business by generating revenue from the direct distribution of Extracts to third parties and by using the Extracts in the manufacture of our own products. See "*Our*

	Business – Cultivation", "*Regulatory Framework – Genetic Registration Process in Colombia*" and "*Our Products*".
Products	The products that we intend to manufacture and distribute are grouped into four main categories, namely, pharmaceuticals, phtyo-therapeutics, derma-cosmetics and Extracts. While most of our pharmaceutical products are still in either Phase I or Phase II of development, the formulation, indications, packaging and marketing with respect to our other product groups is generally complete or in the process of being finalized. We have certain manufacturing agreements already in place and are in the process of setting up the additional distribution and manufacturing agreements to bring our products to market. We intend to have our products produced using Extracts created with our proprietary extraction techniques developed through our R&D processes at our Colombian facilities using our cultivated cannabis. See "*Our Products*" and "*Manufacturing and Distribution of our Products*".

RESEARCH AND DEVELOPMENT

History and Development

The starting concept for our business arose from a problem inherent in the transition in Canada from a government-run medical cannabis regulatory framework to that of a privatized system in which patients would, initially and for some time after, only be permitted access to cannabis for medical purposes in an inhalable format – dried cannabis flower. In May 2015, the founders of Avicanna, Aras Azadian, Kyle Langstaff, and Setu Purohit (collectively, the "**Founders**"), recognized that healthcare professionals, the gatekeepers of the new commercial medical cannabis system, were hesitant to give access to a product that has traditionally been known to be consumed in a manner that may have adverse effects on the lungs. The Founders further recognized that for a product to be considered a therapy and to be recommended by healthcare professionals, it would be important to provide data collected and analyzed from well-run clinical studies to all relevant stakeholders – patients, healthcare professionals, payors, and regulators.

Those two understandings form the basis of our foundational concept – the development of novel cannabinoid therapeutic products backed by clinical research data.

This positioning in the medical cannabis industry in Canada allowed us to attract key skilled personnel who have assisted us in developing our mandate, including scientists, clinicians, strategic business advisors, and biopharmaceutical industry senior managers. This positioning also helped us attract interest from respected academic and clinical research institutions looking to partner with us on clinical and research development initiatives.

JLABS @ Toronto Licence Agreement

On April 10, 2017, we signed a one year licence agreement (the "**JLABS @ Toronto Licence Agreement**") to become a resident company of JLABS @ Toronto, located in the MaRS Discovery District and strategically located among the major academic and medical research centres in Toronto, including the University of Toronto, UHN, SickKids, Sinai Health System, St. Michael's Hospital, Sunnybrook Health Sciences Centre, and the Centre for Addiction and Mental Health. The term of this licence agreement was

subsequently extended pursuant to an amendment of the licence agreement, with the extended term expiring on April 10, 2019.

We have increased our footprint at JLABS @ Toronto from one office in April 2017 to currently occupying two offices, a lab suite, and two additional lab benches. We expect to extend the term of the JLABS @ Toronto Licence Agreement prior to its expiry in April 2019.

JLABS is a collaboration among Johnson & Johnson Innovation, the University of Toronto, MaRS Discovery District, Janssen Inc., MaRS Innovation, and the Government of Ontario and provides us with access to a 40,000 square foot facility that includes lab space, state-of-the-art equipment, and access to scientific, industry and capital funding experts. JLABS operates on a no strings attached model of incubation accelerators that do not take any equity or any rights to products, revenue or control.

My Cannabis

On June 1, 2017, we acquired My Cannabis from Setu Purohit and Kyle Langstaff (two of the three Founders), each a related party of the Corporation. The total purchase price was satisfied through the issuance of 100,000 Common Shares (at a deemed issue price of $0.70 per Common Share) to each of Setu Purohit and Kyle Langstaff. The acquisition closed on June 1, 2017 and there are no ongoing payments or additional benefits related to the transaction payable to related parties. The Corporation believes that the transaction was completed on commercially reasonable terms and it was approved by a board resolution passed by the Corporation's independent directors.

My Cannabis is a medical cannabis on-boarding and data collection company. Through the activities of My Cannabis, we build our understanding of the potential therapeutic and medical benefits of cannabinoid products for a wide range of symptoms and conditions. In particular, My Cannabis collects data from registered patients relating to: (i) indications/symptoms addressed; (ii) source of cannabinoid products; (iii) types of cannabinoid products; (iv) frequency of use; and (v) use of other medications in combination with cannabinoid products. My Cannabis generates this information during the patient on-boarding process where patients provide information related to the use of cannabis, as well as their specific medical ailments they use cannabis to treat. My Cannabis also regularly follows-up with registered patients to review the use and effectiveness of the medical cannabis treatment. Data collected by My Cannabis is correlated and used to increase our awareness about the potential therapeutic benefits of cannabinoids. We also analyze the collected data to assist with product and clinical development plans for Avicanna (including drug and product discovery, investigational brochures, or where to focus our resources for product and drug research development initiatives).

UHN Service Agreement

On October 2, 2017, we entered into a Service Agreement with UHN (the "**UHN Service Agreement**") for a 6 month term during which UHN researchers provide services pertaining to the analyses of certain product formulations, including membrane permeability studies and analytical testing on up to 5 products comprising of transdermal patches and topical creams. The products are being analyzed for THC, CBD and their acids. The UHN Service Agreement has been renewed from time to time and currently expires on June 2, 2019, if not further extended. There are no additional funds expected to be incurred with respect to this agreement in the next 12 months.

U of T Sponsored Research and Collaboration Agreement

Effective November 20, 2017, we entered into a Sponsored Research and Collaboration Agreement with the University of Toronto for a project to be performed by Dr. Christine Allen of the U of T Faculty of Pharmacy as the Principal Investigator. Pursuant to this agreement, Dr. Allen, through her role as a professor at the University of Toronto, has committed to doing research using cannabis, hemp, or their extracts or derivatives for drug delivery with Avicanna for a three year term. On November 1, 2018, Dr. Allen was appointed as our Chief Scientific Officer.

All work done under this agreement is performed out of Dr. Allen's laboratory, the Christine Allen Research Group ("**CARG**"), and is conducted pursuant to the appropriate Health Canada authorizations, including an exemption under Section 56 of the *Controlled Drugs and Substances Act* (the "**Section 56 Exemption**"). The Section 56 Exemption permits CARG to possess cannabis, its resin, and cannabinoids.

One of the services performed under the project is the physico-chemical characterization and analysis of our processes and of our products containing various concentrations of THC and/or CBD and laboratory services to optimize and improve their performance. These services help us improve and optimize a number of aspects of our products and processes, including: (i) our extraction and purification processes and methods; (ii) development of assays that assist in our analytical methods; (iii) the solubility and interactions of our excipients in the formulations; (iv) the toxicity of our products; (v) the stability of our products; (vi) permeability of our topical formulations; and (v) the drug release profiles of our products.

Our scientists develop formulations without any cannabinoids in them and leverage CARG's Section 56 Exemption to add in the cannabinoids for further optimization. All activities with cannabinoids performed in Canada are currently performed at CARG, we currently do not have any direct contact with cannabis or cannabinoids.

The project also includes a collaborative portion involving an investigation and assessment of polymer and/or lipid materials that may be compatible for preparing THC and/or CBD delivery systems. The most compatible materials will be used to formulate nanoparticles and their properties will be characterized for size, drug loading, stability, and drug release. The intent of this collaboration is to prepare an oromucosal spray for improved delivery of THC and/or CBD. The collaborative portion of the project is expected to commence by the third quarter of 2019.

All intellectual property and rights developed under the services portion of the project belong solely to Avicanna. The collaborative portion of the project will provide for all newly developed intellectual property rights to be shared Avicanna and the University of Toronto. See: "*Our Intellectual Property – Development and Management Plan*".

For any jointly held intellectual property we have the first right to elect to file a patent and a further option to notify the University of Toronto, within 15 months of the University of Toronto disclosing sufficient details of such intellectual property, that we wish to exercise an exclusive licence to use and exploit the University of Toronto's interest in the intellectual property. The terms of such exclusive licence will be negotiated on commercially reasonable terms. Up until the time that such exclusive licence is executed, the University of Toronto will not be permitted to disclose any of its interest in the applicable joint intellectual property to any third party.

If Avicanna chooses not to exercise its right to obtain an exclusive licence to the University of Toronto's interest in any jointly held intellectual property, Avicanna will be automatically granted a non-exclusive,

royalty-free, fully paid-up, worldwide licence to the University of Toronto's interest in the applicable intellectual property. Any University of Toronto interest will be licensed on an "as is" basis and excluded from any representations and warranties regarding patentability, validity, enforceability or that it is free from infringement of intellectual property rights of any third party. See: "*Our Intellectual Property – Development and Management Plan*" and "*Risk Factors*".

The project commenced with a budget of $126,000 per year for the first 2 years of the 3 year term with the commitment to review the budget and scope at 4 to 6 month intervals. The agreement was amended effective March 5, 2018 and then again effective October 5, 2018 to reflect an expanded scope to include *in vitro* and animal studies as well as the addition of a post-doctoral research fellow and additional research students to assist with advanced formulation development. The total budget for the first 2 years of the project was increased by approximately $310,000. We are not contemplating any additional budget increases over the next 12 months with respect to this project.

The following table outlines the payments paid and payable and various budget amendments for this project:

Payment Date	Amount Paid/Payable	Notes
November 20, 2017	$63,000.00	Based on original budget of $126,000, payments of 63,000 were required every six months from effective date.
March 5, 2018	-	Budget increased to payments of $106,477.14 every six months.
May 20, 2018	$106,477.14	Paid
October 5, 2018	-	Budget increased to payments of $133,414.30 every six months.
February 20, 2019	$133,414.30	Paid
May 20, 2019	$133,414.30	Remains payable
TOTAL Project Cost	**$436,305.74**	

CAIMED Framework Agreement

In September 2018, we entered into an agreement with CAIMED, one of the largest clinical research organizations in Colombia and certified by INVIMA in "Good Clinical Practices". CAIMED has 6 offices in Colombia and also has offices in Panama, Dominican Republic and Mexico. The agreement with CAIMED is a framework agreement that establishes the relationship for clinical studies to be proposed by us and carried out by CAIMED using our products. The parameters for each study will be determined on a case-by-case basis. CAIMED will exclusively work with us for the study of medical cannabis products for the duration of the agreement. The term of the agreement is 5 years and will be automatically renewed, unless terminated by either party at least 30 days before the expiry of any term, for successive 1 year periods.

CAIMED is drafting a study protocol and ethics approval application for a Phase I study to establish the safety of increasing doses of CBD in a topical preparation aimed to be a foundation of our dermatological portfolio for chronic skin conditions. This study is expected to commence within the second quarter of 2019, once the study protocol and ethics approval have been approved. We have allocated $130,000 towards this study to be incurred over the next 12 months.

The Hospital for Sick Children

On November 23, 2018, we signed an agreement with SickKids for Phase II and III clinical studies to explore the safety, tolerability, and efficacy of our topical product containing a pharmaceutical formulation of CBD on patients with a dermatological indication. The agreement lasts two years and has a budget of approximately $240,000 payable by Avicanna. All data and analyses of data resulting from this agreement will belong to Avicanna.

It is anticipated that it will take 4 months to recruit patients and to conduct and finalize Phase II; and it is anticipated that it will take 6 months to recruit patients for Phase III and an additional 8 months to conduct and finalize Phase III. The data entry, analysis, and drafting of the results is expected to be completed within 6 months of completing Phase III. Over the next 12 months, we will be required to spend $50,000 to commence the project upon receipt of the required Health Canada approvals and $100,000 12 months thereafter. An additional $50,000 is payable within 18 months of the start of the project with remaining amounts payable upon project completion. See "*Our Business – Research and Development - Summary of R&D Activities*" below.

UWI Services Agreement

On December 12, 2018, we signed a service agreement with UWI (the "**UWI Services Agreement**") relating to two studies – a prevalence study and a follow-on intervention study. The prevalence study will determine the prevalence of neuropathic pain in a random sample of 500 to 600 patients. It is expected that data collection for this study will commence in early 2019 and be completed on or about July 30, 2019.

The prevalence study is expected to identify a sample of approximately 100 to 120 patients who present themselves with neuropathic pain. These patients will be entered into an intervention study which will be a double blind cross over study using one or more of our proprietary cannabinoid sustained-release formulations containing CBD and/or THC. The intervention study is expected to be considered a Phase II trial for drug development purposes.

The cost of the prevalence study is approximately $110,000. The cost for the intervention study will be determined on commercially reasonable terms after receiving the results from the prevalence study. All data and analyses of data resulting from this agreement will belong to Avicanna. See: "*Our Intellectual Property – Development and Management Plan*".

U de A Framework Agreement

Universidad de Antioquia ("**U de A**") is a public university located in Medellin, Colombia and is a major academic and research institution in Colombia. We anticipate entering into a framework agreement in early 2019 that will allow us to perform specific projects with U de A researchers at the Faculty of Medicine. It is proposed that the Faculty of Medicine at U de A will work with us on an exclusive basis relating to the medical uses of cannabis for the term of the agreement, which is expected to be 4 years. Each project will be documented in separate ancillary agreements and each agreement will describe the project parameters, responsibilities and respective rights of the parties. Upon entering into the framework agreement, we expect to negotiate project parameters for our anticipated Phase I studies of our pharmaceutical products. Note that, as of the date of this Prospectus, no agreement has been entered into and there can be no assurance that any agreement will be entered into as contemplated or at all. See "*Risk Factors*".

Summary of R&D Activities

Our research and product development activities are ongoing and are anticipated to include the development of new CBD-based products and formulations, commencement of Phase I and Phase II clinical trials for select products and the establishment of partnerships with key research partners around the world to broaden our collaborative research activities. The following is a summary of the various agreements we have entered into for our R&D activities, outlining the current status of the activities under such agreements and the next expected milestones thereunder.

Agreement	Services Provided	Current Status	Timing of Next Milestone
UHN Service Agreement	Analyses of product formulations, including membrane permeability studies and analytical testing on up to 5 products (transdermal patches and topical creams)	Initial studies on several topical applications. We are awaiting technology transfer to conduct similar studies on a deep penetrating CBD gel	Completion of product analysis is expected in May of 2019.
U of T Sponsored Research and Collaboration Agreement	Physico-chemical characterization and analysis of our processes and of our products containing various concentrations of THC/CBD	Completed characterization of Pura Earth and Pura Elements products. Ongoing analysis of several pharmaceutical formulations under development	We expect to finish the pharmaceutical formulations currently under development by the end of April, 2019
	Optimization of formulations including identification of appropriate materials for THC/CBD delivery systems	R&D is ongoing on over 15 oral and topical formulations with various release profiles.	Identification of lead candidate formulations for oral and topical administrations is targeted for the end of Q2, 2019
CAIMED Framework Agreement	Study protocol and ethics approval application for Phase I study to establish safe dosage limits of CBD in our dermatological preparations	Application is being drafted	Application will be submitted for ethics approval in March of 2019 and we expect the Phase I of the study will commence upon approval of the application
Hospital for Sick Children	Clinical studies to explore safety, tolerability and efficacy of CBD on patients with dermatological indication.	In discussions with Health Canada	Targeting to submit application to Health Canada for approvals in March of 2019 Expected to have full recruitment and complete Phase II by Q2 of 2019 Recruitment for Phase III to commence late 2019/early 2020

Agreement	Services Provided	Current Status	Timing of Next Milestone
UWI Services Agreement	Prevalence study of neuropathic pain	Ethics approval obtained	Data collection for study to commence in Q2 2019 and is scheduled to be completed by the end of July 2019
	Intervention study (Phase II)	Not yet commenced	Intervention study to commence upon identification of subjects from prevalence study

CULTIVATION

In 2018, we acquired a controlling interest in two companies in Colombia focused on commercial cannabis activities. Both companies are located in Santa Marta, Colombia in the foothills of the Sierra Nevada mountains. The location offers 12 hours of daily sunlight year-round, while the tropical weather of Santa Marta and micro-climate of the Sierra Nevada mountains provide optimal conditions to maximize the number and amount of harvests. Access to cost efficient energy sources and construction labour allow for affordable expansion and production. Both companies also have easy access to the local Santa Marta shipping port which is expected to provide low cost shipping for export.

The two companies, SN and SMGH, focus on cultivating high yielding THC and CBD plants, and the production of Extracts to be made available for wholesale distribution. We have several export targets for wholesale distribution, and are developing key relationships within the European Union, Mexico and Chile. We are exploring relationships with potential partners in Germany who might assist SN and SMGH in applying for Good Agricultural and Collection Practices ("**GACP**") certification of its their facilities. If received, GACP certification will create the possibility for international wholesale export of Extracts to Germany and other EU countries. With the Santa Marta shipping port in close proximity to the cultivation lands, we expect to have the appropriate infrastructure in place as soon as we are able to begin exporting Extracts.

Sativa Nativa

SN is a licensed cannabis producer focused on large scale production of indoor and outdoor greenhouse (and shadehouse) cannabis flower and the subsequent production and extraction of cannabis extracts for domestic and international distribution. SN is focused on harnessing the optimal weather conditions of Colombia to operate an economic, environmentally sustainable, and socially responsible cultivation project which adheres to the standards of GACP. For more information please see the financial information with respect to SN included in Schedule B to this Prospectus.

Background

We acquired our initial interest in SN pursuant to a share purchase and subscription agreement (the "**SN SPA**") with Jose Rafael Lopez Vergara ("**Vergara**"), Sergio Aurelio Puerta ("**Puerta**"), and Carlos Andres Jimenez ("**Jimenez**"). At that time, SN had applied for a psychoactive (THC dominant strains) cannabis cultivation licence and a cannabis derivatives manufacturing licence and on January 4, 2018 it applied for a non-psychoactive cannabis cultivation licence (collectively the "**Licences**"). SN had applied for the Licences from the Colombian Ministry of Health and Social Protection and the Ministry of Justice and Law. Prior to the negotiation of the SN SPA, Vergara was the sole shareholder of SN. Pursuant to the SN SPA,

each of Puerta, Jimenez, and Avicanna subscribed for common shares in the capital of SN (each an "**SN Share**"). The effect of these subscriptions was that, on closing, Puerta owned approximately 25% of the SN Shares, Jimenez owned approximately 3% of the SN Shares, Avicanna owned approximately 35% of the SN Shares and Vergara owned the remaining 37%.

On August 18, 2017, each of Avicanna, Vergara, Puerta, and Jimenez entered into a shareholders' agreement (the "**SN Shareholders' Agreement**") which sets out the principal terms and conditions that govern the relationships between the shareholders of SN. The SN Shareholders' Agreement does not contain any provisions that require unanimous approval. Pursuant to the terms of the SN Shareholders' Agreement, SN cannot issue any type of securities without Avicanna's approval. The SN Shareholders' Agreement also includes: (i) a right of first refusal provision for the shareholders in the event that another shareholder desires to sell or transfer any shares; and (ii) a provision that prohibits the dilution of Avicanna's ownership interest in SN Shares below 30%.

On December 6, 2017, SN purchased a 2.8 hectare plot of land in Santa Marta Colombia from Inversiones Frutas del Campo S.A.S. for approximately CAD $92,440 and the issuance of 925,606 SN Shares (equal to 3% of the total issued and outstanding SN Shares at that time).

On February 21, 2018, SN issued 63,510,032 SN Shares (equal to approximately 25% of the total issued and outstanding SN Shares at that time) to Avicanna for a total subscription price of USD $750,000 (approximately CAD $900,000). This subscription increased Avicanna's ownership interest from 35% to 60% of the total issued and outstanding SN Shares.

On March 1, 2018, Avicanna exchanged an aggregate of 9,661,814 SN Shares held by Vergara for 90,000 Common Shares and exchanged 6,441,209 SN Shares held by Puerta in exchange for 60,000 Common Shares. As a result, Avicanna now holds approximately 70% of the SN Shares.

The Licences

SN's cultivation operations are currently situated on a 2.8 hectare plot of land, which it owns. SN also holds an option to purchase an additional twenty contiguous 27 hectares of land that is contiguous. However, SN has no plans to exercise the option to purchase that additional land at this time. SN has been issued licences for both the cultivation of psychoactive and non-psychoactive cannabis plants and also the requisite licences for production, manufacturing, extracting, distributing and exporting. Below is a table explaining each licence held as well as the specific activity each licence permits.

Licence	Activities	Resolution Number	Date Issued	Expiry Date	Issuing Authority	Amendment
Manufacturing of Cannabis Derivatives	National Use	5221	18-Dec-2017	17-Dec-2022	Ministry of Health and Social Protection	Amended August 17, 2018 by Resolution 3465 to amend the named Legal Representative of Sativa Nativa and the permitted location to perform the activities from "Ronda" to "Bonda" (spelling mistake)
	Exportation					

Licence	Activities	Resolution Number	Date Issued	Expiry Date	Issuing Authority	Amendment
Cultivation of Psychoactive Cannabis	Production of Seeds for sowing	1102	29-Dec-2017	28-Dec-2022	Ministry of Justice and Law	Amended July 24, 2018 by Resolution 674 to amend the named Legal Representative of Sativa Nativa
	Manufacture Cannabis Derivatives	1102	29-Dec-2017	28-Dec-2022		
	Production of grain	674	24-Jul-2018	28-Dec-2022		
Cultivation of Non-Psychoactive Cannabis	Production of seeds and grain for planting	230	07-Mar-2018	06-Mar-2023	Ministry of Justice and Law	Amended July 24, 2018 by Resolution 673 to amend the named Legal Representative of Sativa Nativa
	Manufacture of derivatives					
	Industrial Purposes					

Cultivation Facilities

Currently, the SN facilities include 50,000 square feet of shadehouse and 20,000 square feet of customized greenhouse space that are being used for cultivating plants that are undergoing the characterization process to register the genetics that would permit SN to grow plants on a commercial basis. Once the characterization process is completed and our genetics are registered we can commence commercial growing. Currently, the production capacity is 250 kilograms of dried flower each month.

Depending on available funds, we intend to expand the SN facilities to include the 20,000 square feet of customized greenhouse space as well as approximately 100,000 square feet of total shadehouse space readily available for cultivation. The projected production capacity upon completion of the first phase of construction is approximately 600 kilograms of dried flower each month. See: "*Use of Available Funds*" and "*Regulatory Framework – Genetic Registration Process in Colombia*".

Cannabis Genetics

Colombian legislation requires cannabis companies to characterize and register each genetic strain of cannabis it intends to cultivate with the ICA entity attached to the Ministry of Agriculture & Rural Development. Registering our genetics is the catalyst to obtain quotas for the cultivation of psychoactive cannabis. We have applied for and expect to receive authorization to characterize strains in SN in the first quarter of 2019 and intend on characterizing a minimum of 10 strains for eventual registration for commercial cultivation. See: "*Regulatory Framework – Genetic Registration Process in Colombia*".

Proposed Transaction

On January 2, 2019, we entered into a binding letter of intent with Mountain Valley MD Inc. ("**Mountain Valley**"). Pursuant to the letter of intent Mountain Valley has agreed to: (i) subscribe for newly issued SN

Shares equal to 10% of the then total issued and outstanding SN Shares, for $2,800,000 in cash; (ii) Mountain Valley would acquire an additional 5% of the then total issued and outstanding SN Shares from Avicanna for $1,400,000 in cash; and (iii) acquire an additional 10% of the then total issued and outstanding SN Shares from the other shareholders of SN for $600,000 in cash and $2,200,000 worth of Mountain Valley shares. At the close of the proposed transaction Mountain Valley will hold 25% of the total issued and outstanding SN Shares with Avicanna retaining 58% of the outstanding SN Shares. Completion of the transaction is anticipated to occur in February of 2019 and is subject to various conditions, including the completion of Mountain Valley's customary due diligence and the execution of a definitive agreement. It is contemplated that upon execution of such definitive agreement, SN would enter into an agreement with Avicanna LATAM pursuant to which Avicanna LATAM would manage the operations of SN on an "at cost" basis, meaning that the fees paid to Avicanna LATAM by SN would be equal to the cost of Avicanna LATAM resources put towards operating SN. Additionally, pursuant to the letter of intent, SN has agreed to grant Mountain Valley a right of first refusal to export SN products to Australia and the United States. Note that, except for the binding letter of intent, no definitive agreement has been entered into and there can be no assurance that any definitive agreement will be entered into as contemplated or at all.

Provided the proposed transaction is completed as contemplated in the letter of intent, Avicanna expects to receive $3,883,000. The funds available to Avicanna pursuant to the proposed transaction are expected to be allocated to achieving the business objectives of SN. Mountain Valley is currently in the process of completing their due diligence on the acquisition and we expect the acquisition to close in the first quarter of 2019. See "*Use of Available Funds*", "*Use of Available Funds – Business Objectives & Milestones*" and "*Risk Factors – Forward Looking Statements*".

Santa Marta Golden Hemp

SMGH is federally licensed to cultivate, extract, export and manufacture cannabinoids and cannabinoid containing products using GACP standards. It is located in Santa Marta, Colombia, close to the SN lands, and therefore enjoys all of the same environmental and economic benefits for low cost cultivation and intends to operate an economic, environmentally sustainable, organic and socially responsible cultivation project which adheres to GACP standards. For more information please see the financial information with respect to SMGH included in Schedule B to this Prospectus.

Background

On October 22, 2018, we completed the purchase of 60% of the total issued and outstanding common shares of SMGH from Inmobiliaria Bondue S.A.S. ("**Bondue**") pursuant to a master investment agreement ("**IMA**") which governed the disposition of the 60% interest in SMGH to Avicanna pursuant to the SMGH SPA (defined below), the subscription for 1,477,818 Common Shares at a price of $7.30 per Common Share by We Bay S.A.S. ("**We Bay**"), an affiliate of Bondue, and the terms of the SMGH Shareholders' Agreement (defined below).

As part of this transaction, Giancarlo Davila Char was appointed to the Board in accordance with the nomination rights of Bondue pursuant to the provisions of the SMGH SPA. Bondue's nomination right by virtue of the SMGH SPA will terminate upon the listing of the Common Shares on the CSE.

Following the terms of the IMA, Avicanna entered into a shareholders agreement (the "**SMGH Shareholders' Agreement**") with Bondue and one other minor shareholder, Lucas Echeverri Robledo. The SMGH Shareholders' Agreement requires that all major decisions of SMGH (such as the sale of all or any substantial part of the business, approval of annual financial statements, or the capitalization of SMGH)

must be made with an affirmative vote of at least 80% of the issued and outstanding shares of SMGH. Furthermore, the SMGH Shareholders' Agreement provides that in the event of a deadlock in approving a major decision, and a shareholder, acting reasonably, determines that in the absence of approving that major decision there will be a material adverse effect to the business of SMGH, and the deadlock cannot be resolved in the prescribed period of time, that shareholder must deliver a notice to the other shareholders setting a price per share to either be purchased or sold. The SMGH Shareholders' Agreement provides the shareholders further assurances that any capitalization will be done on a pro rata basis and the shareholders agreed to vote their shares in favor of a capitalization by Avicanna of USD $2,000,000 and further agreed that this capitalization will not change the ownership interests of the shareholders. The SMGH Shareholders' Agreement also provides the shareholders of SMGH with a right of first refusal, as well as a right of first offer in the event any of the shareholders receive an offer to sell, or wish to dispose of their shares. In addition, the SMGH Shareholders' Agreement also provides the shareholders with a drag-along right in the event a shareholder, holding more than 60% of the issued and outstanding shares, receives a bona fide offer from a third party to buy all of the shares of SMGH. Likewise, the SMGH Shareholders' Agreement provides tag-along rights to minority shareholders, on a pro-rata basis, in the event a majority shareholder wishes to transfer 50% of the shares currently held by that shareholder.

Licences

SMGH's cultivation operations are currently situated on its 16-hectare parcel of land. SMGH has been issued licences for both the cultivation of psychoactive and non-psychoactive cannabis plants and also the requisite licences for production, manufacturing, extracting, distributing and exporting. Below is a table explaining each licence held as well as the specific activity each licence permits.

License	Modalities	Resolution Number	Date Issued	Expiry Date	Issuing Authority	Amendments
Cultivation of Psychoactive Cannabis	Seed Production for Sowing	973	24-Nov-2017	23-Nov-2022	Ministry of Justice and Law	Amended June 1, 2018 by Resolution 472 to permit cultivation for scientific purposes
	Grain Production					
	Manufacturing Cannabis Derivatives					
	Scientific Purposes	472	01-Jun-2018	23-Nov-2022		An amendment has been submitted to amend the named Legal Representative of SMGH
Manufacturing of Cannabis Derivatives	National use	4282	27-Oct-2017	26-Oct-2023	Ministry of Health and Social Protection	Amended October 10, 2018 by Resolution 3466 to permit manufacture derivatives for scientific purposes
	Exportation					

License	Modalities	Resolution Number	Date Issued	Expiry Date	Issuing Authority	Amendments
	Scientific Purposes	3466	27-Oct-2018	26-Oct-2023		An amendment has been submitted to amend the named Legal Representative of SMGH
Cultivation of Non-Psychoactive Cannabis	Production of Grain and Seeds for Planting	463	29-May-2018	28-May-2023	Ministry of Justice and Law	An amendment has been submitted to amend the named Legal Representative of SMGH
	Grain Production					
	Manufacturing Cannabis Derivatives					
	Scientific Purposes					
Quota for cultivation of psychoactive plants for scientific purposes (Pre-Evaluation)	Granted permission to cultivate 171 plants	713	31-Jul-2018	31-Dec-2018(1)	Ministry of Justice and Law	
Quota for cultivation of psychoactive plants for scientific purposes (Characterization)	Granted permission to cultivate 80 different genetic strains of cannabis; 50 plants per genetic strain permitted	594	29-Jun-2018	31-Dec-2018(1)	Ministry of Justice and Law	
Inscription at the FNE, to manufacture cannabis derivatives	National use	763	26-Dec-2017	25-Dec-2022	FNE an entity of Ministry of Health and Social Protection	Amended September 9, 2018 by Resolution 639 to permit manufacture of cannabis derivatives for scientific purposes
	Exportation					
	Scientific Purposes	639	14-Sept-2018	25-Dec-2022		

Note:

(1) The licences require that activities commence on the land prior to the expiry date. We commenced the authorized activities with respect to these licences prior to the expiry date.

Cultivation, Extraction and Analytical Laboratory Facilities

The SMGH site currently includes 160,000 square feet of shadehouse space and 20,000 square feet of customized greenhouse space with a production capacity of 1,000 kilograms of dried flower per month. The SMGH site also has a post-harvest processing laboratory which includes extraction, distillation, and isolation of cannabinoids in addition to analytical testing and quality control. Our current extraction and laboratory infrastructure has the capacity to process up to 50 kilograms of dried cannabis flower per day and allows us to have different fractionations of cannabinoids with different concentrations and purities for various Extracts, including resins, distillates and isolates.

Extraction and refinement (distillation and isolation) are done using processes developed by Avicanna and are thus commercially sensitive proprietary information to Avicanna. In November 2018, we produced 99% pure CBD isolate from a pre-characterization harvest. See "*Cultivation – Santa Marta Golden Hemp – Cannabis Genetics*" below.

Depending on available funds, we plan to increase the size of the laboratory and cultivation facilities with the goal of the SMGH site being our main site for cultivation and extraction.

Depending on timing of available funds and the amount raised under the Second Closing, we plan to start construction of the SMGH build-out during the second quarter of 2019. The total cultivation capacity is planned to be approximately 270,000 square feet under shadehouses and an additional 20,000 square feet under a greenhouse. The total estimated production capacity of SMGH, after this initial phase of construction is complete, is approximately 1,400 kilograms of low cost and sustainable cannabis dried flower per month. The SMGH cultivation centre will operate using GACP and is preparing to achieve organic certifications. We expect to start the process to obtain organic certifications for our processes in SMGH in the first quarter of 2019.

It is also our plan to expand our laboratory facilities by constructing a new 20,000 square foot facility which will be used for post-harvest processing under GACP and will include a 6,000 square foot extraction and analytical laboratory facility using GMP and Good Laboratory Practices. Depending on available funds, we expect construction of this laboratory to take approximately 4 – 6 months. This proposed new facility is designed to have the capacity to process up to 500 kilograms of dried cannabis flower per day. SMGH's analytical laboratory is intended to maintain internal quality control and quality assurance of the Extracts it produces. These analytical testing methods and processes will be our proprietary intellectual property and know-how for extraction and purification (distillation and isolation) of the cannabinoids from the dry flower. See "*Use of Available Funds"* and *"Our Intellectual Property Development and Management Plan"*.

Cannabis Genetics

Colombian legislation requires cannabis companies to characterize and register each genetic strain of cannabis it intends to cultivate with the Colombian Agriculture Institute entity attached to the Ministry of Agriculture & Rural Development. Registering our genetics is the catalyst to obtain quotas for the cultivation of psychoactive cannabis. SMGH has been granted a quota to cultivate 171 plants for the pre-characterization stage and has also been granted a quota to cultivate 50 plants of 80 different genetic strains for the purpose of characterizing the genetics for registration. We expect to receive registration and approval of the characterization of the genetics from the ICA by the second quarter of 2019 at which time we plan to apply for commercial scale quotas for cultivation of our registered psychoactive cannabis plants for SMGH. We do not foresee any issue in obtaining these registrations. Once we have received our quotas,

we plan to begin growing our first commercial scale crop. See "*Regulatory Framework – Genetic Registration in Colombia*".

Investment in Cultivation

To date, we have invested a total of $5.6 million towards the acquisition, development and construction of our cultivation facilities. Depending on funds available to us pursuant to the Second Closing we anticipate investing an additional $2.5 million to further expand the facilities. See: "*Use of Available Funds – Business Objectives and Milestones*".

Industry Competition

We operation in a fast-growing market that has created a competitive environment for companies who provide goods and services to the cannabis industry. However there remains a significant lack of traditional sources of bank lending and equity capital available to fund the operations of companies in the cannabis sector. Because of the rapid growth of this sector, we face competition from other companies in the sector who are accessing the equity capital markets. See "*Risk Factors*".

The industry is also entering a period of significant consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Corporation. To remain competitive, we will require a continued level of investment in research and development and protection and capitalization of our proprietary information. Readers are cautioned that we may not have sufficient resources to maintain research and development and cultivation a competitive basis which could materially and adversely affect our business, financial condition and results of operations. See "*Risk Factors*".

There are an increasing number of market entrants in Colombia and, as a result, we anticipate facing increased competition for the production of Extracts. However, we hope to differentiate ourselves from our competitors with our research and development activities and industrial scale extraction, distillation, and isolation equipment to lower the cost of production and, therefore, increase our margins relative to other market participants. As the process for cannabinoid isolation requires specific expertise, and resources and associated costs, we anticipate there to be few companies with the capacity to provide the quality of isolates demanded by companies as they move toward manufacturing practices that require batch-to-batch consistency. See "*Risk Factors*".

We further intend to differentiate from other market entrants with organic agricultural practices and plan to do so at scale.

In jurisdictions that permit Industrial Hemp (including Canada, United States, and Europe), which is a source of CBD for local manufacturers of downstream products, we believe that the climates remain less favourable when compared to Colombia for cost advantages and year-round growth. While certain areas of the United States may share this environmental advantage, the uncertain regulatory framework remains a challenge for the time being.

Our Extracts, when ultimately produced, are expected to be used in the manufacturing of our own products, so that the cost of research and development as well as production can be lowered and controlled as much as possible. Our Extracts, when produced, are also expected to be sold wholesale to third parties as a way to generate revenue from an ever-increasing market size.

Intangible Properties

Our business will be dependent on the protection of our proprietary rights, processes and technology. See "*Our Intellectual Property*".

Cycles

We do not expect our business to be cyclical or seasonal.

Environmental Protections

The operation of our business has no extraordinary environmental protection requirements. As a result, we do not anticipate that any environmental regulations or controls will materially affect our business.

Foreign Operations

At present, approximately half of our operations will be focused in Colombia. For a description of the regulatory environment to which we are subject, please see "*Regulatory Overview*".

Employees, Specialized Skill and Knowledge

As at the date of this Prospectus, Avicanna has 11 employees located in Canada and 21 independent contractors. Of this total, 2 independent contractors are located in the United States, 1 independent contractor is located in Germany, 1 independent contractor is located in Spain and 17 independent contractors are located in Canada.

In addition, as at the date of this Prospectus: (i) Avicanna LATAM has 30 employees and 16 independent contractors, all of which are located in Colombia; (ii) SMGH has 25 employees, all of which are located in Colombia; and (iii) SN has 7 employees, all of which are located in Colombia.

The nature of our business requires specialized knowledge and technical skill around the provision of analytical testing, research and development as well as cultivating, harvesting and production of cannabis in Colombia. The required skill and knowledge to succeed in this industry are available to us through our current employees and management.

Reorganizations

Since incorporation, we have not completed any material reorganization and no material reorganization is currently proposed for the current financial year.

OUR PRODUCTS

The products that we intend to manufacture and distribute are grouped into four main categories, namely, pharmaceuticals, phtyo-therapeutics, derma-cosmetics and Extracts. While most of our pharmaceutical products are still in either Phase I or Phase II of development, the formulation, indications, packaging and marketing with respect to our other product groups is generally complete or in the process of being finalized. We have certain manufacturing agreements already in place and are in the process of setting up the additional distribution and manufacturing agreements to bring our products to market. We intend to have our products produced using Extracts created with our proprietary extraction techniques developed through our R&D processes at our Colombian facilities using our cultivated cannabis. To date, we have not

manufactured, distributed or sold any of the products described below. See "*Our Products – Bringing our Products to Market*".

Cannabis has been used in natural therapies for many years and by many cultures worldwide; we use the information gained from historical records as part of our understanding for how cannabinoids can be used to target various physical conditions, therapeutic areas and diseases. Our concept discovery process includes the review and analysis of anecdotal data collected from external sources such as online publications and information regarding past and present use in various international markets. Internal data collection from My Cannabis and data sharing from our relationships with healthcare professionals assist in our product and clinical development. These concepts are tested through our R&D activities and further realized and enhanced by our strategic relationships with universities and medical establishments. See "*Our Business – Research and Development*".

It is our intention to produce the Extracts needed to manufacture the products from our cultivation and extraction facilities in Colombia and have the products (other than Extracts) manufactured and distributed for us by third parties using our proprietary processes and formulations. See "*Our Products – Manufacturing and Distribution of our Products*".

In Canada, we do not hold any cannabis authorizations that would permit manufacturing or distribution of cannabis products. We do not directly compete with licensed producers in Canada as we are focused on the research and development of more advanced medical cannabis products not currently regulated by the new cannabis legislation in Canada. We do not intend to apply for any manufacturing or distribution licences in Canada. The following provides a summary of the products on which we have concentrated our efforts.

Pharmaceuticals

Our pharmaceutical products follow the traditional drug discovery and development process for eventual submission to the applicable government agencies, such as Health Canada or the FDA, of a drug application for approval and market authorization. Our pharmaceutical products use only isolated Extracts and our intention is to use the isolated Extracts produced by our subsidiaries in Colombia in the pharmaceutical products we offer.

Our initial pipeline of pharmaceutical products will address neurology, dermatology, and pain. Following the completion of our phase I trials on these initial indications we will expand the product line to address oncology, psychiatry and gastrointestinal therapeutic indications. The phase I results of our initial pipeline can be applied to the expanded indications without additional cash investments. We intend to expand our targeted indications following completion of the phase I trials which should start in latter half of 2019.

The pharmaceutical products currently in development are in various stages of pre-clinical and clinical development, as more particularly outlined below.

Neurology

AVCN319301 is our lead candidate for the treatment of neurological disorders. This product is a cannabinoid oral formulation and is under development. Animal studies have shown improved bioavailability relative to administration of other formulations that are available currently from licensed producers in Canada. Further pre-clinical testing is required before we can begin clinical trials. See "*Drug Discovery and Development Process*".

Dermatology

Our dermatology products are meant to be applied on the surface of the skin. Our formulations in this focus area have shown initial promise in addressing certain skin diseases.

We anticipate starting pre-clinical & Phase I studies on our topical products, AVCN585501 and AVCN583301, respectively, in the first half of 2019 for multiple dermatological indications. Phase II trials for both products are expected to commence in the second half of 2019.

We have completed animal pharmacokinetics and toxicology studies on a topical product, AVCN583601, for localized administration of CBD. The studies demonstrated that the formulation provides localized delivery of CBD with less than 0.01% of the total dose administered reaching the bloodstream with no irritation to the skin. This topical formulation is expected to enter a clinical trial at SickKids in the first quarter of 2019. See "*Drug Discovery and Development Process*".

Pain

It is arguable that pain of any origin compromises an individual's quality of life, so therefore, the prevention and management of pain is an important aspect of healthcare. Our current line of pain products under development are intended to address wide ranging forms of pain, including chronic pain, neuropathic pain, pain resulting from inflammatory and joint disorders. The delivery mechanisms for our formulations will vary from ingestible methods to topical applications.

We are in the process of formulation development and pre-clinical testing for cannabinoid topical applications to address chronic pain or pain resulting from joint disorders and expect to conduct animal efficacy studies in early 2019 for our lead candidate, AVCN467501, which will be followed up by Phase I trials. See "*Drug Discovery and Development Process*".

Phyto-therapeutics

Currently, several countries and certain states in the United States have legalized cannabis for medical purposes and allow products such as oil tinctures, creams, capsules and patches in various ratios of THC and CBD. In these jurisdictions, patients must get approval from healthcare professionals to use cannabis for medical purposes. These approvals from the healthcare professionals are not prescriptions, in the traditional sense where the products have been approved and are regulated as medicinal drugs, but rather the healthcare professionals are giving authorization to the patients to use cannabis for medical purposes in certain circumstances. Some jurisdictions have an approved list of conditions for which healthcare professionals must assess the patient before granting their authorization for the patient's access to cannabis. Our Phyto-therapeutics are plant extracts designed for medical or homeopathic use but are not pharmaceuticals or drugs.

In Canada, there is an extensive, but not exhaustive, list of conditions for which a doctor can provide access to cannabis for medical purposes. In addition, medical cannabis products are currently limited to dried cannabis, oil tinctures (cannabis whole plant extract resin and Medium Chain Triglycerides oil), and capsules (tinctures in a capsule).

On December 20, 2018, Health Canada proposed regulations for additional cannabis products, including extracts (which we expect may be used as ingredients in phyto-therapeutic products). These cannabis products will be permitted for legal sale under the Cannabis Act no later than October 17, 2019. The final regulations will be pending a public consultation period and review by the Canadian government.[1] In anticipation of Health Canada's regulation of these more advanced cannabinoid products in the future, we

[1] https://www.canada.ca/en/health-canada/news/2018/12/health-canada-launches-public-consultations-on-the-strict-regulation-of-additional-cannabis-products.html

https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/resources/proposed-regulations-edible-cannabis-extracts-topicals.html

have contracted with Dvine, a GMP manufacturer, to prepare for such a market by outsourcing manufacturing, marketing and sales to Dvine. See "*Our Products – Manufacturing and Distribution of our Products – Dvine Manufacturing and Distribution Agreement*".

In Colombia, we intend to use the Extracts to be produced by SN and SMGH in our phyto-therapeutic products. We intend to manufacture the phyto-therapeutic products through a contract manufacturer, Altea, and to distribute them through pharmacies under our Pura Elements™ brand. Our Colombian operations are intended to also serve as a base to export the Pura Elements™ product line to markets that will permit the corresponding importation of such products. However, we have not currently entered into any agreements with respect to exportation. In Colombia, patients with a healthcare professional's authorization may obtain any form of cannabinoid product through a phyto-therapeutic or a compound pharmacy model. In each of these regulatory frameworks, manufacturers and distributors of medical cannabis products are required to provide applicable data to the relevant regulatory authority.

Pura Elements

We intend to licence or sell the rights to our Pura Elements™ the finalized formulations, ingredients and the method of production of which are trade secrets to Avicanna. See "*Our Intellectual Property*".

Currently, we have the following products developed and available for licence:

Product	Description
Sub-lingual spray	CBD only High CBD | Low THC High CBD | High THC
Capsules	CBD only High CBD | Low THC High CBD | High THC
Oil tinctures	CBD only High CBD | Low THC High CBD | High THC
Topical cream	CBD only
Topical gel	CBD only High CBD | Low THC
Tablets	CBD only High CBD | Low THC High CBD | High THC
Patches	CBD only High CBD | Low THC High CBD | High THC

Derma-cosmetics

We are focused on high-end cosmetics that will be formulations supported by research data as a way to differentiate our product line from those of our competitors. We intend to market our derma-cosmetic products using our Pura Earth™ brand. Our derma-cosmetic products are formulated to maintain and improve the health and beauty of the skin.

We have developed a line of derma-cosmetics that include beauty treatments, moisture & protection products, and specialized care. They are intended to be marketed under various product names, depending on the particular jurisdiction that may permit their sale. These derma-cosmetics products have finalized

formulations and the ingredients and the way that they are made are trade secrets to Avicanna. See "*Our Intellectual Property*".

As more countries begin to regulate cosmetics containing cannabinoids, our intent is for our Colombian operations to be used as a hub for export to these countries. In those cases where we cannot export from Colombia, we will explore ways to find and use a strategic local partner to manufacture and distribute our products in the relevant market.

We believe the market potential for CBD-based products is significant, especially for companies that can control supply of the Extracts to use in their finished products. In markets that will permit imports, we plan to offer our products at what we believe is at a competitive cost with quality and data advantages, given our research initiatives behind our products. In markets which require locally sourced Extracts (such as Canada and certain states in the United States), we plan to licence contract manufacturers and distributors for local sale.

Colombia

INVIMA has accepted mandatory health notices, which allow the commercialization of cosmetic products containing CBD in Colombia. On July 18, 2018, we filed mandatory health notices (*notificaciones sanitarias obligatorias [NSO]*) for 7 derma-cosmetic products in Colombia with the INVIMA containing CBD and we filed 2 more on December 4, 2018, as detailed in the table below.

Product	Compulsory Sanitary Notification Number	Issue Date	Expiry Date	Issuing Authority
Clarifying Cream (a.k.a. Dark Spots)	NSOC86610-18CO	18-Jul-2018	18-Jul-2025	INVIMA
Anti-Aging Cream	NSOC86608-18CO	18-Jul-2018	18-Jul-2025	INVIMA
Eye Contour Cream	NSOC86599-18CO	18-Jul-2018	18-Jul-2025	INVIMA
Intensive Emollient Cream	NSOC86609-18CO	18-Jul-2018	18-Jul-2025	INVIMA
Moisturizing Creams for Skin with Imperfections	NSOC86600-18CO	18-Jul-2018	18-Jul-2025	INVIMA
Body Moisturizing Lotion	NSOC86594-18CO	18-Jul-2018	18-Jul-2025	INVIMA
Facial Moisturizing Lotion (AM)	NSOC86606-18CO	18-Jul-2018	18-Jul-2025	INVIMA
Facial Moisturizing Lotion (PM)	NSOC89512-18CO	04-Dec-2018	04-Dec-2025	INVIMA
Anti-Aging Serum	NSOC89511-18CO	04-Dec-2018	04-Dec-2025	INVIMA

INVIMA is a regulatory authority created under the Colombian Ministry of Health. INVIMA is in charge of granting the NSO, inspecting and supervising the marketing, as well as manufacturing, of all health products within Colombia. INVIMA is responsible for identifying and evaluating any violation of health standards and procedures, in addition to implementing best practices and providing cosmetic approval for the import and export of products.

Cosmetic products in Colombia are regulated by supranational regulations emanating from the Andean Community (a group of trading nations including Colombia, Bolivia, Ecuador and Peru) and by national

regulations, which are applicable without contravention of what is established is the Andean regulations (Andean Decisions 516 of 2002 and 833 of 2018). Marketing of cosmetic products in Colombia require compulsory NSO to INVIMA. The permitted ingredients in cosmetic products in Colombia and their corresponding restrictions or conditions of use are those allowed in the following reference lists: lists and rules issued by the FDA, ingredient lists of The Personal Care Products Council and Cosmetics Europe - The Personal Care Association, and directives or regulations of the European Union Directives (CosIng) that refer to cosmetic ingredients. In the case where one ingredient is allowed in a reference list and prohibited in the other, INVIMA accepts the use of the ingredient in the cosmetic product.

The list of permitted ingredients in the Personal Care Products Council includes CBD and allows cosmetics containing CBD to be marketed as antioxidant, skin protecting and skin conditioning.

This is a significant step for us as it will allow us to commercialize our first products in Colombia, which we intend to do in the second quarter of 2019, using products from our Colombian subsidiaries and leveraging our relationships with our manufacturing and distribution partners - Altea and, eventually, Percos. See "*Our Products – Manufacturing and Distribution of Our Products*".

Canada

On December 20, 2018, Health Canada proposed regulations for additional cannabis products, including topicals (cosmetic products). These cannabis products will be permitted for legal sale under the Cannabis Act no later than October 17, 2019. The final regulations will be pending a public consultation period and review by the Canadian government.[2] In anticipation of Health Canada's regulation of these more advanced cannabinoid products in the future, we have contracted with Dvine, a GMP manufacturer, to prepare for such a market by outsourcing manufacturing, marketing and sales to Dvine. See "*Our Products – Manufacturing and Distribution of our Products – Dvine Manufacturing and Distribution Agreement*".

Extracts

The cannabinoids that we use in our products are plant-derived, meaning that they are extracted from the cannabis sativa plant and are prepared in several fractionations with different cannabinoid purities using proprietary chemical processes to achieve levels of purity that can range from 50% (whole plant extract crude oil) to 80% (distillate) to greater than 99% (isolates). Using isolates in our products allows us to negate the variation that arises from using different strains or genetics of cannabis and, therefore, maintain consistency so that products are similar to a high level of precision, supported by a certificate of analysis through a manufacturer validation process. Isolates are the main Extracts in our products wherever regulations permit.

The cost for Extracts remains relatively expensive even at a wholesale level. However, we anticipate that Extracts will be traded as a commodity and the global potential market for Extracts is increasing. The Extracts market can be subdivided into resin/whole plant extracts crude oil (30-50% purity of the target compounds), distillates (60-80% purity of the target compounds), and isolates (above 95% purity of the target compounds). Those companies that have good extraction, distillation and isolation capabilities will be able to provide product at all three levels.

---

[2] https://www.canada.ca/en/health-canada/news/2018/12/health-canada-launches-public-consultations-on-the-strict-regulation-of-additional-cannabis-products.html

https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/resources/proposed-regulations-edible-cannabis-extracts-topicals.html

We plan to increase the scale and volume efficiencies of our Colombian subsidiaries to produce cannabis Extracts at low cost relative to other jurisdictions, such as Canada, specifically given the inherent advantages in cultivating a plant in Colombia versus Canada. See "*Our Business – Cultivation*".

The applicable regulations in Canada allow for the import of Extracts or finished products containing Extracts to be used for research and clinical development, and not for distribution, subject to the issuance of the appropriate authorizations and import permits under the *Food and Drugs Act* or, where applicable, the *Cannabis Act.* To maintain the consistency in product that we intend to eventually distribute (especially pharmaceutical products), we intend to consult with and apply to Health Canada for authorization to import either: (i) extracts from our subsidiaries in Colombia for use in manufacturing our products in Canada, which will be placed in clinical studies; or (ii) our finished products, manufactured by Altea, from Colombia for use in clinical studies. Where permissible under the applicable regulations and where doing so will assist us in carrying out these proposed activities, we may also partner with organizations that are already authorized to obtain import permits for Extracts for these purposes. See "*Our Business – Industry Competition*".

Bringing our Products to Market

The following table outlines the milestones that must occur and the anticipated timeline of bringing our products to market.

Product Class	Milestones and Time to Market
Pharmaceuticals	Most of our pharmaceutical products are in either Phase I or Phase II of clinical trials. Please see an explanation of the process required to bring pharmaceuticals to market under the heading "*Drug Discovery and Development Process*" in this Prospectus. This process is long and we cannot currently anticipate when our pharmaceutical products will be available for production and sale.
Phyto-therapeutics	We have seven main products ready for licence under our Pura Elements™ line of phyto-therapeutic products. Part of our marketing budget for the next 12 months will be allocated towards marketing the licencing of these products to manufacturers and distributors. We anticipate these products coming to market in 2019.
Derma Cosmetics	We have 9 derma-cosmetic products ready for licence or production for sale in Colombia under our Pura Earth ™ brand. We anticipate these products coming to market in 2019.
Extracts	Upon completion of the genetic characterization of the cannabis cultivated at the SN and SMGH sites we will commence commercial cultivation of cannabis to produce Extracts. We anticipate having extracts ready for sale by the end of Q2 2019. This timeline could be accelerated depending on the amount of proceeds raised under the Second Closing.

MANUFACTURING AND DISTRIBUTION OF OUR PRODUCTS

Dvine Manufacturing and Distribution Agreement

On July 5, 2018, we entered into an agreement with Dvine Laboratories Inc. ("**Dvine**"), a contract manufacturing facility located in Lindsay, Ontario. Dvine's facility has been granted certifications for manufacturing and laboratory services, including ISO 9001, cGMP, and ISO 17025. Dvine has recently been granted its NHP Site licence and Avicanna understands that it intends to apply for an Analytical Testing licence, a Research licence, and a Cannabis Drug licence under the Cannabis Act and Cannabis Regulations.

Under the agreement, it is anticipated that Dvine will manufacture and distribute our products for research and other drug products in Canada, as their only cannabinoid products, subject to the appropriate manufacturing, sales, and marketing authorizations being granted by Health Canada and subject to certain minimum orders. Dvine will charge a "cost plus" basis to manufacture and distribute the products. The initial term of the agreement is 3 years, with renewal terms of 2 years each, if agreed to by the parties at least 90 days before the expiry of the initial term.

Altea Manufacturing Agreement

Effective December 11, 2018, we entered into a manufacturing agreement (the "**Altea Manufacturing Agreement**") with Altea pursuant to which Altea will be the exclusive manufacturer of Avicanna products in Colombia. Under the Altea Manufacturing Agreement, Altea has committed to exclusively manufacture products containing cannabinoids for Avicanna, subject to certain minimum order quantities purchased from Altea on an annual basis. Altea has also agreed to maintain its current suite of government and regulatory compliances and approvals for its facility and manufacturing for its environmental management system and pharmaceutical production capabilities, including INVIMA for Good Laboratory Practices, Bureau Veritas for ISO 14001 environmental management system, (Australia) for Good Manufacturing Practices, ANVISA (Brazil) for Good Manufacturing Practices, and Health Canada for Good Manufacturing Practices.

Being a former Merck Colombia facility, Altea continues to be the Latin American manufacturer of Merck non-sterile products and also is a third-party manufacturer of well-known global pharmaceutical companies including, Pfizer, Roche, Novartis, GlaxoSmithKline, and Mylan.

Under the Altea Manufacturing Agreement, Altea shall manufacture, analyze, package, label, store, and release our products for distribution or export. Altea commits to following GMP standards in the manufacture of our products and to seek and maintain regulatory approvals as required for the manufacture and export of our products to suitable jurisdictions. Altea will charge a "cost plus" basis to manufacture and distribute the products. The initial term of the agreement is 5 years, with automatic renewal terms of three (3) years each, unless terminated by either party at least 12 months before the expiry of the initial term or each renewal term.

Percos Distribution Agreement

We are currently in negotiations with Percos S.A. ("**Percos**") for a distribution agreement which we anticipate will be executed before the end of the second quarter of 2019 pursuant to which we will appoint Percos as the exclusive distributor of Pura Earth™ Derma-cosmetics products in Colombia, subject to certain minimum sales volumes.

Percos is the largest cosmetics distribution company in Colombia and is dedicated to the development and commercialization of dermatological, derma-cosmetic and cosmetic products for the hair, face and body. Percos represents leading and world-renowned brands including Pierre Fabre (France), Avene, Dhems, Klorane, Aderma, Ducray, Elancyl, Rene Furterer, and Almay de Revlon.

It is intended that Percos will act as a fulfiller of wholesale product to brick and mortar retail locations and will also fulfill any online orders of Pura Earth™ products through Avicanna's e-commerce gateway, which will be subject to a separate agreement that will be negotiated once the e-commerce gateway has been established. Note that, to date, no agreement has been entered into and there can be no assurance that any agreement will be entered into as contemplated or at all.

OUR INTELLECTUAL PROPERTY

Our future commercial success depends, in part, on our ability to: obtain, maintain, defend and enforce our patents and trademarks; preserve the confidentiality of our trade secrets; and operate without infringing, misappropriating or violating the valid and enforceable patents and proprietary rights of third parties. Our ability to stop third parties from making, using, or selling our products may depend on the extent to which we have rights under valid and enforceable patents, trademarks or trade-secrets that cover these activities.

Development and Management Plan

Our intellectual property development and management plan enables us to identify and perfect our intellectual property rights, to continue to develop and expand such rights as new opportunities arise, and to leverage such rights to their full potential. We strive to protect and enhance the proprietary technology, inventions, and improvements that are commercially important to the development of our business, including seeking, maintaining and defending patent rights, whether developed internally or licensed from third parties. In addition to focusing on the development of product pipelines, we also strive to protect our innovative processes, such as cultivation practices, extraction and isolation processes, and analytical methods. We also rely on trademarks, trade secrets, know-how and continuing technological innovation to develop, strengthen and maintain our proprietary (unique to us) cannabinoid-based products, processes and drug delivery systems.

Concept Development Stage

At the onset of an inventive idea, individuals or teams within the organization who create the concept, usually marketing or science teams, discuss the concept with the intellectual property and management teams with respect to novelty, inventiveness and utility, cost to develop and/or secure rights to, commercialization potential, and whether it fits within our organizational mandate. The discussions determine whether a concept is worth exploring further and dedicating more resources to it. If a concept is to be further investigated, the next step is to conduct searches to determine its novelty and inventiveness.

Prior Art Searches

Searches, typically referred to as "prior art searches", are conducted upon inception of a new concept to detect all existing similar developments or inventions by others; simply put, a prior art search involves checking different sources to find out whether someone else has already described an idea or concept similar to ours. We assess new concepts and the anticipated goal of the outcome for novelty and inventiveness through prior art searches by review of global patent/non-patent literature. These searches are used to help determine the boundaries of a new concept and often provide insight into further opportunities to refine and to distinguish our concept from other inventions that may be similar. This assessment aids us in developing innovative cannabinoid-based products and processes and assisting in securing our intellectual property rights.

Another type of prior art search is a freedom-to-operate search. These types of searches identify third party patent claims that can potentially impact commercial production, marketing and use of a new product or process. We conduct these searches throughout the development process of new concepts to understand any potential risks of infringement proceedings being brought against us if we proceed to commercialize a product or process. Our freedom-to-operate searches are focused on specific jurisdictions and the claims of patents in force where the manufacture or sale, of products or processes will take place.

For trademarks, we conduct trademark searches to review the availability of use of proposed marks by our marketing team to avoid possible infringement of other registered marks, as well as evaluating the feasibility of obtaining the proposed marks.

Product Formulation Development

After conducting our initial prior art searches and receiving affirmative results we begin to design product formulations by combining different chemical substances to produce a final product. This stage allows us to understand how different materials behave and interact with each other with the hopes of providing unique enhanced properties. A well-designed product formulation must be manufacturable, chemically and physically stable throughout the manufacturing process, and most importantly, it must be bioavailable. All of our product formulations are developed internally to maintain protection of our trade secrets. Throughout this process, our teams regularly meet to provide progress updates as well as to assess if any new opportunities have arisen that may require further prior art searches. It is also at this time that team members file invention disclosure documents internally which helps to document progress and our proprietary interests in the developing products.

In addition, many quality standards and special requirements must be met to ensure the stability, efficacy and safety of the product formulation. It is during these experimentation stages that a formulation concept is truly tested. Experiments can remain continuous or be conducted intermittently as our team re-evaluates an idea whether by performing further prior art searches or otherwise. In some instances, experiments provide opportunity for the development of new ideas resulting from the information generated and the overall feasibility of the original idea.

Process Development

Similar to formulation development, when a new concept is an innovative process, we conduct the appropriate prior art searches and continue to conduct these screening exercises as the innovative process is refined.

Patent Protection

After the requisite testing and assessments have been concluded, and affirmative results have been achieved (for example results evidencing positive stability, safety and efficacy of a product formulation), our team may begin taking the steps necessary to file the proper patent applications. The determination of whether to patent the concept or to maintain it as a trade secret is made on a case-by-case basis that considers several factors, including our business strategy, cost, and commercialization potential.

If it is determined that a concept should be patented, the patent strategy of each concept is also always assessed on a case-by-case basis. For example, in some cases, and depending on the circumstances, preliminary applications may first be filed in the United States in order to secure priority and allow an opportunity to refine the application. As our intellectual property and development plan progresses, it is at this stage where it is crucial that our team remained involved and updated through the developmental stages. A patent application requires the input of a multitude of expert backgrounds. Through regular meetings, and progress updates, our team is able to stay apprised of new developments and is able to contribute to producing an acceptable patent application.

We do not currently own or in-licence any patent related to our products. Our lead product candidate AVCN583601 for dermatological indications has successfully completed formulation development and *in vivo* toxicology studies in animal models. We intend to file a United States provisional patent application for AVCN583601 in the first quarter of 2019 on its composition of matter and *in vitro* and *in vivo* results. Our provisional patent application is not eligible to become an issued patent until we file a non-provisional patent application after successful human trials within 12 months of filing thereof. If we do not timely file any non-provisional patent applications, we may lose our priority date with respect to our provisional patent application and any patent protection on the invention disclosed in our provisional patent application.

We have also developed a robust and reliable analytical method for the simultaneous detection of cannabinoids in blood plasma and intend to file non-provisional patent applications in Canada and the United States in the near future.

Trade secrets and Know-how

In addition to patents, we expect to rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and protect our products and processes. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to them, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisors and other parties. We also enter into confidentiality agreements with our employees and consultants with respect to our inventions and trademarks. Any failure to protect our trade secrets and know-how with respect to any specific product could adversely affect the market potential of that potential product.

Trademarks

In parallel to the development of novel cannabinoid-based products and processes, we also take the necessary steps to protect our trademarks. We actively submit trademark applications in applicable jurisdictions as we continue to expand.

As of the date of this Prospectus, we have a total of 23 trademark filings covering our company logos; word marks and design marks. This includes, 8 trademark registrations in the Republic of Colombia, 3 allowed trademarks in the United States and 1 allowed trademark in Canada. We are also in the process of applying for trademark registrations in Mexico and the European Union. After successful registration of trademarks, we actively watch new trademark filings by third parties to maintain market exclusivity and to ensure continued value of our registered marks.

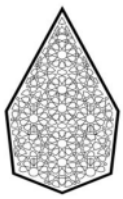
The following tables show our trademark applications/registrations in each of Canada, the United States, and the Republic of Colombia:

Canadian Trademarks

Word Marks

AVICANNA Application No. 1889149	PURA ELEMENTS Application No. 1841158 & 1906092	PURA EARTH Application No. 1882201 & 1906095

Logos/Design Marks

 Application No. 1889150	 Application No. 1841159 & 1906093	 Application No. 1863243 & 1906094

United States of America Trademarks

Word Mark
PURA ELEMENTS
Application No. 87492645

Design Marks

Application No. 87492654

Application No. 87683523

Republic of Colombia Trademarks

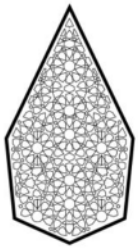
Word Marks

AVICANNA®
Registration No. 609606

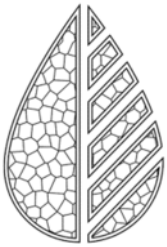
PURA ELEMENTS®
Registration No. 604727 & 609104

PURA EARTH®
Registration No. 604706 & 609088

Logos/Design Marks



Registration No. 608947



Registration No. 609980

Registration No. 609093

DRUG DISCOVERY AND DEVELOPMENT PROCESS

Pharmaceuticals refer to medicinal drugs and include both prescription and non-prescription drugs (such as over-the-counter painkillers or allergy medicine). These products are governed by strict regulatory oversight and it is usually each country's respective medicines, drug, or health agency that is charged with ensuring the safety and efficacy of medicinal drugs before approving them for use by the public. In Canada, Health Canada is the responsible agency for the review of drug applications; in the United States of America, the Food and Drug Administration is the relevant government agency. This section provides a general description of the main steps involved in the drug development process.

Drug discovery and initial research

A product is first formulated in the laboratory using specific compounds and/or molecules that researchers have identified through prior research, which can include laboratory experimentation, new information regarding disease processes, new technologies, or educated conclusions based on review of publications

and information such as anecdotal evidence. The formulation is developed to treat, mitigate, or prevent a disease, disorder, abnormal physical state, or its symptoms.

Pre-clinical studies

Once the researchers have identified a promising formulation, they perform testing for stability, activity, efficacy, toxicity and ultimately, gather preliminary information on its effectiveness and safety. Laboratory tests are carried out in tissue culture (*in vitro*) and selected species of small animals (*in vivo*) to determine the effects of the drug. The drug is given to animals in various amounts and over different periods of time. If it can be shown that the drug causes no serious or unexpected harm (toxicity) at the doses required to have an effect, the manufacturer will proceed to clinical trials, which is the next stage of development.

Clinical Trials

All drugs authorized to be marketed or sold must have been studied in clinical trials. The information gathered from these trials are then included in the relevant regulatory dossiers to be reviewed for the drug to be eventually authorized for sale by the relevant government agency responsible for doing so. The results of clinical trials conducted in humans are key components of the review process by these government agencies. The purpose of a trial is to gather clinical information about a drug's effectiveness, safety, determine best dosing/usage in humans, evaluate any adverse drug reactions and compare results to already existing treatments for the same disease or condition or, to placebo when no treatment already exists for the aimed pathology (when ethically possible).

Clinical trials are done in phases. Each phase has a different purpose and helps researchers answer specific questions.

Phase I – The Safety Phase	These trials test an experimental drug on a small group of people for the first time. The purpose is to: • assess the drug's safety • find out what a safe range would be for dosage • identify side effects
Phase II – The Effectiveness Phase	The drug is given to a larger group of people (usually 100 or more) to: • obtain preliminary data on the effectiveness of the drug for a particular disease or condition • further assess the drug's safety • determine the best dose
Phase III – The Confirmation Phase	The drug is given to even larger groups of people (usually 1,000 or more) to: • confirm its effectiveness • monitor side effects • compare it to commonly used treatments • collect information that will allow the drug to be used safely on the market

Phase IV – The Monitoring Phase	These trials are done after the drug is approved and is on the market. They gather information on aspects including the optimal way to use a drug, and the long-term benefits and risks.

REGULATORY FRAMEWORK

Canada

Federal Regulatory Framework

On April 13, 2017, the Government of Canada released the Cannabis Act which was passed by the Senate of Canada on June 19, 2018, receiving royal asset on June 21, 2018. The production, distribution and sale of cannabis for unqualified adult use in Canada became legal on October 17, 2018.

The Cannabis Act provides a licensing and permitting scheme for the production, testing, packaging, labelling, sending, delivery, transportation, sale, possession and disposal of cannabis, to be implemented by regulations made under the Cannabis Act. Below are additional highlights of the Cannabis Act:

- Introduces restrictions on the amounts of cannabis that individuals can possess and distribute, and on public consumption and use, and prohibits the sale of cannabis unless authorized by the Cannabis Act.

- Permits individuals who are 18 years of age or older to cultivate, propagate, and harvest up to and including four cannabis plants of up to 100 centimeters in height in their dwelling-house, propagated from a seed or plant material authorized by the Cannabis Act.

- Restricts (but does not strictly prohibit) the promotion and display of cannabis, cannabis accessories and services related to cannabinoids to consumers, including restrictions on branding and a prohibition on false or misleading promotion and on sponsorships.

- Permits the informational promotion of cannabis in specified circumstances to individuals 18 years and older.

- Introduces packaging and labelling requirements for cannabis and cannabis accessories, and prohibits the sale of cannabis or cannabis accessories that could be appealing to young persons.

- Provides the designated Minister with the power to recall any cannabis or class of cannabis on reasonable grounds that such a recall is necessary to protect public health or public safety.

- Permits the establishment of a national cannabis tracking system.

- Provides powers to inspectors for the purpose of administering and enforcing the Cannabis Act and a system for administrative monetary penalties.

On July 11, 2018, regulations to support the Cannabis Act, including the *Cannabis Regulations* ("**Cannabis Regulations**"), the new *Industrial Hemp Regulations* ("**IHR**", and together with the Cannabis Regulations, collectively, the "**Regulations**"), were released by the federal government, along with proposed

amendments to the *Narcotic Control Regulations* and certain regulations under the *Food and Drugs Act*. The Cannabis Regulations set out the rules for the legal cultivation, processing, research, testing, distribution, sale, importation and exportation of cannabis and hemp in Canada, including the various classes of licences that can be granted, and set standards for cannabis and hemp products that are available for legal sale as of October 17, 2018. Previously, medical cannabis was largely regulated by the ACMPR. As of October 17, 2018, the ACMPR and the previous *Industrial Hemp Regulations* are no longer in force and have been replaced by the Cannabis Act and the Regulations. Further, as the Cannabis Act is now in force, cannabis is regulated under the Cannabis Act rather than the *Controlled Drug and Substance Act*. Although the new IHR replaces the *Industrial Hemp Regulations*, the regulatory scheme for industrial hemp will largely remain the same, however the IHR will permit the sale of hemp plants to licensed cannabis producers, and licensing requirements will be softened in accordance with the low risk posed by industrial hemp.

Licences, Permits and Authorizations

The Cannabis Regulations introduce six classes of licences:

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

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

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

Security Clearances

Certain people associated with cannabis licensees, including individuals occupying a "key position" directors, officers, large shareholders and individuals identified by the Minister of Health (the "**Minister**"), must hold a valid security clearance issued by the Minister. Pursuant to the Cannabis Regulations, the Minister may refuse to grant security clearances to individuals with associations to organized crime or with

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

Cannabis Tracking System

Under the Cannabis Act, the Minister is authorized to establish and maintain a national cannabis tracking system. The Cannabis Regulations set out a national cannabis tracking system to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the illegal market. The Cannabis Act also provides the Minister with the authority to make a ministerial order requiring certain persons named in such order to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister.

Products

The Cannabis Regulations set out the requirements for the sale of cannabis products at the retail level and permit the sale of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds, including in such forms as "pre-rolled" and in capsules. The THC content and serving size of cannabis products is limited by the Cannabis Regulations. The sale of edibles containing cannabis and cannabis concentrates will not initially be permitted, however the federal government anticipates that such products will be legalized within one year following the coming into force of the Cannabis Act. The IHR defines industrial hemp as cannabis plants whose leaves and flowering heads do not contain more than 0.3% THC.

Packaging and Labelling

The Cannabis Regulations set out strict requirements pertaining to the packaging and labelling of cannabis products. These requirements are intended to promote informed consumer choice and allow for the safe handling and transportation of cannabis, while also reducing the appeal of cannabis to youth and promoting safe consumption.

Cannabis package labels must include specific information, such as:

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

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

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

Cannabis for Medical Purposes

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

Health Products and Cosmetics Containing Cannabis

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

Provincial Regulatory Framework

While the production of cannabis is under the regulatory oversight of the Government of Canada, the distribution of adult-use recreational cannabis is the responsibility of provincial and territorial governments. All of the Canadian provinces have announced that the wholesale distribution of cannabis will fall under the responsibility of their provincial liquor or other governmental authorities. However, as the laws continue to evolve, there is no assurance that provincial and territorial legislation enacted for the purpose of regulating recreational cannabis will continue to allow, or be conducive to, Avicanna's business model. Differences in provincial and territorial regulatory frameworks could result in, among other things, increased compliance costs, and increased supply costs. Municipal and regional governments may also choose to impose additional requirements and regulations on the sale of recreational cannabis, adding further uncertainty and risk to Avicanna's business. Municipal by-laws may restrict the number of recreational cannabis retail outlets that are permitted in a certain geographical area, or restrict the geographical locations wherein such retail outlets may be opened. There is no assurance that if and when provincial, territorial, regional and municipal regulatory frameworks are enacted, we will be able to navigate such regulatory frameworks or conduct its intended business thereunder. See "*Risk Factors - Risks Related to Regulatory Environment*".

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

Province/Territory	Regulating Body	Legal Age	Retail and Distribution Plan
British Columbia	Liquor and Cannabis Regulation Branch	19	Recreational cannabis will be sold in that province through both public and privately operated stores, with the provincial Liquor Distribution Branch handling wholesale distribution.

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

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

Colombia

Law 1787 of 2016 enacted by Colombian Congress, Decree 613 of 2017, regulatory resolutions (577, 578 and 579 of August 8th of 2017 enacted by the Ministry of Justice and resolutions 2891 and 2892 of 2017 enacted by the Ministry of Health) are the main regulations of cannabis for medical and scientific purposes in Colombia.

Approved on July 6, 2016, Law 1787 created a regulatory framework that allows the safe and informed use of cannabis and its derivatives for medical and scientific purposes. Decree 613 of 2017 establishes the type of cannabis licences available and addresses, in general terms, the requirements to obtain them.

Five legal and administrative orders that control the operation of the cannabis sector:

1. Resolutions 577, 578 and 579 of August 8, 2017, enacted by the Ministry of Justice, regulate the cultivation of non-psychoactive and psychoactive cannabis.

2. Resolutions 2891 and 2892 of August 11, 2017, enacted by the Ministry of Health, regulate the production and/or manufacturing of cannabis derivatives (extracts). The Resolutions define

whether the derivatives are to be used in the national market as raw material for final medical products or if they are to be exported to international markets.

3. If the derivative is going to be used in the national market, it can be used as a synthetic or prescription drug, or a final product regulated by Decree 677 of 1995, developed in Resolutions 3183 of 1995, 1087 of 2001, and 1124, 1160 of 2016.

4. The final product sold to the public may be a herbal or branded mass market phytotherapeutic product, a category regulated by Decree 2266 of 2004. Per Decree 613, derivatives extracted from cannabis cannot be commercialized as final products without sanitary approval from INVIMA. A sanitary permit is required to commercialize derivatives as herbal or synthetic products. INVIMA is the regulatory body responsible for defining the final products that have access to the market. The regulatory framework (Decree 613 of 2017 and Decree 2200 of 2005) allows the introduction of magistral preparations with cannabis. Magistral preparations are customized prescription products that do not require a sanitary permit, as they are not mass market phytotherapeutic products with standardized characteristics but must be prepared by a licence holder in a laboratory that meets GEP Standards.

5. If a product or extract will be exported, the licence holder must obtain a permit from the National Narcotics Fund (Fondo Nacional de Estupefacientes) ("**FNE**") allowing for the delivery of cannabis. The permit process is regulated in Resolution 1478 of 2006, an administrative order that also regulates the quotas that State requests from the International Narcotic Control Board.

Licences and Authorizations

Decree 613 of 2017 is the most significant aspect of the cannabis regulatory framework concerning medical and scientific uses of cannabis, as it establishes a licensing regime for the evaluation, monitoring and control of import, export, cultivation, production, manufacturing, acquisition, storage, transport, marketing, distribution, the use of seeds for planting cannabis, cannabis plants and their derivatives, as well as products containing it.

Decree 613 granted oversight for the licensing program for the production of cannabis derivatives to the Ministry of Health, through the Division of Medications and Health Technologies. The Ministry of Justice, through the Division of Control and Supervision of Chemical and Narcotic Drugs, has jurisdiction over licences for the use of seeds for planting and cultivating cannabis plants, as well as administrative and operational control of activities related to the management of seeds for planting, cannabis cultivation and cannabis. The FNE was tasked with administrative and operational control of activities related to the management of cannabis and its derivatives. Once a licence is issued, INVIMA and the Colombian Agriculture Institute are responsible for the control of finished products of psychoactive cannabis.

Decree 613 authorizes the granting of 4 types of licences permitting the following activities:

- Production of derivatives from cannabis: This licence authorizes activities related to the transformation of the psychoactive constituent elements of cannabis in oils, resins, and other forms for medical and scientific purposes. The licence may include an authorization by the Ministry of Health to carry out any of the following activities: manufacture, acquisition, import, export, storage, transport, trade, and distribution of psychoactive or non-psychoactive cannabis by-products.

- Use of seeds for sowing: This licence authorizes the management of seeds for planting which comprises their acquisition, import, storage, trade, distribution, possession, and final disposal, as well as their export and use for medical and scientific purposes.

- Cultivation of psychoactive cannabis plants: This licence authorizes the cultivation of High THC Medicinal Cannabis plants, which comprises planting, acquisition, and production of seeds, storage, trade, distribution, and final disposal, as well as export and use for medical and scientific purposes.

- Cultivation of non-psychoactive cannabis plants: This licence authorizes the cultivation of Low THC Medicinal Cannabis plants, and comprises the planting, acquisition, and production of seeds, storage, trade, distribution, and final disposal of plants, as well as export and use for medical and scientific purposes.

Self-cultivation activities, which refer to non-commercial cultivation of up to 20 cannabis plants for personal consumption, do not require a plant cultivation licence, nor will be subject to the licensing and quota system referred to in the Decree 613.

Licences are not transferable, exchangeable or assignable and are valid for 5 years and may be renewed for an equal period as many times as requested by the licensee. Licences may not be granted to individuals or legal persons who intend to carry on licensed activities on lands that are in national parks or in protected areas established by the National System of Protected Areas.

Licence holders of manufacturing cannabis derivatives must, at minimum, determine, by means of validated analytical methodologies, the content of THC, CBD and cannabinol in any cannabis crop they receive and in each lot of derivative that is produced.

Licensees are responsible for the electronic registration of basic information and movements of seeds for planting, plants, derivatives and cannabis products and must comply with established safety protocols.

Obligations and Restrictions Imposed on Licence Holders

Licensees are required to meet a number of conditions in the course of carrying on business, including:

- Compliance with the conditions established in the law, the decree, and the technical regulations issued by governmental authorities.

- Present the licence to third parties with whom it is intending to carry out transactions involving seeds for sowing, cannabis plants and cannabis, or their registration with the FNE in the case of transactions with cannabis derivatives.

- Inform governmental authorities of unusual or suspicious operations that licensees become aware of during the performance of activities authorized by the corresponding licence.

- Attend inspections carried out in the exercise of administrative and operational control.

- Maintain up to date records as required by the decree and its technical regulations including the monitoring and follow-up of the activities developed by the licence holders.

- Provide all information and documentation requested by governmental authorities within any prescribed time period.

- Rectify any administrative or operational failures identified by governmental authorities during the inspections, within the deadlines established in the communications issued.

- Begin the process of modification of the licence upon the occurrence of fundamental changes to the licensee.

- Authorized importers and exporters must submit to the Ministry of Justice and to the FNE, as applicable, within 8 days of the completion of the customs clearance process, import and export declarations that indicate the dates and quantities of entry or exit from Colombia of seeds for planting, cannabis plants, cannabis, cannabis derivatives, and products containing them.

- Comply with the administrative requirements and requirements derived from on- site citations issued by the authorities.

The Ministry of Justice, the Ministry of Health and the Ministry of Agriculture issued Resolution 579 of 2017, stating that small and medium licensed growers are those who grow or cultivate cannabis in an area of 0.5 hectares or less. In an effort to ensure the sustainability of small-scale growers, holders of cannabis derivative production licences, except in the research modality, are required to, within 5 years following the commencement of their operations, process at least 10% of their assigned annual cannabis quota from a small or medium licensed grower. If market conditions prevent the satisfaction of this requirement, licensees must file a declaration supporting their inability to source cannabis from small or medium growers.

In the course of carrying on business, licensees are restricted from engaging in a number of activities, including:

- Promotion or publicity, through the media or social networks, or by means of flyers or by any other means, of seeds for planting, cannabis plants, cannabis, cannabis derivatives and products containing it. Medicines may only be advertised or promoted in scientific or technical publications, addressed to the medical and/or veterinary community. Specify in the information or propaganda addressed to the medical and/or veterinary community, the actions, indications, therapeutic uses, contraindications, side effects, risks of administration, risks of drug addiction and other precautions and warnings, without omitting any found in scientific literature or known by the manufacturers.

- Marketing or transformation for sale, distributing, reception or delivery to third parties, under any title, the cannabis plants from self-cultivation, as well as the derivatives and seeds for sowing obtained from them, except as momentarily provided as seed source.

- Allowing individuals under 18 years of age to access seeds for planting, cannabis plants, cannabis, cannabis derivatives and products containing them. Minors may access products containing cannabis if there is a medical prescription and the informed consent of the parents or guardians.

- Exporting cannabis plants, dried cannabis flower or unprocessed cannabis, except with

authorization for scientific purposes.

Termination of Licences

Decree 613 of 2017 provides that the Ministry of Health or the Ministry of Justice, as applicable, may terminate a licence upon occurrence of any of the following conditions:

- Failure to correct the administrative and operational failures identified by the control authorities, within the deadlines provided.

- Failure to comply with the security protocol. The security protocols are explained in the following section of this document.

- Exceeding the maximum authorized quota for each term.

- Advertising seeds for sowing, cannabis plants, cannabis, cannabis derivatives or any product containing cannabis through media, social networks, flyers or any means, if such advertisements do not relate to academic or scientific purposes. Any advertisement must be addressed to medical and/or veterinary groups and must include the actions, indications, therapeutic uses, contraindications, collateral effects, risks of administration, the risks of drug dependence and any other precautions and warnings.

- Failure to initiate the activities authorized in the licence after a 6 month period, starting from the date the corresponding quotas are granted; or as of the granting of the licences for sowing seeds and cultivation of non-psychoactive cannabis plants.

- Failure to request the amendment of the licence within 30 calendar days following any changes in (i) in legal representation; (ii) regarding the ownership or possession of the real estate properties in which the licensed activities are authorized to take place; and (iii) in the contractor(s) that provide services to the licensee related to activities authorized in the licence.

- Prevent the access of control authorities to conduct administrative and operational control.

- Perform transactions involving seeds for sowing, cannabis plants, cannabis or cannabis derivatives with unlicensed third parties or parties not registered in the FNE when the transaction relates to cannabis derivatives.

- Use seeds for sowing, cannabis plants, cannabis, or cannabis derivatives for non- scientific or medical purposes or beyond the scope authorized by the corresponding licence.

- The licensee is convicted, or its legal representative in case of a company, for crime related to drug trafficking and related crimes, after the licence was issued.

- Any indication of or actual forgery or fraudulent alteration of the documents supporting the licence application.

- Failure to pay the monitoring fees to the applicable government entity.

Also, in accordance with Colombian regulations, licence holders must refrain from, among other things: (i) allowing individuals under 18 years of age to access seeds, plants and/or products containing cannabis; (ii) exporting the plants, dry cannabis flowers or non-transformed cannabis, except as authorized for scientific purposes; and (iii) commercialize or transform for sale, distribute, receive or deliver to third parties, cannabis plants, derivatives and seed for sowing resulting from self-cultivation, except as provided temporarily for seed sources.

Required Security Measures for Cannabis Activities under Colombian Law

The Ministry of Justice and the Ministry of Health regulate the security protocol requirements established in licences for sowing seeds, the cultivation of psychoactive cannabis plants, and the manufacturing of cannabis derivatives in Resolutions 577 and 2892 of 2017, respectively.

According to Resolution 577 of 2017, licence holders must prepare a security protocol and submit same to the Ministry of Justice and should include measures to ensure that areas and properties in which sowing seeds, psychoactive cannabis plants and psychoactive cannabis are handled have the appropriate levels of protection, according to the particular environment and scale of the operation. The licence holders must comply with the following minimum specifications related to the security protocols:

- A comprehensive security plan and risk analysis that addresses physical security and operations, and security measures during transportation, which includes the following phases:
    - Diagnosis: including the vulnerability and probability variables of an event and all its consequences;
    - Design: including the risk control mechanisms, as well as the protection management system indicators that demonstrate the effectiveness and efficiency of the risk control mechanisms; and
    - Monitoring or evaluation: including a protection (internal and external) audit program and safety inspections of the risk control mechanisms.
- A protection system with risk control mechanisms for physical and operational safety that includes physical barriers and conduct control procedures to prevent access to unauthorized persons.
- Physical barriers must be built with materials that guarantee the integrity of the installations.
- Establish a single entrance and exit point, where employees, visitors and vehicles access the area, which must have access control for the entry and exit of vehicles, individuals, operational assets and raw materials, seeds for sowing, psychoactive cannabis plants and psychoactive cannabis, and in general all kinds of goods. This exit must by established without compromising the emergency exits and other industrial safety measures that the licensee must ensure in the facilities. Areas where activities related to the management of sowing seeds, psychoactive cannabis plants and psychoactive cannabis take place, must be of restricted access and manual or systematized entry and exit control records are required.
- Establish a monitoring and surveillance service that generates evidence and traceability.

- Establish internal and external signaling indicating that unauthorized access is prohibited.

- Provide and ensure that the plant personnel and visitors carry visible identification at all times. Employees engaged in activities related to the management of sowing seeds, plants for psychoactive cannabis and non-psychoactive cannabis must be fully identified and carry the respective employee identification.

- Ensure that it has the capacity to hold communications internally and with external agents in order to notify or report security incidents and request, in a timely manner, the intervention and support of the state's security forces, if it were necessary.

- Establish risk control mechanisms to deter and control risk situations in the facilities' perimeter, including protective perimeter lighting.

- For transportation purposes, the licence holder must establish control mechanisms that allow it to prove compliance with the protection of areas and facilities, using closed-type vehicles with elements that allow for seal verification control of the transported derivatives at all times.

In addition, the Ministry of Justice shall conduct a control visit during the assessment of the licence application for the cultivation of psychoactive and non-psychoactive cannabis plants in the premises of the land where the cultivation activities shall take place. The Ministry of Justice will verify: (i) the location of the property and verification of the facilities where the activities will take place, as compared to the documentation and photographic record attached to the licence application; (ii) the internal procedures for the implementation of the security protocol; (iii) that the cultivation area is free of pre-existing cannabis crops; and (iv) that the storage areas, if applicable, are free of cannabis crops. Failure to attend the control visit will lead to the rejection of the corresponding licence application.

In addition to the security protocol guidelines set out by the Ministry of Justice, the Ministry of Health issued Schedule 1 to Resolution 2892 of 2017 which contains guidelines for the elaboration and implementation of the security protocol related specifically to the manufacturing of cannabis derivatives. The following table sets forth the guidelines established by the Ministry of Health and the additional measures that are required by each listed category.

Category	Specific Measures
Safety:	• Guarantee the integrity of the facilities and establish a physical barrier to prevent access of unauthorized individuals; • All doors and windows must be in adequate condition so as to allow for full closure of the areas and prevent access to unauthorized individuals; • All openings, ducts and mechanical/electrical passageways must be protected with safety material; • External and internal signals/signage indicating that unauthorized access is prohibited; • Establish personal profiles and responsibilities of company employees and third party contractors that provide security services in the facilities and monitor the fulfilment of the security protocol; • Establish a single entrance and exit point, where employees and visitors access the area, notwithstanding provisions in terms of industrial safety (including emergency

Category	Specific Measures
	exits); and • The structures of buildings must be constructed using resistant materials to prevent forced entry and secured with locking devices. The storage areas of the harvests for production, as well as the manufactured derivatives shall be of exclusive access with control and registration.
Monitoring and detection:	• The licensee must guarantee that licensed area complies with the following monitoring and detection parameters: • Installation of closed-circuit cameras that operate 24 hours per day and 7 days per week around the perimeter of the facilities. The video camera recordings must be saved for a minimum 30 calendar day period; • All managers, employees, contractors and visitors must be identified at all times. An employee inside the Cultivation Facility must accompany visitors at all times; and • Qualified security surveillance personnel that is prepared to react effectively to any detection of unauthorized access or security incidents. The security personnel must record each event, indicating the place, time, date, personnel present in the facilities, facts and measures adopted. The records of unusual events must be saved for a minimum 5 year period.
Access control:	• Installation of appropriate access control technology and appropriate measures to restrict access and properly identify any individual entering or leaving the perimeter of manufacturing facilities are required; • Pre-established and appropriate controls for the issuance of locks, keys and access codes; and • Access to storage and production areas should be restricted to only those individuals requiring access.
Electricity supply:	• Facilities for the manufacturing of cannabis derivatives require constant lighting; • The power system must have auxiliary sources to ensure it can be fully operational under any circumstance; and • A response plan in case of interruption of the electric power.
Cooperation with authorities:	• Cooperate with public authorities in order to prevent the diversion or misuse of derivatives or products that contain it; and • Licensees shall immediately inform applicable authorities of suspicious or unusual activities. In case of unjustified loss or theft of psychoactive cannabis or its derivatives during the manufacturing process, the licensee must inform the applicable authorities and the Ministry of Health within 48 hours after the event took place. The notice sent by the licensee must include a complaint form, records describing the event, personnel involved, date and time, location, product type and amount lost. Records of theft or loss products and the subsequent investigation reports must be saved for a minimum 5 year period.

In addition to the foregoing, the FNE will conduct audit visits during the licence term to verify compliance with the operations plan, security protocol and other obligations the licensee must meet.

The implementation of security measures demands that licence holders work closely with local security forces aimed to ensure the fulfilment of security protocols, as seen in other key industries in Colombia. For example, oil and gas, and mining contract holders in Colombia usually share and coordinate their safety and private security measures with police and military forces. While security protocols in the medical and scientific cannabis industries are mandatory, those security measures may be considered as common good practices in other industries. For example, security measures in other industries aim to ensure that access to unauthorized personnel is limited and operations are conducted by qualified personnel; strict monitoring over operations and related activities take place and are properly recorded; periodic information is provided and audit controls must be attended at all times, among others. In addition, connected services are subject to controls and contractors, in most cases, must be licensed or certified by different authorities with good practice standards.

Both of SMGH and SN follow similar security protocols. The perimeters of both of the facilities are protected with electrical fences and are complete with security checkpoints and armed guards that regularly patrol the facilities with canine units. Access to the facilities are controlled by a two-way system with personal identification cards and biometric control systems. Specific areas of the facilities require higher clearance for individuals to gain access and are dependent on the roles and positions of the personnel with SMGH, SN, or Avicanna. All clearance is granted subject to rigorous background checks. To ensure the Corporation maintains compliance with the regulatory requirements, the security protocols have been implemented in collaboration with local police and military forces.

Genetic Registration Process in Colombia

The Colombian government has created a multistage process for the approval and continued monitoring of cannabis that is being cultivated for commercial purposes. The government agencies involved are the Ministry of Justice and Law (the "**MJL**") and the Colombian Agricultural Institute (the "**ICA**"). The MJL's approval is required for any cultivation of psychoactive cannabis.

Cannabis is classified as either psychoactive (THC content is equal to or greater than 1% by dry weight) or non-psychoactive (THC content is less than 1% by dry weight).

In order to cultivate cannabis for commercial purposes, a licence holder must register the particular genetic strain(s) they wish to cultivate with the ICA. Registration of genetic strains is granted through an approval process that involves the agronomical testing of each genetic strain that the licence holder wishes to grow for commercial purposes. This approval process is generally referred to as "characterization" (or the characterization process) and begins with the application to and grant by the ICA for a temporary licence to cultivate cannabis plants for scientific purposes. Any plants grown during the characterization process must be declared to the MJL. Any plants of a genetic strain that are eventually granted registration may be used by the licence holder for commercial purposes. Any plants of a genetic strain that are not registered, must be destroyed.

The characterization process requires licence holders to grow 50 plants of each genetic strain that it wishes to register – usually done from planting 50 seeds or from 50 clones (the "starting material"). The ICA will perform a series of agronomical tests that evaluate descriptors, including the length of the stem, minimum sprouting time, maturity of branches of the plants, plant height, number of leaflets, petiole length, and leaf surface area. These descriptors are collected in the vegetative phase of the plant growth cycle (approximately one month) as well as the flowering phase of the growth cycle (approximately three months).

At the end of the growth cycle, the raw data is collected, analyzed and compared with the parameters described in the ICA's guidelines. If the ICA approves the results of the agronomical tests presented in the final report, it will grant the licence holder with a registration resolution for the particular genetic strain.

Before characterization, licence holders may apply for "pre-characterization", which is a stage during which licence holders can grow a limited number of plants of a genetic strain for two main reasons: (i) to remedy any shortfall in starting material required for the characterization of genetics by growing one or more plants of a genetic and cloning enough of them; and/or (ii) to assess the potential viability of a genetic without growing the full 50 plants and thereby determine if it is worthwhile to attempt to characterize that genetic. It is not a requirement to undergo the pre-characterization stage to register genetics. The pre-characterization stage of genetics may be conducted in parallel to the characterization stage of other genetics.

For psychoactive cannabis, at any stage of the characterization (or pre-characterization) process as well as after registration of the genetic when the licence holder wishes to grow the plant for commercial purposes, the licence holder must apply to the MJL to grow a fixed number of the psychoactive cannabis plants (a "quota"). There are no requirements for quotas for non-psychoactive cannabis. However, as licence holders may not know before characterization (or pre-characterization) whether the genetic strain(s) are psychoactive or non-psychoactive, it is prudent to apply for a quota from the MJL for the number of plants to be grown for characterization or pre-characterization.

USE OF AVAILABLE FUNDS

Total Available Funds

Based on the table below, we expect to have a minimum of $3,758,352 available to us over the next 12 months, comprised of the following amounts:

	Minimum	Maximum
Net proceeds from the Offering[(1)]	$4,158,872	$14,859,432
Amount of net proceeds of Offering already expended as of February 28, 2019.	$(1,983,000)	$(1,983,000)
Net proceeds from Debentures	$783,000	$783,000
Consolidated working capital as of February 28, 2019 (excluding remaining net proceeds from the Offering)	$799,480	$799,480
Mountain Valley Transaction[(2)]	-	$3,883,000
TOTAL AVAILABLE FUNDS[(3)]	**$3,758,352**	**$18,341,912**

Notes:

(1) The minimum amount represents the total net proceeds we received from the First Closing of the Offering. The maximum amount represents the total proceeds from the First Closing plus the maximum amount of proceeds we could raise if we placed all 1,459,516 additional Special Warrants we anticipate issuing under the Second Closing, net of the maximum amounts payable to the Agents and anticipated expenses of $275,000. The Second Closing is scheduled to be completed on or before April 5, 2019. The Second Closing is being conducted on a commercially best efforts basis. It is possible that the maximum amount will not be achieved, or that no additional funds are raised. See "*Risk Factors*".

(2) The Corporation expects to have $3,883,000 in additional funds available to it over the next 12 months from the acquisition of SN Shares by Mountain Valley. See *"Our Business – Cultivation – Sativa Nativa – Proposed Transaction"*. These amounts are based on management's current expectations regarding the proposed transaction as set out in the letter of intent involving Mountain Valley and SN. Readers are cautioned that these additional funds are subject to certain conditions being met, including the negotiation and execution of a definitive agreement. There is a possibility that the Corporation may not

receive this amount of funds from the transaction or may fail to complete the transaction. See "*Forward Looking Statements*", "*Forward Looking Financial Information*" and "*Risk Factors*".

(3) Depending on the total funds available to us following the completion of the Second Closing and assuming the completion of the Mountain Valley transaction, our business plan will be adjusted as to scope and speed to capitalized on the additional funds. See "*Use of Available – Proposed uses of Available Funds*" below.

Proposed uses of Available Funds

The following table outlines our intended use of funds for the minimum amount funds available to us and the maximum funds available to us:

Principal Purpose	Minimum Funds	Maximum Funds
Construction of Cultivation Infrastructure in Colombia[(1)]	$-	$2,552,600
Research and Development[(2)]	$523,414	$523,414
Marketing Activities[(3)]	$100,000	$250,000
Human Capital[(4)]	$-	$315,000
Technical Transfers[(5)]	$130,000	$130,000
General and Administrative expenses – required[(6)]	$2,624,808	$2,624,808
Minimum Unallocated Working Capital[(7)]	$200,000	$200,000
TOTAL	**$3,578,222**	**$6,595,822**

Notes:

(1) Cultivation infrastructure includes the completion of the construction of our two cultivation facilities in Santa Marta, Colombia. To date, we have incurred costs for the cultivation facilities totalling $5.6 million. To date, we have incurred the necessary expenditures to be able to cultivate extract and sell medical Extracts in 2019. With additional funds we would increase the speed of our infrastructure development and thus increase our cultivation capacity. While the increased size is not immediately required to achieve our business objectives, larger cultivation capacity and laboratory facilities are part of our future objectives and additional funds would allow us to achieve future milestones earlier. We require $2,552,600 to achieve what has been determined to be our ultimate objectives. See "*Our Business – Cultivation*" and "*Use of Available Funds- Business Objectives & Milestones"* for additional information.

(2) Our research and product development activities are ongoing and are anticipated to include the development of new CBD-based products and formulations, commencement of Phase I and Phase II clinical trials for select products and targeted indications as well as the establishment of partnerships with key research partners around the world to broaden our collaborative research activities. See: "*Our Business – Research & Development*" and "*Use of Available Funds- Business Objectives & Milestones"* for additional information.

(3) Marketing activities relates to the costs to initially market and launch the Corporation's Pura Earth product line in Colombia. These costs will include expenditures related to initial advertising campaigns, in store display units and public relations marketing. With additional funds, we would be able to expand our marketing efforts to additional mediums and for longer periods of time. See "*Business Objectives & Milestones"* for additional information.

(4) To achieve our minimum business objectives we do not currently require additional staff. However, to support our ultimate objectives and continued growth plans, depending on funds available, we are planning to hire between 5 to 7 staff members in Colombia over the next 5 to 15 months. The estimated annual salary for each of these positions will be $45,000 per annum. See "*Use of Available Funds - Business Objectives & Milestones"* for additional information.

(5) In order to manufacture our products at Altea's facilities, we must ensure all related know-how and processes are successfully transferred, inclusive of pilot production runs. These costs relate to these pre-production costs specifically focused on Colombia.

(6) This amount represents the general and administrative expenses that we will require over the next 12 months. This amount includes $1,450,992 for payable and consultant fees; $600,000 for professional fees; $219,311 for travel expenses and $353,883 for general office administration. We don't currently anticipate an increase in these costs if we raise additional funds however the pending on the funds raised and the speed at which we accelerate our business plan these costs could increase.

(7) This represents a minimum of unallocated funds that are typically prescribed by Canadian securities exchanges. This amount will be deposited in our bank account and added to our working capital. The Chief Financial Officer of the Corporation is responsible for the supervision of all of our financial assets. Based on our cash flow requirements, management will determine the appropriate level of liquidity required for operations and will draw down such funds as necessary. Management has currently allocated these funds to our various day to day expenses including monthly listing expenses, transfer agency expenses, salaries and audit and accounting expenses.

Business Objectives & Milestones

Our primary and ultimate business objectives and associated milestones over the next 12 months are as follows:

Business Objectives	Possible Milestones	Min Estimated Cost	Max Estimated Costs
Continue to build out our Colombian operations through the expansion of the cultivation facilities in Santa Marta, Colombia.	Construction of expanded greenhouses	$-	$555,000
	New laboratory building construction	$-	$1,584,000
	Additional construction on the agricultural building and infrastructure.	$-	$413,600
Continue to develop our portfolio of products and intellectual property including the development of new CBD-based products and formulations, commencement of Phase I and Phase II clinical trials for select products and the establishment of partnerships with key research partners.	Execution and funding of partnership with the University of Toronto – Christine Allen Research Group.	$133,414	$133,414
	Commencement of SickKids Clinical trials and studies.	$150,000	$150,000
	Execution and funding of partnership with the University of West Indies.	$110,000	$110,000
	Execution and funding of partnership with CAIMED.	$130,000	$130,000
Market the launch of our cosmetic products in Colombia.	Launch of marketing initiatives in Colombia.	$100,000	$250,000
Continue to build our working capital through the addition of employees.	Hiring of 5-7 new employees	-	$315,000
Costs associated with transferring our technical know-how and formulations for production runs	Technical transfers to Altea.	$130,000	$130,000
	TOTAL	**$753,414**	**$3,771,014**

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

Additional Disclosure for Junior Issuers

We are currently growing and cultivating plants and have a working laboratory able to produce the Extracts from our cultivated cannabis plants. It is our ultimate business objective to expand the cultivation and laboratory capacity at SMGH to its maximum capacity and add additional staff members. As per the table above, we anticipate that we would require funds of approximately $2,552,600 to meet this ultimate objective.

With the minimum amount of available funds we can be operational and earn income but at a smaller level of capacity and output. We will continue to work towards our ultimate objectives, the timeline for completion of such expansion activities is dependent on the amount of funds available. Depending on the amount of future cash flows from our operations, in order to expedite the achievement of these ultimate milestones we may complete additional financings in the future. See *Risk Factors*.

Depending on the amount raised under the Second Closing, it is possible that we may have more funds available to us than are required to achieve our objectives outlined in the table above. Funds received over and above our budgeted amounts will be used to fund additional capital spending on our facilities to further reduce operating costs and allow us to increase the speed of our development and ultimate goal of achieving production and sale of our products. See "*Our Products*".

Additional Disclosure for Venture Issuers without Significant Revenue

A breakdown of all material components of our operating expenses is set out in the comparative audited financial statements for the periods ended December 31, 2016 and 2017 and the interim statements for the period ended September 30, 2018.

From September 30, 2018 to the date of this Prospectus, we expended the following amounts: $884,400 on the construction of the cultivation and extraction facilities in Colombia; $106,414 pursuant to our R&D agreements; and $459,468 on general and administrative expenses. As set out above, we have sufficient capital to cover the $3,578,222 that we will require over the following 12 months to complete our obligations under our R&D agreements and our marketing and general administrative expenses.

We have had negative cash flow from operating activities for the years ended December 31, 2017 and 2016 and for the period ended September 30, 2018. We believe that many of the expenditures that resulted in this negative cash flow were one-time start-up expenses such as capital incurred to construct our facilities, funds spent to commence many of our R&D initiatives and agricultural costs for our genetic registration requirements in Colombia. Our general and administrative expenses have been historically high due to costs related to professional fees, consultants, travel and research and development activities, the main focus of which were related to the development of our Colombian cultivation facilities and getting our products finalized. We anticipate that many of these expenses will inherently fall away or decrease in the next six to ten months. We allocated amounts from our available funds towards all remaining costs which are required prior to commencing income generating operations. We do not expect to the trend of our negative cash flows to continue long term.

DIVIDEND POLICY

The Corporation has not declared any cash dividends or distributions for any of our securities in the past and no such dividends or distributions are contemplated for the current financial year. As of the date of this Prospectus, there are no restrictions that prevent the Corporation from paying dividends on the Common Shares. The Corporation has neither declared nor paid any dividends on its shares and it is not

contemplated that the Corporation will pay dividends in the immediate or foreseeable future. The Corporation currently intends to retain future earnings and other cash resources to fund the development and growth of our business and does not anticipate paying dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors, including, among others, our financial condition, current and anticipated cash requirements, contractual restrictions, financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant.

SUMMARY OF SELECTED FINANCIAL INFORMATION

The following tables set forth: (i) summary historical financial information of Avicanna for the nine months ended September 30, 2018, and the year ended December 31, 2017 has been derived from reviewed and audited Financial Statements included in Schedule A to this Prospectus; and (ii) summary unaudited pro forma financial information of Avicanna as at and for the nine month ended September 30, 2018 and the year ended December 31, 2017, giving effect to the acquisition of the interests in SN and SMGH, as if such acquisitions occurred on January 1, 2017.

Our audited consolidated financial statements have been audited by our independent auditor, MNP LLP, and its audit report on these audited consolidated financial statements is included elsewhere in this Prospectus.

The following financial information should be read in conjunction with "*Use of Available Funds*" and "*Consolidated Capitalization*" as well as the Financial Statements and MD&A included in this Prospectus under Schedules A, B and C.

Historical Financial Information

	Nine months ended September 30, 2018 (unaudited) ($)	Year Ended December 31, 2017 (audited) ($)
Revenue	93,829	26,661
Total expenses	4,950,103	2,600,373
Net income (loss)	(3,919,875)	(2,587,792)
Current assets	1,422,425	1,307,264
Total assets	8,564,136	2,129,247
Current liabilities	2,032,524	1,276,403
Total liabilities	2,047,520	1,276,403
Shareholders equity (deficit)	6,516,616	852,844)

Pro Forma Financial Information

	Unaudited pro forma for the nine months ended September 30, 2018 ($)	Unaudited pro forma for the year ended December 31, 2017 ($)
Revenue	93,829	26,661
Total expenses	5,118,995	2,635,752
Net income (loss)	(5,260,673)	(2,610,853)

	Unaudited pro forma for the nine months ended September 30, 2018 ($)
Current assets	2,204,222
Total assets	28,479,454
Current liabilities	2,095,798
Total liabilities	2,110,794
Shareholders equity (deficit)	26,368,660

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Corporation's MD&A of operations and financial position and outlook as at and for the years ended December 31, 2017 and December 31, 2016 and three and nine months ended September 30, 2018 and September 30, 2017 are included in this Prospectus under Schedule A.

SN's MD&A of operations and financial position as at and for the year ended December 31, 2017 and as at and for the period from incorporation, December 23, 2016, to December 31, 2016 are included in this Prospectus under Schedule B.

SMGH's MD&A of operations and financial position as at and for the years ended December 31, 2017 and December 31, 2016 and three and nine months ended September 30, 2018 and September 30, 2017 are included in this Prospectus under Schedule B.

Certain information in the Corporation's MD&A and the MD&A with respect to SN and SMGH contains forward-looking statements that are subject to inherent risks and uncertainties. Should one or more of these risks or uncertainties materialize, or any of the underlying assumptions of the MD&A prove incorrect, actual results may vary significant from those set forth in the MD&A and this Prospectus. See "*Risk Factors*" for further details.

All MD&A should be read in conjunction with the accompanying Financial Statements. See: "*Financial Statement Presentation in this Prospectus*".

DESCRIPTION OF THE SECURITIES DISTRIBUTED

This Prospectus qualifies the distribution of the Qualifying Securities to be issued on the automatic exercise of the Special Warrants.

Authorized Share Capital

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares in the capital of the Corporation (the "**Preferred Shares**") which may be issued in series. As of the date hereof, 17,134,968 Common Shares are issued and outstanding as fully paid and non-assessable. There are no options, warrants or other securities convertible into, or exchangeable or exercisable for Common Shares except for: (i) the Qualifying Securities; (ii) 1,909,500 Options; (iii) 2,548,541 share purchase warrants (including the Debenture Warrants); (iv) the Compensation Options; and (v) the Debentures. There are no Preferred Shares issued and there are no options, warrants or other securities convertible into, or exchangeable or exercisable for Preferred Shares.

Common Shares

Holders of Common Shares are entitled to receive notice of, attend and vote at, all meetings of the shareholders of the Corporation (except with respect to matters requiring the vote of a specified class or series voting separately as a class or series) and are entitled to one vote for each Common Share held on all matters to be voted on by shareholders at meetings of the shareholders of the Corporation. Holders of Common Shares are entitled to receive such dividends, if, as and when declared by the Board, in their sole discretion. All dividends which the Board may declare shall be declared and paid in equal amounts per Common Share on all Common Shares at the time outstanding. On liquidation, dissolution or winding up of the Corporation, the holders of Common Shares will be entitled to receive the property of the Corporation remaining after payment of all outstanding debts on a *pro rata* basis, but subject to the rights, privileges, restrictions and conditions of any other class of shares issued by the Corporation. There are no pre-emptive, redemption or conversion rights attached to the Common Shares. All Common Shares, when issued, are and will be issued as fully paid and non-assessable Common Shares without liability for further calls or assessment.

Assuming the exercise of each Special Warrant for one Qualifying Share and one half of one Qualifying Warrant as contemplated in this Prospectus, it is expected that there will be a minimum of 17,480,577 Common Shares and up to a maximum of 18,940,093 issued and outstanding following the Prospectus Qualification.

Special Warrants

The Special Warrants were issued pursuant to the Agency Agreement and are governed by the Special Warrant Certificates issued by the Corporation in favour of the holders of the Special Warrants on the Closing Date. The following summary of certain provisions of the Special Warrant Certificates does not purport to be complete and is qualified in its entirety by reference to the provisions of the Special Warrant Certificates.

Pursuant to the Special Warrant Certificates, each Special Warrant will be automatically exercised, without payment of additional consideration and subject to customary anti-dilution adjustments, into one Unit consisting of one Qualifying Share and one half of one Qualifying Warrant, at no additional cost, at 5:00 p.m. (Toronto time) on the earlier of: (a) the Qualification Date; and (b) the Prospectus Qualification.

The Special Warrant Certificates provide that in the event of certain alterations of the Qualifying Securities, including any subdivision, consolidation or reclassification, and in the event of a capital reorganization of the Corporation, including any amalgamation, merger or arrangement or a sale or conveyance of the property or assets of the Corporation, as an entirety or substantially an entirety, an adjustment shall be made to the terms of the Special Warrants such that the holders shall, upon exercise of the Special Warrants, be entitled to receive the same number and kind of securities that they would have been entitled to receive had they exercised their Special Warrants prior to the occurrence of those events. No fractional securities will be issued upon the exercise of the Special Warrants. The holding of Special Warrants does not make the holder thereof a shareholder of the Corporation or entitle the holder to any right or interest in respect thereof except as expressly provided in the Special Warrant Certificates.

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

Qualifying Warrants

The Qualifying Warrants are issuable pursuant to the Special Warrants, upon the automatic exercise of the Special Warrants, and will be governed by the terms of the Qualifying Warrant Certificates. Each Qualifying Warrant will entitle the holder thereof to acquire one Warrant Share until the date that is 24 months from the Closing Date at a price of $10.00 per Warrant Share, subject to acceleration. Pursuant to the Qualifying Warrant Certificates, if the volume weighted average price of the Common Shares on a recognized Canadian stock exchange as the Common Shares may be listed and posted for trading, is equal to or greater than $12.50 for a period of 10 consecutive trading days, the Corporation may at its option elect to accelerate the expiry of the Qualifying Warrants by providing notice to the holders thereof, in which case the Qualifying Warrants will expire on the 30th calendar day following delivery of such notice.

The Qualifying Warrant Certificates provide that in the event of certain alterations of the Qualifying Securities, including any subdivision, consolidation or reclassification, and in the event of a capital reorganization of the Corporation, including any amalgamation, merger or arrangement or a sale or conveyance of the property or assets of the Corporation, as an entirety or substantially an entirety, an adjustment shall be made to the terms of the Qualifying Warrants such that the holders shall, upon exercise of the Qualifying Warrants following the occurrence of any of those events, be entitled to receive the same number and kind of securities that they would have been entitled to receive had they exercised their Qualifying Warrants prior to the occurrence of those events. No fractional securities will be issued upon the exercise of the Qualifying Warrants. The holding of Qualifying Warrants does not make the holder thereof a shareholder of the Corporation or entitle the holder to any right or interest in respect thereof except as expressly provided in the Qualifying Warrant Certificates.

CONSOLIDATED CAPITALIZATION

The following table summarizes the Corporation's consolidated capitalization as at September 30, 2018 and as at February 28, 2019 both before and after the conversion of the Special Warrants. The table should be read in conjunction with the financial statements, including the notes thereto, included elsewhere in this Prospectus. There have been no material changes in the share capitalization or in the indebtedness of the Corporation since February 28, 2019.

	As at September 30, 2018	As at February 28, 2019 before conversion of Special Warrants	As at February 28, 2019 after the conversion of the Special Warrants[2]
Shareholder Equity			
Share Capital	$10,119,538	$23,540,647	$27,864,519
Common Shares (unlimited)	13,954,863	16,940,093[1]	17,480,577
Preferred Shares (unlimited)	-	-	-
Special Warrants[2]	-	540,484	-
Warrants[3]	3,361,444	2,693,854	2,964,096
Compensation Options[4]	-	18,090	18,090
Stock Options	2,396,500	1,879,500	1,879,500
Indebtedness			
Term Loan[5]	$14,996	$14,996	$14,996
Debentures[6]	-	$783,000	$783,000

Notes:

(1) Includes the 1,477,818 Common Shares issued in connection with our acquisition of a 60% interest in SMGH, 688,049 Common Shares issued upon the exercise of outstanding share purchase warrants between October 1, 2018 and February 28, 2019 and 790,000 Common Shares issued upon the exercise of stock options between October 1, 2018 and February 28, 2019. See "*Our Business – Cultivation – Santa Marta Golden Hemp.*" and "*Prior Sales*".

(2) Based on the issuance of 540,484 Special Warrants at a price of $8.00 per Special Warrant on December 13, 2018. Upon automatic exercise in accordance with the terms of the Special Warrant Certificate, the Special Warrants shall be converted, without any payment or further action of the holder into 540,484 Common Shares and 270,242 Qualifying Warrants. Assuming the issuance of up a maximum of 1,459,516 Special Warrants under the Second Closing, our share capital at February 28, 2019 before and after the conversion of the Special Warrants would be $23,540,647 and $39,540,647 respectively with a total of 18,940,093 Common Shares outstanding following conversion. This Prospectus qualifies the distribution of the Common Shares and Qualifying Warrants issuable upon the automatic exercise of the Special Warrants. See "*Plan of Distribution*". We have attributed $3.44 to the value of the Warrants with $4.56 attributable to the value of the Common Shares.

(3) The Corporation had 2,693,854 warrants with a weighted average exercise price of $1.53. Following the automatic conversion of the Special Warrants, an additional 270,242 warrants minimum case, or 1,000,000 warrants maximum case, will be issued by way of the Qualifying Warrants. See "*Plan of Distribution*".

(4) 18,090 Compensation Options were granted to the Agents by the Corporation pursuant to the Offering. Each Compensation Option is exercisable for one Compensation Unit at a price of $8.00 per Compensation Unit. Each Compensation Unit is comprised of one Common Share and one half of one Compensation Warrant. The maximum number of Compensation Options issuable under the Second Closing is 87,571. See "*Plan of Distribution*".

(5) The term loan relates to a small auto loan in Colombia with a 2-year term. See the disclosure in the Corporation's interim financial statements for the nine months ended September 30, 2018 and accompanying MD&A.

(6) Issued pursuant to the offering of Debentures which closed on March 1, 2019. See "*Avicanna – The Debenture Offering*".

OPTIONS TO PURCHASE COMMON SHARES

The table below sets out, as at the date of this Prospectus, all options to purchase securities of the Corporation and which category of persons hold such options.

Category	No. of Optionees in Category	Underlying Common Shares	Exercise Price	Expiry Date
Executive officers and former executive officers	4	500,000	$0.10	December 10, 2023
	1	25,000	$1.00	November 1, 2024
	1	204,000	$8.00	November 1, 2025
Directors (other than those who are also executive officers) and former directors	1	100,000	$2.00	May 1, 2025
	1	30,000	$7.30	August 1, 2025
Executive officers and former executive officers of subsidiaries	-	-	-	-
Directors (other than those who are also executive officers) and former directors of subsidiaries	-	-	-	-
Other current and former employees	2	70,000	$1.00	October 1, 2024
	1	20,000	$1.00	October 17, 2024
	1	7,500	$2.00	April 16, 2025
	2	7,000	$2.00	June 1, 2025
	1	40,000	$8.00	September 1, 2025
	1	5,000	$8.00	November 5, 2025
	1	10,000	$8.00	March 1, 2026
Current and former employees of subsidiaries	1	15,000	$2.00	March 1, 2025
	1	30,000	$2.00	June 1, 2025
	1	5,000	$7.30	July 11, 2025
	1	25,000	$7.30	August 1, 2025
	1	25,000	$8.00	September 1, 2025
	1	5,000	$8.00	October 13, 2025
	2	10,000	$8.00	November 1, 2025
	1	2,000	$8.00	November 15, 2025
Consultants	2	220,000	$1.00	April 1, 2024
	1	25,000	$1.00	May 1, 2024

Category	No. of Optionees in Category	Underlying Common Shares	Exercise Price	Expiry Date
	1	50,000	$1.00	July 24, 2024
	1	20,000	$1.00	September 1, 2024
	3	75,000	$1.00	November 1, 2024
	2	35,000	$2.00	January 1, 2025
	3	210,000	$2.00	March 1, 2025
	1	20,000	$2.00	April 1, 2025
	1	15,000	$2.00	May 28, 2025
	2	12,000	$7.30	July 1, 2025
	2	25,000	$8.00	September 1, 2025
	1	10,000	$8.00	October 18, 2025
	3	30,000	$8.00	November 1, 2025
	1	2,000	$8.00	February 1, 2026
	1	20,000	$8.00	March 1, 2026
Any other person[1]	1	25,000	$10.00	July 12, 2025

Note:

(1) Does not include Compensation Options issued to the Agents. See "Our History – Financings" and "Prior Sales".

PRIOR SALES

The following table sets forth the details regarding all issuances of Common Shares, including issuances of all securities convertible or exchangeable into Common Shares, since the date that is 12 months prior to the date of this Prospectus.

Date	Number/Type of Securities	Issue/Exercise Price per Security
March 31, 2018	12,041 Common Shares	$2.00
March 31, 2018	7,142 Common Shares	$2.00
April 1, 2018	50,000 Stock Options[1][3]	$2.00[2]
April 16, 2018	7,500 Stock Options[1][3]	$2.00[2]
April 30, 2018	18,083 Common Shares	$2.00
May 1, 2018	100,000 Stock Options[1][3]	$2.00[2]
May 28, 2018	15,000 Stock Options[1][3]	$2.00[2]
May 31, 2018	25,541 Common Shares	$2.00
June 1, 2018	47,000 Stock Options[1][3]	$2.00[2]
June 30, 2018	1,183 Common Shares	$7.30

Date	Number/Type of Securities	Issue/Exercise Price per Security
July 1, 2018	12,000 Stock Options[1][3]	$2.00[2]
July 9, 2018	14,000 Common Shares	$1.00[6]
July 11, 2018	5,000 Stock Options[1][3]	$7.30
July 12, 2018	25,000 Stock Options[1][3]	$10.00
July 20, 2018	2,000 Common Shares	$2.50[6]
July 31, 2018	328,219 Common Shares	$7.30
August 1, 2018	35,000 Stock Options[1][3]	$7.30[2]
August 1, 2018	1,369 Common Shares	$7.30
August 31, 2018	1,047 Common Shares	$7.30
September 1, 2018	90,000 Stock Options[1][3]	$8.00[2]
September 4, 2018	25,000 Common Shares	$2.50[6]
September 9, 2018	1,250 Common Shares	$2.50[6]
September 10, 2018	7,750 Common Shares	$2.50[6]
September 11, 2018	1,750 Common Shares	$2.50[6]
September 12, 2018	17,500 Common Shares	$2.50[6]
September 13, 2018	62,500 Common Shares	$2.50[6]
September 14, 2018	26,875 Common Shares	$2.50[6]
September 14, 2018	30,000 Common Shares	$1.00[6]
September 19, 2018	50,000 Common Shares	$1.00[6]
September 19, 2018	12,500 Common Shares	$2.50[6]
September 21, 2018	7,500 Common Shares	$2.50[6]
September 27, 2018	36,135 Common Shares	$2.50[6]
September 29, 2018	5,000 Common Shares	$2.50[6]
September 30, 2018	1,458 Common Shares	$8.00
October 1, 2018	10,000 Stock Options[1][3]	$8.00[2]
October 13, 2018	5,000 Stock Options[1][3]	$8.00[2]
October 22, 2018	1,477,818 Common Shares[8]	$7.30
October 28, 2018	100,000 Common Shares	$0.10[5]
October 31, 2018	1,135 Common Shares	$8.00
November 1, 2018	10,008 Common Shares	$8.00
November 1, 2018	244,000 Stock Options[1][3]	$8.00[2]
November 5, 2018	5,000 Stock Options[1][3]	$8.00[2]
November 15, 2018	2,000 Stock Options[1][3]	$8.00[2]
November 30, 2018	49,718 Common Shares	$8.00
December 13, 2018	540,484 Special Warrants	$8.00
December 13, 2018	18,090 Compensation Units	$8.00[2]
December 14, 2018	100,000 Common Shares	$0.10[5]

Date	Number/Type of Securities	Issue/Exercise Price per Security
December 14. 2018	3,750 Common Shares	$2.50[6]
December 31, 2018	12,154 Common Shares	$8.00
January 4, 2019	1,250 Common Shares	$2.50[6]
January 14, 2019	450,000 Common Shares	$0.10[5]
January 14, 2019	30,000 Common Shares	$1.00[5]
January 14, 2019	35,728 Common Shares	$1.00[6]
January 15, 2019	100,000 Common Shares	$0.10[5]
January 15, 2019	118,000 Common Shares	$1.00[6]
January 15, 2019	17,500 Common Shares	$2.50[6]
January 16, 2019	20,000 Common Shares	$1.00[6]
January 17, 2019	1,500 Common Shares	$2.50[6]
January 18, 2019	57,412 Common Shares	$1.00[6]
January 18, 2019	1,250 Common Shares	$2.50[6]
January 21, 2019	50,000 Common Shares	$1.00[6]
January 22, 2019	1,750 Common Shares	$2.50[6]
January 24, 2019	35,714 Common Shares	$1.00[6]
January 28, 2019	3,750 Common Shares	$1.00[6]
January 29, 2019	75,000 Common Shares	$2.50[6]
January 29, 2019	30,000 Common Shares	$1.00[6]
January 31, 2019	17,313 Common Shares	$8.00
February 1, 2019	2,000 Stock Options	$8.00
February 8, 2019	178,571 Common Shares	$1.00[6]
February 13, 2019	35,714 Common Shares	$1.00[6]
February 19, 2019	21,430 Common Shares	$1.00[6]
February 27, 2019	10,000 Common Shares	$2.00[5]
February 28, 2019	1,515 Common Shares	$8.00
March 1, 2019	30,000 Stock Options	$8.00
March 1, 2019	625 Common Shares	$8.00
March 1, 2019	$783,000 principal amount Convertible Debentures[9]	$8.00
March 5, 2019	193,000 Common Shares	$1.00[6]
March 6, 2019	1,250 Common Shares	$2.50[6]

Notes:

(1) The options granted expire seven (7) years from the date of grant.
(2) This represents the exercise price of the relevant security.
(3) Grant of Stock Options pursuant to the Corporation's stock option plan.
(4) See "*Avicanna – Our History – Financings*".
(5) Issued upon the exercise of previously granted stock options.
(6) Issued upon the exercise of previously granted warrants.
(7) Issued to shareholders of SN in exchange for SN Shares. See: "*Our Business – Cultivation – Sativa Nativa – Background*".
(8) Issued to We Bay in connection with the acquisition of our interest of SMGH. See: "*Our Business – Cultivation – Santa Marta Golden Hemp – Background*".

(9) Issued pursuant to the offering of Convertible Debentures. Additionally, in connection with the issuance of Debentures, we issued 48,937 Debenture Warrants. See "*Avicanna – History – The Debenture Offering*".

(10) All other issuances listed in table above without a corresponding footnote were issued to employees, service providers or contractors for past services in accordance with agreements with such persons.

PLAN OF DISTRIBUTION

This Prospectus is being filed in the Qualifying Jurisdictions to qualify the distribution of the Qualifying Securities issuable upon the automatic exercise of the Special Warrants. Pursuant to the First Closing of the Offering conducted in accordance with the terms of the Agency Agreement, we issued an aggregate of 540,484 Special Warrants on a private placement basis in accordance with subscription agreements entered into with subscribers. The Special Warrants were sold to subscribers at a price of $8.00 per Special Warrant for aggregate gross proceeds of $4,323,872. On March 13, 2019 we negotiated certain amendments to the Agency Agreement, primarily to allow for, among other things, the Second Closing and to reflect the correct composition of the syndicate of agents under the Agency Agreement. We currently do not know how many Special Warrants will be issued under the Second Closing. We anticipate being able to issue up to approximately 1,459,516 Special Warrants under the Second Offering, however the actual number of Special Warrants issued could be lower.

The terms of the Offering, including the Offering Price of the Special Warrants, were determined by negotiation between the Corporation and the Agents.

The Special Warrants are governed by the terms of the Special Warrant Certificates issued, or to be issued to the holders thereof on each Closing Date of the Offering. Each Special Warrant will be automatically exercised, without payment of additional consideration and subject to customary anti-dilution adjustments, into one Qualifying Share and one half Qualifying Warrant at 5:00 p.m. (Toronto time) on the earlier of: (a) the Qualification Date; and (b) the third (3rd) Business Day after receipt for a final prospectus qualifying the distribution of the Qualifying Securities in the Qualifying Jurisdictions.

The Qualifying Warrants will be created and governed by the terms of the Warrant Certificates to be issued to the holders thereof upon conversion of the Special Warrants. Each Qualifying Warrant will entitle the holder thereof to acquire one Warrant Share until the date that is 24 months from the Closing Date at a price of $10.00 per Warrant Share. If the Common Shares trade on a recognized Canadian exchange and the volume weighted average price of the Common Shares on such exchange is equal to or greater than $12.50 for a period of 10 consecutive trading days, the Corporation may at its option elect to accelerate the expiry of the Qualifying Warrants by providing notice to the holders thereof in which case the Qualifying Warrants will expire on the 30th calendar day following delivery of such notice.

The Special Warrants were or are to be purchased by subscribers pursuant to certain exemptions from the prospectus requirements of applicable securities legislation in the Qualifying Jurisdictions in compliance with laws applicable to each subscriber. There is no market through which the Special Warrants may be sold and none is expected to develop. Unless and until the Prospectus Qualification occurs, the Qualifying Securities issued in connection with the Offering will be subject to the relevant hold periods under applicable securities legislation.

Pursuant to the Agency Agreement, we agreed to use commercially reasonable efforts to prepare and file a final prospectus under the applicable securities laws in each of the Qualifying Jurisdictions, to satisfy all comments from the regulators in each of the Qualifying Jurisdictions and to obtain a receipt (or deemed receipt) for a Prospectus qualifying the distribution of the Qualifying Securities in each of the Qualifying Jurisdictions by no later than the Qualification Date.

Mr. Giancarlo Davila Char, one of our directors purchased 254,156 Special Warrants under the First Closing of the Offering. We are not currently aware of any insiders planning to participate in the Second Closing.

The Corporation has agreed to indemnify the Agents and their subsidiaries and affiliates and each of their trustees, directors, officers, employees, shareholders and agents of the Agents against certain liabilities and expenses.

In consideration of the services rendered by the Agents in connection with the First Closing of the Offering, the Agents received a cash commission of $30,000, representing 6% of the aggregate proceeds from the Special Warrants placed by the Agents, excluding proceeds from the sale of Special Warrants to certain strategic investors, plus additional expenses and disbursements. In addition, the Corporation issued to the Agents an aggregate of 18,090 Compensation Options representing: (i) 6% of the securities sold under the First Closing, excluding securities sold to certain strategic investors, plus (ii) 3% of the securities sold under the First Closing to certain strategic investors. Each Compensation Option entitles the holder to acquire one Common Share and one half of one common share purchase warrant on the same terms as the Units issuable on the automatic exercise of the Special Warrants. Under the Second Closing, the Agents will be entitled to the same compensation as under the First Closing and could receive up to a maximum fee equal to 6% of the funds raised as well as a maximum number of Compensation Options equal to 6% of the number of Special Warrants issued.

Additionally, the Agency Agreement provides the Agents with an over-allotment option allowing them to place up to an additional 20% of the Special Warrants sold under the Offering at any time prior to the date that is 2 Business Days from the date of the Second Closing. The over-allotment option is only exercisable if the maximum of 2,000,000 is issued under the Agency Agreement. As of the date of this prospectus we currently do not know how many Special Warrants will be issued under the Second Closing or if the Agents will exercise any portion of the overallotment option.

As at the date of this Prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., Alternative Investment Market of the London Stock Exchange or the PLUS Markets Group plc, a U.S. marketplace, or a marketplace outside of Canada and the United States of America.

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

The Special Warrants issuable on the Second Closing are not being issued pursuant to this Prospectus. Additionally, this prospectus does not qualify the distribution of the Special Warrants issued pursuant to the Second Closing but it will qualify the distribution of the Qualifying Shares and Qualifying Warrants that are issuable upon the automatic conversion of such Special Warrants. The Second Closing is expected to close on or before April 5, 2019.

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

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Voluntary Lock-Ups

Prior to filing a final long-form prospectus, we have agreed with the Agents to cause each director, officer and holder of greater than 10% of the issued and outstanding Common Shares to enter into an agreement pursuant to which each such individual shall agree not to sell, transfer or pledge, or otherwise dispose of or transfer the economic consequences of any securities of the Corporation held by such individual for a period of 39 months following the Listing Date where 10% of such securities will be released from the agreement on the date that is 3 months following the Listing Date with the remaining securities released in six equal tranches of 15% every 6 months following the first release until all such securities are released. As of the date hereof, it is expected that a total of 25 shareholders, holding an aggregate of 10,038,706 Common Shares (on a non-diluted basis) will be subject to such agreements. In the event that the Common Shares do not become listed on a recognized Canadian exchange by May 12, 2019, all securities subject to such agreements will be released immediately.

In addition, prior to Listing Date, we have agreed to make commercially reasonable efforts to obtain from each shareholder that (x) has acquired securities at a price lower than the Offering Price and (y) holds a minimum of 100,000 Common Shares (on a fully diluted basis), an agreement pursuant to which each such shareholder will agree not to sell, transfer or pledge, or otherwise dispose of or transfer the economic consequences of any securities of the Corporation held by such shareholder, for a period of 4 months following the Listing Date where 20% of such securities will be released immediately prior to the Listing Date with the remaining securities released in four equal tranches of 20% every month thereafter until all such securities are released. In the event that the Common Shares do not become listed on a recognized Canadian exchange by May 12, 2019, all securities subject to such agreements will be released immediately.

PRINCIPAL SHAREHOLDERS

The following table sets forth, to the best of our knowledge, as of the date of this Prospectus, the only persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, directly or indirectly, ten percent (10%) or more of the issued and outstanding Common Shares after giving effect to the deemed exercise of the Special Warrants.

Name of Shareholder and Jurisdiction of Residence	Type of Ownership	Number and Percentage of Common Shares Held Prior to Conversion of Special Warrants[(2)]	Number and Percentage of Common Shares Held After Conversion of Special Warrants [(3)]
Aras Azadian, Ontario, Canada	Beneficial and of Record	2,534,107 (14.96%)	2,534,107 (14.50%)
Kyle Langstaff Ontario, Canada	Beneficial and of Record	2,418,333 (14.28%)	2,418,333 (13.83%)
Setu Purohit Ontario, Canada	Beneficial and of Record	2,420,952 (14.29%)	2,420,952 (13.85%)
Giancarlo Davila Char Miami, United States[(1)]	Beneficial and of Record	1,655,114 (9.77%)	1,909,270 (10.92%)

Name of Shareholder and Jurisdiction of Residence	Type of Ownership	Number and Percentage of Common Shares Held Prior to Conversion of Special Warrants[2]	Number and Percentage of Common Shares Held After Conversion of Special Warrants [3]
TOTAL		**9,028,506 (53.30%)**	**9,282,662 (53.10%)**

Notes:

(1) Mr. Davila Char is a Director of the Corporation. Mr. Davila Char beneficially owns, controls, or directs, directly or indirectly, the listed number of Common Shares through the following: (i) Bondue which owns 1,477,818 Common Shares; (ii) Siranom Investment Inc., which owns 141,392 Common Shares; and (iii) Sambaq Investment Inc., which owns 35,904 Common Shares. Mr. Davila Char also indirectly purchased 32,346 Special Warrants under the Offering and $406,000 principal amount of debentures and 25,375 Debenture Warrants under the Debenture offering that closed on March 1. 2019.

(2) Expressed on a non-diluted basis based on 16,940,093Common Shares issued and outstanding.

(3) Expressed on a non-diluted basis. On a fully-diluted basis, the number and percentage of Common Shares owned, controlled or directed by Mr. Azadian, Mr. Langstaff, Mr. Purohit and Mr. Davila Char are 2,534,107 and 11.34%, and 2,418,333 and 10.82% and 2,570,952 and 11.51%, and 2,146,348 and 9.61% respectively.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the name, province and country of residence, position held with the Corporation, principal occupation during the preceding five (5) years, and the date on which they were first appointed as a director or officer of the Corporation (if applicable). As of the date of this Prospectus, the Corporation's Board consists of Aras Azadian, David Allan White, Chandrakant Panchal, Giancarlo Davila Char, and Setu Purohit. Directors will be elected annually and they are expected to hold office until the Corporation's next annual meeting of shareholders, at which time they may be re-elected or replaced.

Name and Province of Residence	Position(s) with the Corporation	First Appointed as Director or Officer and Expiry of Term	Principal Occupations During Previous five Years
Aras Azadian, Ontario, Canada	Chief Executive Officer, Chairman of the Board and Director	November 25, 2016	Chief Executive Officer of the Corporation (2016-Present); and Chief Operating Officer of Panacea Global Incorporated (2013-2017).
David Allan White, North Carolina, United States	Director[1]	August 9, 2018	Corporate Director and Business Consultant at First Call Services (2012-Present).
Chandrakant Panchal, Quebec, Canada	Director[1]	November 26, 2016	Chief Executive Officer of Axcelon Biopolymers Corp. (2008-Present).
Giancarlo Davila Char, Miami, United States	Director[1]	October 22, 2018	Commercial Manager of Caribbean Eco Soaps U.I.B.S. (2017-Present); and Student (2013-2017).
Setu Purohit, Ontario, Canada	Director, General Counsel and Secretary Chief Legal Officer and President	November 25, 2016 May 23, 2018	President and Chief Legal Officer of the Corporation (2018-Present); Director, General Counsel and Secretary of the Corporation (2016-Present); and Partner at Purohit Vaid Professional Corporation (2012-2016).

Name and Province of Residence	Position(s) with the Corporation	First Appointed as Director or Officer and Expiry of Term	Principal Occupations During Previous five Years
Davender Sohi Ontario, Canada	Chief Financial Officer	November 25, 2016	Chief Financial Officer of the Corporation (2016-Present); President of Quad Business Services Inc. (2014-2017); and Manager at Ernst & Young LLP, Transaction and Advisory Practice (2012-2013).
Kyle Langstaff Ontario, Canada	Vice President (Operations)	November 26, 2016	President of 2516167 Ontario Inc. d.b.a. My Cannabis (2016-President); Vice President of Operations of the Corporation (2016-Present); and President of Vehicle Appraisals on Demand (2009-Present).
Christine Allen Ontario, Canada	Chief Scientific Officer	November 1, 2018	Chief Scientific Officer of the Corporation (2018-Present); and Professor at the University of Toronto (2002-Present).
Arash Moghani Ontario, Canada	Chief Technical Officer	November 26, 2016	Chief Technical Officer of the Corporation (2018-Present); Chief Operating Officer of the Corporation (2016-2018); Senior Consultant at Bank of Montreal (2014-2017); and Technology Consultant at Deloitte & Touche LLP (2011-2014).
Lucas Nosiglia Magdalena, Colombia	Chief Agricultural Officer	November 26, 2016	Chief Agricultural Officer of the Corporation (2016-Present); President of Avicanna LATAM S.A.S. (2018-Present); Vice President of Avicanna LATAM S.A.S. (2016-2018); General Manager of La Causa Nikkei SA (2014-2016); and Self-Employed (2013-2014).

Notes:

(1) Member of the Audit Committee.

As at the date of this Prospectus, the directors or executive officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 9,494,834 Common Shares, representing approximately 56.05% of the total number of Common Shares outstanding before giving effect to the exercise of Stock Options, Warrants and the exercise of the Special Warrants held by such directors and executive officers. Upon the exercise of the Special Warrants, but before giving effect to the exercise of Stock Options or Warrants held by such directors and executive officers, the directors and executive officers of the Corporation, as a group, are expected to beneficially own, directly or indirectly, or exercise control or direction over, 9,748,990 Common Shares, representing approximately 55.77% of the total number of Common Shares outstanding. The statements as to the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and executive officers of the Corporation as a group are based upon information furnished by the directors and executive officers.

In addition, Giancarlo Davila Char is the sole shareholder of Bondue, which owns 38.4% of SMGH.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions and Conflicts Of Interest

Cease Trade Orders

To the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding corporation of any of such persons) is, as of the date of this Prospectus, or was within 10 years before the date of this Prospectus, a director, chief executive officer or chief financial officer of any corporation (including the Corporation), that: (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, in each case that was in effect for a period of more than thirty (30) consecutive days (collectively, an "**Order**"), 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 an Order 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 knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding corporation of any of such persons), or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation: (a) is as of the date of this Prospectus or has been within 10 years before the date of this Prospectus, a director or executive officer of a corporation (including the Corporation) that while that person was acting in such 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 (b) has within the ten (10) years before the date of this Prospectus become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

Penalties or Sanctions

To the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding corporation of any of such persons), or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the knowledge of the Corporation, there are no known existing or potential conflicts of interest between the Corporation and its directors (including the individuals who are not currently directors but will serve as the Corporation's directors effective immediately following completion of the Offering) or officers as a result of their outside business interests except that certain of the Corporation's directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Corporation and their duties as a director or officer of such other companies.

Management

The following is a brief description of each member of management of the Corporation. Each of the executive officers and directors of the Corporation has or will enter into a non-competition and non-disclosure agreement with the Corporation.

Aras Azadian, Chairman of the Board of Directors and Chief Executive Officer

Mr. Azadian, age 32, serves as a Director and the Chief Executive Officer of the Corporation and serves in these capacities as an employee. Mr. Azadian will devote 100% of his time and attention to the business of the Corporation. Mr. Azadian brings extensive senior management experience in the biotechnology and financial sectors including his involvement in several successful start-up companies. In addition to his international experience in corporate development, his diverse roles include his previous position as the president of an investment corporation in the cannabis space and former Chief Operating Officer of an oncology company. Mr. Azadian holds a Bachelor of Economics degree from York University in Toronto, and an International Masters in Management degree from EADA Business School in Barcelona, Spain.

David Allan White, Director

Mr. White, age 66, serves as the Chairman of the Board of Directors of the Corporation and serves in this capacity as an independent contractor. Mr. White will devote approximately 10% of his time and attention to the business of the Corporation. Mr. White is a director and chair of audit committees of several Toronto Stock Exchange ("**TSX**") and NASDAQ companies. Mr. White has held several senior financial positions with John Labatt Limited, Lawson Marden Group Inc. and Laidlaw Inc. and most recently as Chief Executive Officer of TransCare Inc., a medical transportation company and as President and Chief Executive Officer of Student Transportation of America, a TSX listed company. In addition to sitting on Avicanna's Board of Directors and chairing the Corporation's audit committee, Mr. White has also been a corporate director and business consultant for First Call Services, a private holding company and advisory firm, since 2012. Mr. White has been a Canadian Chartered Accountant since 1978 and holds a Master of Business Administration degree from the University of Toronto.

Dr. Chandrakant Panchal, Director

Dr. Panchal, age 69, serves as a Director of the Corporation and serves in this capacity as an independent contractor. Dr. Panchal will devote approximately 10% of his time and attention to the business of the Corporation. Dr. Panchal has been the Chief Executive Officer of Axcelon Biopolymers since 2008, has authored over seventy scientific papers, holds several patents in oncology, diagnostics, biopolymers and microbiology, and is an Adjunct Professor in Chemical and Biochemical Engineering at the University of Western Ontario. Dr. Panchal currently sits on the board of directors of both an oncology company known as Medicenna Therapeutics (MDNA), and Canadian Oil Recovery and Remediation Inc. (CVR) as well as Pure Global Cannabis Inc. (PURE). Dr. Panchal holds a Master of Science degree in Molecular Biology and a Ph.D. in Biochemical Engineering from the University of Western Ontario.

Giancarlo Davila Char, Director

Mr. Char, age 25, serves as a Director of the Corporation and serves in this capacity as an independent contractor. Mr. Char will devote approximately 20% of his time and attention to the business of the Corporation. Upon obtaining his degree, Mr. Char returned home to work for his family's business, a company dedicated to the sustainable and organic cultivation and production of industrial scale palm oil as

well as other agriculture crops such as avocados and coffee beans. In 2017, Mr. Char went on to lead a new branch of his family's business which is dedicated to producing private label oils for national distribution in supermarkets across Colombia. This business unit reached USD$30 million in sales in 2018. Mr. Char holds a Bachelor of Science in Business Administration from Northeastern University.

Setu Purohit, President, Director, General Counsel, Chief Legal Officer and Secretary

Mr. Purohit, age 38, serves as a Director and as the President, General Counsel, Chief Legal Officer and Secretary of the Corporation and serves in these capacities as an employee. Mr. Purohit will devote 100% of his time and attention to the business of the Corporation. Mr. Purohit is a lawyer and entrepreneur with experience in complex corporate and legal strategy, contract negotiations, and litigation. Mr. Purohit has been involved in the cannabis industry for several years as an advocate for patients' rights and advising healthcare professionals, licensed cannabis producers, and other corporate and regulatory stakeholders in Canada and abroad. Prior to co-founding Avicanna, Mr. Purohit operated his own private practice since 2012. Mr. Purohit holds a Bachelor of Commerce degree from the University of Ottawa and a Juris Doctor (JD) degree from the University of Western Ontario.

Davender Sohi, Chief Financial Officer

Mr. Sohi, age 37, serves as the Chief Financial Officer of the Corporation and serves in this capacity as an employee. Mr. Sohi will devote 100% of his time and attention to the business of the Corporation. Mr. Sohi began his career in audit and tax at RSM Richter LLP, a mid-sized accounting and financial advisory firm. Mr. Sohi received his Chartered Accountant designation in 2008, and following three years in audit and tax he joined the firm's business advisory practice as a manager. Mr. Sohi's main focus in that group's practice was on mergers and acquisitions and valuation services. While in this group, Mr. Sohi worked on a number of M&A transactions, advising on both the buy and sell side, and participated in numerous valuation engagements across a variety of industries. In 2010, Mr. Sohi obtained his Chartered Business Valuator designation, and in 2012 joined Ernst and Young's Transaction Advisory Practice. Following a year with Ernst and Young, Mr. Sohi opened his own practice where he provided clients with accounting and advisory services. Mr. Sohi holds a Bachelor of Commerce degree from Queen's University.

Kyle Langstaff, Vice President (Operations)

Mr. Langstaff, age 35, serves as the Vice President of Operations of the Corporation and serves in this capacity as an employee. Mr. Langstaff also serves as the President of 2516167 Ontario Inc. d.b.a. My Cannabis, an affiliate of the Corporation. Mr. Langstaff will devote 100% of his time and attention to the business of the Corporation and My Cannabis. Mr. Langstaff has also been the President of Vehicle Appraisals on Demand, a company that specializes in motor vehicle appraisals since 2009. In 2012, Mr. Langstaff first entered the cannabis industry when he acquired his Medical Marihuana Access Regulations licence. Later, in 2016, Mr. Langstaff founded My Cannabis, a company focused on providing qualified patients with knowledge and access to cannabis and cannabinoid-based products for medical use. Mr. Langstaff's focus over the past five years has been helping patients access medical cannabis, as well as international medical cannabis research.

Dr. Christine Allen, Chief Scientific Officer

Dr. Allen, age 46, serves as the Chief Scientific Officer of the Corporation and serves in this capacity as an independent contractor. Dr. Allen will devote approximately 20% of her time and attention to the business of the Corporation. Dr. Allen is a Full Professor in the Leslie Dan Faculty of Pharmacy at the University of

Toronto. Dr. Allen's research is focused on the design and development of new materials and technologies for the delivery of drugs and contrast agents in addition to synthesis of new polymer materials for nanotechnology-based drug delivery. Dr. Allen's research has resulted in one hundred thirty peer-reviewed publications on both lipid and polymer-based drug delivery approaches. Dr. Allen has been a Professor at the University of Toronto since 2002. Dr. Allen holds a Ph.D. in Chemistry from McGill University and a B.Sc. in Biochemistry from the University of Ottawa.

Arash Moghani, Chief Technical Officer

Mr. Moghani, age 34, serves as the Chief Technical Officer of the Corporation and serves in this capacity as an employee. Mr. Moghani will devote 100% of his time and attention to the business of the Corporation. Mr. Moghani began his career at Deloitte as a consultant leading complex strategy and business transformation projects across several sectors globally including banking, technology and healthcare. In 2014, Mr. Moghani continued his career at the Bank of Montreal, Capital Markets FX Technology department working with diverse teams of stakeholders, gathering business requirements and translating them into comprehensive technology solutions and strategies. Mr. Moghani holds an Undergraduate Degree from the University of Toronto specializing in Digital Enterprise Management and a Master of Business Administration degree from the Grenoble Graduate School of Business in France.

Lucas Nosiglia, Chief Agricultural Officer

Mr. Nosiglia, age 34, serves as the Chief Agricultural Officer of the Corporation and serves in this capacity as an employee. Mr. Nosiglia also serves as the President of Avicanna LATAM S.A.S., an affiliate of the Corporation. Mr. Nosiglia will devote 100% of his time and attention to the business of the Corporation and Avicanna LATAM S.A.S. Mr. Nosiglia has previous experience developing start-up companies in Argentina. In 2013, Mr. Nosiglia started a restaurant called La Causa Nikkei, and operated two locations in Argentina. In 2015, Mr. Nosiglia went on to create a marketing and event agency, Tremending, which focused on providing tailor made experiences for corporate clients. Later, in 2016, Mr. Nosiglia went on to provide business development consulting services for Sanatorios Guemes focused on improving the surgical and pharmaceutical practices of the major medical institution. Mr. Nosiglia holds an undergraduate degree in accounting from the University of Buenos Aires and a Masters in Finance from EADA in Barcelona Spain.

Jose Beltran, Executive Vice President Corporate Development

Dr. Beltran has over thirty years of pharmaceutical and health industry experience in Latin America. He has been on the executive management team of Pfizer, Abbott, Aspen and Biotoscana and is an expert in marketing & sales management. He has extensive experience working with diverse cultural environments and in leading multi-functional project teams. He holds degrees in Industrial Engineering and Marketing from University of Los Andes in Colombia and a certificate in Program for Leadership Development (PLD24) from Harvard University.

Janeth Mora, Executive Vice President Commercialization

Dr. Mora is an executive within the pharmaceutical industry, with broad and qualified experience in regulatory affairs and marketing across emerging markets. Dr. Mora began her career with the Colombian Regulatory Agency, INVIMA, and then continued in the pharmaceutical industry with Merck & co. She later joined Pfizer Inc. in 1997 where she held different positions of increasing responsibility in regulatory affairs, and then subsequently in marketing for specialty/orphan products. Dr. Mora currently acts as a Strategy

and Business Development Advisor for companies in LATAM interested in developing businesses in the region. Janeth also holds degrees in Management, Marketing and Negotiation.

Scientific and Advisory Team

Our Directors and Officers work closely with members of our scientific team and our knowledge board advisors. The following is a brief description of certain members of our scientific team and advisory board along with a table setting out the approximate amount of time that each individual spends on Avicanna activities.

Dr. Frantz Le Devedec, Senior Vice President R&D

Dr. Le Devedec has over 15 years of experience in academic and industrial R&D projects, including material sciences and drug delivery formulations. He is author of over a dozen research papers and patents. His background is in biochemistry, with a PhD in applied polymer chemistry, and expertise in analytical and pharmaceutical sciences.

Dr. Justin Grant, Senior Vice President Clinical Development

Dr. Grant has over fifteen years experience in leading pharmaceutical research in sustained drug release formulations. He held academic appointments at the University of Toronto's Faculty of Pharmacy and UHN's Techna Institute for the Advancement of Technology for Health. For over 10 years, he has managed a $50M preclinical cancer research facility (the STTARR Innovation centre) at Princess Margaret Cancer Centre. Justin is currently the Chair of the Scientific Advisory Board for Avicanna.

Samantha Watt, Vice President Scientific Affairs

Ms. Watt's experience investigating human physiology and cellular biology has allowed her to develop sophisticated laboratory and project management skills that contribute to Avicanna's competitive edge in the department of Research and Development. More specifically, Ms. Watt has been published on several different occasions and has also lead various conferences and presentations related to plant gene manipulation and cloning. Ms. Watt received a Master of Science degree in from the University of Guelph.

Kulwinder Singh, Intellectual Property Rights Manager

Dr. Singh is highly experienced in the patent industry and brings over ten years of experience to the team. He holds a Ph.D. degree in Biotechnology and Masters degree in Bioinformatics. Dr. Singh has managed several industrial and academic projects on intellectual property rights and completed assessment of over 400 technologies for intellectual property rights protection. His previous roles include management of intellectual property rights projects with the Government of India, the United Nations Industrial Development Organization and World Intellectual Property Organization.

Carlo dela Seña, Quality Manager

Dr. dela Seña is an expert in regulatory affairs and quality assurance. He obtained his Ph.D. degree in Biochemistry from Ohio State University, USA, focused on the metabolism of vitamin A. During his postdoctoral studies in drug discovery at the University of Toronto, Dr. dela Seña refocused his career towards the later stages of drug development and obtained his Postgraduate Diploma in Regulatory Affairs and Quality Assurance. He has since created, executed and managed numerous quality systems and

protocols across various healthcare industries, including medical cannabis, pharmaceuticals, cosmetics, natural health products and medical devices.

Dr. Amza Ali, Director of Neurology

Dr. Ali trained in neurology in both the United Kingdom and in the United States. He has received international recognition for his work in the Caribbean related to advancing the care of patients with epilepsy. The development of a sustainability model in his current doctoral program, at the Henley Business School in the United Kingdom, drives his interest in new pharmacological solutions for epilepsy and other neurological conditions. Dr. Ali holds a Master in Business Administration from the Rotman School of Management, University of Toronto. He is a Fellow of the American Epilepsy Society and the President of the Caribbean Epilepsy Society.

Dr. Hance Clarke, MD, PhD – Advisory Board Member

Dr. Clarke is currently the Director of Pain Services and the Medical Director of the Pain Research Unit at the Toronto General Hospital. He is recognized internationally for his research on novel Transitional Pain Programs, novel Acute Pain Treatment and identifying risk factors associated to opioid use. He is regarded as one of the top international clinicians researching the efficacy of cannabinoids in pain management. Over the past five years he has authored forty-seven peer reviewed manuscripts.

Dr. Mauricio Torres-Pradilla, MD, PhD – Advisory Board Member

Dr. Torres Pradilla is a Dermatologist with a specialization in pediatric dermatology. He has been involved in research on Atopic Dermatitis, Psoriasis, Epidermolysis Bullosa and Hemangiomas in Europe and South America. Mauricio has several publications on these topics, individually and in collaboration. He is currently the Head of Dermatology at Fundación Universitaria de Ciencias de la Salud in Bogota, Colombia and is a Dermatologist at Debra Colombia, dividing his time among three major teaching hospitals and private practice.

Dr. Carlos Maldonado, MD – Advisory Board Member

Dr. Enrique Maldonado Muete is a physician, pharmacologist and professor of pharmacology who contributes his experience in biotechnology, pharmacovigilance, clinical studies and knowledge of the medical community and regulatory authorities, as a local and international lecturer. Among other roles, he has participated in medical and regulatory issues related to the approval and commercialization of several new medicines. Dr. Muete has achieved results through his role as a former Medical Director of international pharmaceutical companies and as an external advisor.

Dr. Humberto Reynales, MD, PhD – Advisory Board Member

Dr. Reynales is an MD in Internal Medicine. He holds a PhD in Epidemology from the University of Sao Paulo, Brazil as well as an MBA from Duke University and has completed a Global Clinical Scholars Research Training Program at Harvard Medical School. He has more than 15 years of experience in the pharmaceutical industry with Merck & Co in the area of Clinical Research. Since 2009, he is the founder and Executive Director of CAIMED, a private clinical research organization with operations in four countries in Latin America, and a leader in clinical trials implementation as well as design and conduct of observational studies in several therapeutic areas.

Alan Friedman, Business Advisor

Mr. Friedman is the founder and CEO of Rivonia Capital, a Canadian finance and capital market advisory firm. Mr. Friedman is also a co-founder of several publicly traded companies across diversified industries and is a former director of Cronos Group and oversaw the company's public listing.

Dr. Alejandro Berlin, MD, MSC – Advisory Board Member

Dr. Berlin trained in Chile, Israel and Canada, and currently works as a staff Clinician-Scientist Radiation Oncologist at the Princess Margaret Cancer Centre. His practice focuses in the characterization of malignancies with MRI and molecular imaging, and original applications of combinatorial approaches using systemic agents, stereotactic and MRI-guided ablative treatments. He is particularly interested in the design of innovative clinical trials, translational oncology, and genomic-based biomarker discovery, conveying his clinical and research expertise towards novel treatments for patients with cancer.

Name	Title	Time Spent on Avicanna Work
Jose Beltran	EVP Corporate Development	Full Time
Janeth Mora	EVP Commercialization	4 days/wk
Alan Friedman	Business Advisor	Min. 4 hours/wk
Dr. Frantz Le Devedec	SVP R&D	Full Time
Dr. Justin Grant	SVP Clinical Development	Min. 2 days/wk
Samantha Watt	VP Scientific Affairs	Full Time
Kulwinder Singh	Intellectual Property Rights Manager	Full Time
Carlo dela Sena	Quality Manager	Full Time
Dr. Amza Ali	Director of Neurology	Min. 1 day/wk
Dr. Hance Clarke	Advisory Board Member	Min. 1 day/wk
Dr. Mauricio Torres-Pradilla	Advisory Board Member	5 hrs/wk
Dr. Carlos Maldonado	Advisory Board Member	5 hrs/wk
Dr. Humberto Reynales	Advisory Board Member	5 hrs/wk
Dr. Alejandro Berlin	Advisory Board Member	5 hrs/wk

EXECUTIVE COMPENSATION

The following discussion describes the significant elements of the Corporation's executive compensation program, with particular emphasis on the process for determining compensation payable to the Chief Executive Officer and the Chief Financial Officer and, other than the Chief Executive Officer and the Chief Financial Officer, the most highly compensated executive officer, or the most highly compensated individual acting in a similar capacity (collectively, the "**Named Executive Officers**" or "**NEOs**"). The NEOs are:

- Aras Azadian, Chief Executive Officer and Chairman of the Board of Directors;
- Setu Purohit, President, Chief Legal Officer, Secretary, General Counsel and Director; and
- Davender Sohi, Chief Financial Officer.

Overview and Compensation Governance

The Corporation's compensation practices is designed to retain, motivate and reward its executive officers for their performance and contribution to the Corporation's long-term success. The Board makes decisions regarding executive compensation by seeking to compensate the Corporation's executive officers by combining short and long-term cash and equity incentives. It also seeks to reward the achievement of corporate and individual performance objectives, and to align executive officers' incentives with shareholder value creation. The Board seeks to tie individual goals to the area of the executive officer's primary responsibility, including the achievement of specific financial or business development goals. The Board also sets performance goals that reach across all business areas of the Corporation and include achievements in finance/business development and corporate development. In assessing the compensation of its executive officers, the Corporation does not have in place formal objectives, criteria or analysis; instead, it relies mainly on discussions between members of the Board and the review of appropriate comparison data. The Board considers each executive's performance and other relevant factors, including the scope of each executive's position and responsibilities, the achievement of corporate goals, the current business environment and anticipated changes, and executive retention and recruitment considerations.

Comparator Group(s)

The Board considers appropriate comparator groups for purposes of setting the compensation of the NEOs. When selecting comparator groups, the Board considers similar sized pharmaceutical and cannabis companies listed on venture exchanges in Canada.

Compensation Components

The Corporation's compensation is expected to consist primarily of three elements: (a) base salary; (b) annual bonus; and (c) long term equity incentives. Each element of compensation is described below in more detail.

Base Salary

Base salaries for the Corporation's executive officers are to be established based on the scope of their responsibilities and their prior relevant experience, taking into account competitive market compensation paid by other companies in Avicanna's industry for similar positions and the overall market demand for such executives at the time of hire. An executive officer's base salary will also be determined by reviewing the executive officer's other compensation to ensure that the executive officer's total compensation is in line with the Corporation's overall compensation philosophy.

Base salaries are to be reviewed annually and increased for merit reasons, based on the executive officers' success in meeting or exceeding individual objectives, and taking into account prevailing market conditions. Additionally, the Corporation will adjust base salaries as warranted throughout the year for promotions or significant changes in the scope or breadth of an executive officer's role or responsibilities.

Annual Bonus

The Corporation's compensation program includes eligibility for an annual incentive cash bonus. Annual incentive cash bonuses are discretionary and are not awarded pursuant to a formal plan. The Board will assess the level of the executive officer's achievement of meeting individual goals, as well as that executive officer's contribution towards corporation-wide goals. The amount of the cash bonus is expected to depend

on the level of achievement of the individual performance goals, with a target bonus generally to be set as a percentage of base salary and based on profitability measures.

Long Term Equity Incentives

The Corporation believes that equity-based awards will allow it to reward executive officers for their sustained contributions to the Corporation. The Corporation also believes that equity awards reward continued employment by an executive officer, with an associated benefit to the Corporation of employee continuity and retention. The Board believes that incentive stock options provide management with a strong link to long-term corporate performance and the creation of shareholder value. The stock option plan (the "**Stock Option Plan**") will allow the Corporation the opportunity to grant stock options to purchase Common Shares. The Board will not issue stock options according to a prescribed formula or target but will take into account the individual's position, scope of responsibility, ability to affect profits and the individual's historic and recent performance and the value of the awards in relation to other elements of the executive's total compensation. The Board will take previous grants of stock options into consideration when considering new grants of stock options and awards under the Stock Option Plan.

Summary Compensation Table

The following table sets out information concerning the fiscal 2018 compensation paid or to be paid to each of the Corporation's NEOs, excluding any Stock Options.

Table of Compensation excluding Compensation Securities

Name and position	Year	Salary ($)	Bonus ($)	Committee or meeting fees ($)	Total compensation ($)
Aras Azadian Chief Executive Officer[(1)]	2018	150,000	-	-	150,000
Setu Purohit President, Chief Legal Officer, General Counsel and Secretary[(2)]	2018	140,000	-	-	140,000
Davender Sohi Chief Financial Officer	2018	125,000	-	-	125,000

Notes:

(1) Mr. Azadian is also a director of the Corporation, but is not entitled to any compensation in connection with his service as a director.

(2) Mr. Purohit is also a director of the Corporation, but is not entitled to any compensation in connection with his service as a director.

(3) No NEOs received any additional compensation or perquisites.

Stock Options and Other Compensation Securities

The following table sets forth the outstanding Stock Options currently held by our NEOs as at the date of this Prospectus.

Compensation Securities							
Name and Position	**Type of Compensation Security**	**Number of compensation securities and percentage of class**	**Date of issue or grant**	**Issue, conversion or exercise price ($)**	**Closing price of security or underlying security on date of grant ($)**	**Closing price of security or underlying security at year end ($)**	**Expiry date**
Davender Sohi, Chief Financial Officer	Stock Options	100,000	Dec 10, 2016	$0.10	N/A[(1)]	$8.00[(3)]	Dec 10, 2023
Setu Purohit, President, Chief Legal Officer, Secretary, General Counsel & Director	Stock Options	150,000	Dec 10, 2016	$0.10	N/A[(1)]	$8.00[(3)]	Dec 10, 2023
David Allan White, Director	Stock Options	30,000	Aug 1, 2018	$7.30	$7.30[(2)]	$8.00[(3)]	Aug 1, 2025
Giancarlo Davila Char, Director	Stock Options	100,000	May 1, 2018	$2.00	$2.00[(2)]	$8.00[(3)]	May 1, 2025

Notes:

(1) The Common Shares have never been listed on a public market or exchange and, as such, no closing market price is available. At the time of grant, no reliable data was available to support a determination of a fair market value of the Common Shares.

(2) The Common Shares have never been listed on a public market or exchange and, as such, no closing market price is available. The value shown represents a good-faith estimate of fair market value based on the most recent price paid for the Common Shares in an arm's-length transaction prior to the date of grant.

(3) The Common Shares have never been listed on a public market or exchange and, as such, no closing market price is available. The value shown represents a good-faith estimate of fair market value based on the most recent price paid for the Common Shares in an arm's-length transaction prior to the end of the most recently completed fiscal year.

Stock Option Plan

The Stock Option Plan permits the granting of incentive stock options ("**Plan Options**") to the Corporation's employees, officers, directors and consultants (the "**Eligible Persons**") for the purpose of developing the interest of the participants in the growth and development of the Corporation and to better enable the Corporation to attract and retain persons of desired experience and ability. Upon exercise in accordance with the terms thereof, each Plan Option will entitle the holder thereof to acquire one Common Share.

The Stock Option Plan states that the exercise price shall be determined by the Board, provided that the exercise price will not be lower than the fair market value of the Common Shares on the date of grant. The Stock Option Plan also provides that the Board may, in its sole discretion and without further approval of the shareholders of the Corporation, amend, alter, suspend, terminate or discontinue the Stock Option Plan, subject to any required notice.

Unless otherwise specified by the Board either before or after granting a Plan Option, Plan Options shall vest such that one-quarter (1/4) of the Plan Options vest at the end of the twelfth month after the date of grant and the remaining Plan Options shall vest in equal installments from such date until the date that is four (4) years from the date of grant.

Minor amendments to the Stock Option Plan (as amended, the "**Amended Stock Option Plan**") will have been approved by the Board prior to the listing of the Common Shares on the CSE and will be presented to shareholders of the Corporation at the next special meeting of shareholders and will require disinterested shareholder approval at such meeting of shareholders to ratify the terms of Amended Stock Option Plan.

The Amended Stock Option Plan will provide that the aggregate number of Common Shares issuable pursuant to Plan Options granted under the Amended Stock Option Plan and under any other security based compensation arrangement, if any, within any 12 month period and, issuable to (i) insiders, shall in either case, not exceed ten percent (10%) of the issued and outstanding Common Shares at the time of the grant of any Plan Option and (ii) to any individual insider or associates of such insider, shall in either case, not exceed five percent (5%) of the issued outstanding Common Shares at the time of the grant of any Plan Option.

The Amended Stock Option Plan will also provide that (i) the exercise price shall be determined by the Board or a committee appointed to administer the Amended Stock Option Plan, provided that the exercise price will not be lower than the greater of the closing market prices of the Common Shares underlying the Plan Options on (x) the trading day prior to the date of grant of the Plan Options and (y) the date of grant of the Plan Options and (ii) the Board or the committee appointed to administer the Stock Option Plan will have complete discretion to set the terms of the vesting schedule for each Plan Option granted, except that Plan Options issued to Eligible Persons retained to provide investor relations services must vest in stages over a period of not less than 12 months and no more than 25% of such Plan Options can vest in any three month period.

Outstanding Stock Options

Prior to the approval of the Stock Option Plan, the Corporation issued 1,400,000 incentive stock options, of which, 500,000 remain outstanding as of the date hereof (the "**Pre-Plan Options**" and, together with the Plan Options, the "**Stock Options**"). As at the date hereof, Stock Options to acquire an aggregate of 1,899,500 Common Shares (consisting of 500,000 Pre-Plan Options and 1,399,500 Plan Options) at exercises prices of between $0.10 and $10.00 per Common Share are outstanding, having been granted by the Corporation to certain directors, officers, employees and consultants of the Corporation. Prior to the conversion of the Special Warrants, the number of Common Shares underlying the Stock Options will represent in the aggregate 11.21% of the issued and outstanding Common Shares. The Corporation is currently authorized to issue 1,694,009 Plan Options under the Stock Option Plan and, given the currently outstanding Plan Options, there will remain for issuance Plan Options to acquire an aggregate of 294,509 Common Shares.

After the conversion of the Special Warrants, the number of Common Shares underlying Stock Options will represent in the aggregate 8.01% of the issued and outstanding Common Shares and the number of Common Shares underlying the Plan Options will represent in the aggregate 10.87% of the issued and outstanding Common Shares. After the conversion of the currently outstanding Special Warrants, the Corporation will be authorized to issue 1,748,058 Plan Options under the Stock Option Plan and, given the currently outstanding Plan Options, there will remain for issuance Plan Options to acquire an aggregate of 348,558 Common Shares.

Pension Benefits

The Corporation does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Employment Agreements, Termination and Change of Control Benefits

Avicanna has entered into executive employment agreements with each of Aras Azadian, Setu Purohit and Davender Sohi. These agreements provide for, among other things, the continuation of the executive's employment for an indeterminate term in accordance with applicable law, as well as their base salary and bonus entitlement. The expected compensation in fiscal year 2018, pursuant to these executive employment agreements, for Aras Azadian, Setu Purohit and Davender Sohi is set out above under "*Executive Compensation – Summary Compensation Table*". None of the employment agreements with the Name Executive Officers contain change of control provisions. The general terms of the employment agreements with the Named Executive Officers are set out below.

Aras Azadian, Chief Executive Officer

Mr. Azadian's employment agreement provides for an annual salary of $150,000. Mr. Azadian is eligible for a discretionary bonus following the end of each fiscal quarter. Mr. Azadian is entitled to participate in the Stock Option Plan and receive other corporate employee benefits, including director and officer insurance coverage, health benefits and expense reimbursement. The Corporation may terminate Mr. Azadian's employment in accordance with the *Employment Standards Act* (Ontario), and Mr. Azadian must provide two weeks' notice in the event that he terminates his employment agreement voluntarily. Mr. Azadian's employment agreement contains non-competition, non-solicitation and non-disparagement restrictions.

Setu Purohit, President, Chief Legal Officer, General Counsel and Secretary

Mr. Purohit's employment agreement provides for an annual salary of $140,000. Mr. Purohit is eligible for a discretionary bonus following the end of each fiscal quarter. Mr. Purohit is entitled to participate in the Stock Option Plan and receive other corporate employee benefits, including director and officer insurance coverage, health benefits and expense reimbursement. The Corporation may terminate Mr. Purohit's employment in accordance with the *Employment Standards Act* (Ontario), and Mr. Purohit must provide two weeks' notice in the event that he terminates his employment agreement voluntarily. Mr. Purohit's employment agreement contains non-competition, non-solicitation and non-disparagement restrictions.

Davender Sohi, Chief Financial Officer

Mr. Sohi's employment agreement provides for an annual salary of $125,000. Mr. Sohi is eligible for a discretionary bonus following the end of each fiscal quarter. Mr. Sohi is entitled to participate in the Stock Option Plan and receive other corporate employee benefits, including director and officer insurance coverage, health benefits and expense reimbursement. The Corporation may terminate Mr. Sohi's employment in accordance with the *Employment Standards Act* (Ontario), and Mr. Sohi must provide two weeks' notice in the event that he terminates his employment agreement voluntarily. Mr. Sohi's employment agreement contains non-competition, non-solicitation and non-disparagement restrictions.

Director Compensation

Currently, David Allan White is being compensated $2,500 USD per month, and Chandrakant Panchal is being compensated $1,000 CAD per month in cash and $1,000 per month in shares at the Corporation's current share price. Directors are also reimbursed for their out-of-pocket expenses incurred in connection with rendering services to the Corporation. The Corporation has not yet resolved the director compensation following the listing of the Common Shares. Following any such listing, the Corporation shall ensure that go-forward director compensation meets all regulatory (including exchange) requirements.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The Corporation is not aware of any individuals who are either current or former executive officers, directors or employees of the Corporation or any of its subsidiaries and who have indebtedness outstanding as at the date hereof (whether earned into in connection with the purchase of securities of the Corporation or otherwise) that is owing to: (i) the Corporation or any of its subsidiaries, or (ii) another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of it subsidiaries.

Except for: (i) indebtedness that has been entirely repaid on or before the date of this Prospectus, and (ii) "routine indebtedness" (as defined in Form 51-102F5 of the Canadian Securities Administrators), the Corporation is not aware of any individuals who are, or who at any time since inception were, a director or executive officer of the Corporation, a proposed nominee for election as a director or an associate of any of those directors, executive officers or proposed nominees who are, or have been at any time since incorporation, indebted to the Corporation or any of its subsidiaries, or whose indebtedness to another entity is, or at any time since incorporation of the Corporation has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

AUDIT COMMITTEE

Audit Committee Charter

In accordance with applicable Canadian securities legislation and, in particular, NI 52-110, information with respect to the Corporation's Audit Committee is contained below. The full draft text of the Audit Committee Charter is attached to this Prospectus as Schedule "D". The Audit Committee is responsible for overseeing the integrity of the Corporation's financial statements, reviewing financial reports and other financial information, recommending the appointment and reviewing and appraising the audit efforts of the Corporation's external auditors, overseeing and monitoring the Corporation's financial reporting processes and internal controls, the Corporation's processes to manage business and financial risk and its compliance with legal, ethical and regulatory requirements and encouraging improvement of, and adherence to, the Corporation's policies, procedures and practices.

The Audit Committee assists the Board in discharging its oversight of:

- the quality and integrity of our financial statements and related information;
- the independence, qualifications and appointment of our external auditor;
- our disclosure controls and procedures, internal control over financial reporting and management's responsibility for assessing and reporting on the effectiveness of such controls;
- our risk management processes;
- monitoring and periodically reviewing our whistleblower policy; and
- transactions with our related parties.

The Audit Committee has access to all of our books, records, facilities and personnel and may request any information about the Corporation as it may deem appropriate. It will also have the authority, in its sole discretion and at the Corporation's expense, to retain and set the compensation of outside legal, accounting or other advisors as necessary to assist in the performance of its duties and responsibilities. The Audit Committee will also have direct communication channels with the Chief Financial Officer and the

Corporation's external auditors to discuss and review such issues as the Audit Committee may deem appropriate.

Audit Fees

For the years ended December 31, 2016, December 31, 2017 and December 31, 2018, the fees expected to be billed by our external auditor are set out in the table below:

	Audit Fees[(1)]	Tax Fees[(2)]	All Other Fees[(3)]	Total
Year ended December 31, 2018	$140,000	Nil	$25,000	$165,000
Year ended December 31, 2017	$30,000	Nil	Nil	$30,000
Year ended December 31, 2016	$10,000	Nil	Nil	$10,000

Notes:

(1) "Audit Fees" are the fees necessary to perform the audit of the Corporation's financial statements for the period ended December 31, 2016, December 31, 2017 and December 31, 2018, including accounting consultations, a review of matters reflected in the financial statements and audit or other services required by legislation or regulation, such as comfort letters, consents and reviews of securities filings. Audit fees also include assistance to the Corporation in connection with the pro-forma financial statements which are included elsewhere in this Prospectus.

(2) "Tax Fees" are fees other than those included in Audit Fees for tax services, including preparation of the annual tax returns for Canada and Colombia and fees related to advisory services related to the Corporation's structure and related tax issues in new jurisdictions.

(3) "All Other Fees" include all other non-audit services and non-tax related services.

Composition of the Audit Committee

The Audit Committee consists of three directors, namely, Mr. David Allan White, Dr. Chandrakant Panchal and Mr. Giancarlo Davila Char. Each of Mr. White and Dr. Panchal are persons determined by the Board to be independent directors within the meaning of NI 52-110. Mr. Char has been determined not to be independent within the meaning of NI 52-110. Each of the Audit Committee members is financially literate in accordance with NI 52-110 and has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. For additional details regarding the relevant education and experience of each member of the Audit Committee, see also "*Directors and Executive Officers — Management*".

Audit Committee Member	Relevant Education and Experience
David Allan White	M.B.A. University of Toronto B.A., Economics, University of Western Ontario Director, AG Growth International Inc.
Dr. Chandrakant Panchal	Ph.D, Biochemical Engineering, University of Western Ontario Director, Pure Global Cannabis Inc. Director, Canadian Oil Recovery & Remediation Enterprises Ltd. Director, Medicenna Therapeutic Corp.
Giancarlo Davila Char	BSBA., Northeastern University Commercial Manager of Caribbean Eco Soaps U.I.B.S.

Pre-Approval Policies and Procedures

The Corporation has not yet adopted any specific policies or procedures for the engagement of non-audit services. Such matters are the subject of review and pre-approval by the Audit Committee.

CORPORATE GOVERNANCE

We recognize that good corporate governance plays an important role in our overall success and in enhancing shareholder value and, accordingly, prior to becoming a reporting issuer the Corporation intends to adopt, certain corporate governance policies and practices. The disclosure set forth below describes the Corporation's approach to corporate governance.

Board of Directors

The Board is comprised of five directors. Under the OBCA, a director may be removed with or without cause by a resolution passed by an ordinary majority of the votes cast by shareholders present in person or by proxy at a meeting and who are entitled to vote. The directors will be elected by shareholders at each annual meeting of shareholders, and all directors will hold office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed.

Under NI 58-101 — *Disclosure of Corporate Governance Practices*, a director is considered to be independent if he or she is independent within the meaning of National Instrument 52-110 — *Audit Committees* ("**NI 52-110**"). Based on information provided by each director concerning his or her background, employment and affiliations, the Board has determined that of the five directors on the Board as at the date of this Prospectus, Aras Azadian and Setu Purohit are not considered independent as a result of their positions as executive officers of the Corporation and/or its subsidiaries, Giancarlo Davila Char is not considered independent as a result of his position as an independent contractor of the Corporation, while Chandrakant Panchal and David Allan White are considered independent within the meaning of NI 52-110.

Reporting Issuer Experience

The following directors of the Corporation are also a director of other reporting issuers:

Director	Name of Other Reporting Issuer and Exchange
Chandrakant Panchal	Pure Global Cannabis Inc. (TSXV) Canadian Oil Recovery & Remediation Enterprises Ltd. (TSXV) Medicenna Therapeutic Corp. (TSX)
David Allan White	AG Growth International Inc. (TSX)

Board Mandate

The Board is responsible for supervising the management of the business and affairs of the Corporation, including providing guidance and strategic oversight to management. Prior to listing, the Board will adopt a formal mandate in which the Board acknowledges responsibility for the stewardship of Avicanna, including:

- Appointing the Chief Executive Officer and satisfying itself as to the integrity of the Chief Executive Officer and other executive officers and that the Chief Executive Officer and other executive officers create a culture of integrity throughout the Corporation;
- Adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;
- Identification of the principal risks of the issuer's business, and ensuring the implementation of appropriate systems to manage these risks;
- Approving the corporate goals and objectives that the Chief Executive Officer is responsible for meeting and reviewing the performance of the Chief Executive Officer against such corporate goals and objectives;
- Succession planning, which shall include appointing, training, and monitoring senior management;
- Adopting a communication policy for Avicanna;
- Establishing and managing Avicanna's internal control and management information systems; and
- Developing Avicanna's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to Avicanna.

Compensation and Governance Committee

Prior to listing the Common Shares on a Canadian exchange, the Board will appoint a sub-committee of the Board (the "**Compensation and Governance Committee**") composed entirely of independent directors which shall be responsible for, among other things, the following matters:

- Reviewing and approving corporate goals and objectives relevant to compensation of the Chief Executive Officer, evaluating the Chief Executive Officer's performance in light of those corporate goals and objectives, and determining (or making recommendations to the Board with respect to) the Chief Executive Officer's compensation level based on this evaluation;
- Making recommendations to the Board with respect to officer and director (other than the Chief Executive Officer) compensation, incentive-compensation plans, and equity-based plans; and

The Compensation and Governance Committee is expected to initially be comprised of Mr. David Allan White and Dr. Chandrakant Panchal.

The Board will also adopt a written charter (the "**Compensation and Governance Committee Charter**") establishing that the Compensation and Governance Committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operation, and the manner of reporting to the Board. The Compensation and Governance Committee Charter will also provide that the Compensation and Governance Committee is authorized to engage and compensate any outside advisor it determines to be necessary to permit it to carry out its duties.

Position Descriptions

The Board has not developed written position descriptions for the Chair or the Chairs of any committees of the Board. However, prior to listing on a Canadian exchange, the Board will adopt a written position description for the Chair, which sets out the Chair's key responsibilities, including, among others, duties

relating to setting the Board's meeting agendas, chairing Board and shareholders' meetings, director development and communicating with shareholders and regulators.

Prior to the Listing Date, the Board will also adopt a written position description for (i) each of the committee chairs which sets out each of the committee chair's key responsibilities, including, among others, duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee and (ii) the Chief Executive Officer which sets out the key responsibilities of the Chief Executive Officer, including, among other duties in relation to providing overall leadership, ensuring the development of a strategic plan and recommending such plan to the Board for consideration, ensuring the development of an annual corporate plan and budget that supports the strategic plan and recommending such plan to the Board for consideration and supervising day-to-day management and communicating with shareholders and regulators.

Ethical Business Conduct

Prior to becoming a reporting issuer in Canada, the Board will adopt a written code of conduct (the "**Code of Conduct**") that applies to all of the Corporation's directors, officers, and employees. The objective of the Code of Conduct is to provide guidelines for maintaining our and our subsidiaries' integrity, reputation, honesty, objectivity, and impartiality. The Code of Conduct will address conflicts of interest, protection of our assets, confidentiality, fair dealing with shareholders, competitors and employees, insider trading, compliance with laws, and reporting any illegal or unethical behaviour. As part of the Code of Conduct, any person subject to the Code of Conduct is required to avoid or fully disclose interests or relationships that are harmful or detrimental to our best interests or that may give rise to real, potential, or the appearance of conflicts of interest. The Board will have ultimate responsibility for the stewardship of the Code of Conduct and it will monitor compliance through our Compensation and Governance Committee. Directors, officers and employees will be required to annually certify that they have not violated the Code of Conduct. The Code of Conduct will be filed with the Canadian securities regulatory authorities on SEDAR at www.sedar.com.

Orientation and Continuing Education

The Corporation intends to implement an orientation program for new directors under which a new director will meet with the Chair and members of senior management. It is anticipated that new directors will be provided with comprehensive orientation and education as to the nature and operation of the Corporation and our business, the role of the Board and its committees, and the contribution that an individual director is expected to make. Our Compensation and Governance Committee will be responsible for overseeing director continuing education designed to maintain or enhance the skills and abilities of the directors and to ensure that their knowledge and understanding of our business remains current. The chair of each committee will be responsible for coordinating orientation and continuing director development programs relating to the committee's mandate.

Assessments

The Board, in conjunction with the Compensation and Governance Committee, intends to put in place measures to assess the effectiveness and contribution of the Board and its committees, as well as individual directors on an annual basis.

RISK FACTORS

You should carefully consider the risks described below, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Prospectus, and all other information contained in this Prospectus, including the consolidated financial statements and accompanying notes. The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, financial condition and results of operations and consequently the price of the Common Shares, including the Qualifying Shares, could be materially adversely affected.

RISKS RELATED TO THE OFFERING

Forward-Looking Information

The forward-looking information included in this prospectus relating to, among other things, the Corporation's future results, performance, achievements, prospects, targets, intentions or opportunities or the markets in which we operate and is based on opinions, assumptions and estimates made by the Corporation's management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Corporation believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. The Corporation's actual results in the future may vary significantly from the historical and estimated results and those variations may be material. We make no representation that its actual results in the future will be the same, in whole or in part, as those included in this Prospectus. See "*Forward-Looking Statements*" and "*Future-Oriented Financial Information*".

Limited Market for Securities

There is currently no market through which the Qualifying Securities qualified by this Prospectus may be sold and purchasers may not be able to resell the Qualifying Securities. This may affect the pricing of the Qualifying Securities and the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Qualifying Securities, and the extent of issuer regulation.

Volatile Market Price for the Common Shares

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

- actual or anticipated fluctuations in our quarterly results of operations;
- changes in our estimates of our future results of operations;
- changes in forecasts, estimates or recommendations of securities research analysts regarding our future results of operations or financial performance;
- changes in the economic performance or market valuations of other companies that investors deem comparable to us;
- additions or departures of our senior management team or other key employees;

- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in our industry or target markets.

Financial markets have in the past experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if our operating results, financial condition or prospects have not changed. As well, certain institutional investors may base their investment decisions on consideration of our environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Common Shares by those institutions, which could materially adversely affect the trading price of the Common Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, our business, financial condition and results of operations could be materially adversely impacted and the trading price of the Common Shares could be materially adversely affected.

No Immediate Plan to Declare Dividends

We currently intend to retain future earnings, if any, for future operation and expansion and have no current plans to pay any dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, our financial results, cash requirements, contractual restrictions and other factors that the Board may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we incur. As a result, investors may not receive any return on an investment in their Common Shares unless they sell them for a price greater than that which they paid for it.

Difficulty to Forecast

The Corporation must rely largely on its own market research to forecast revenues as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. Market research and projections by the Corporation are based on assumptions from limited and unreliable market data. A failure in demand could materialize as a result of competition, technological change or other factors and could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

The Market Price of the Common Shares May be Subject to Wide Price Fluctuations

If and when listed and posted for trading on an exchange, the market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Corporation and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Corporation and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Corporation's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Common Shares.

Sales of Substantial Amounts of the Common Shares

Sales of substantial amounts of the Common Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Common Shares. A decline in the market prices of the Common Shares could impair the Corporation's ability to raise additional capital through the sale of securities should it desire to do so.

Financial Projections May Prove Materially Inaccurate or Incorrect

The Corporation's financial estimates, projections and other forward-looking information incorporated into this document were prepared by the Corporation without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking statements. Such forward-looking information is based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in such documents. Investors should inquire of the Corporation and become familiar with the assumptions underlying any estimates, projections or other forward-looking statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operation expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results the Corporation and its subsidiaries might achieve. See "*Forward-Looking Statements*" and "*Future-Oriented Financial Information*".

Securities or Industry Analysts

The trading market for the Common Shares will depend in part on the research and reports that securities or industry analysts publish about the Corporation or our business. Avicanna does not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering us, the trading price for the Common Shares may be negatively impacted. If the Corporation obtains securities or industry analyst coverage and if one or more of the analysts who cover us downgrade the Common Shares or publish inaccurate or unfavorable research about our business, the trading price of the Common Shares may decline. If one or more of these analysts cease coverage of the Corporation or fails to publish reports on us regularly, demand for the Common Shares could decrease, which could cause the trading price and volume of the Common Shares to decline.

Going-Concern Risk

The financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Corporation's future operations are dependent upon the identification and successful completion of equity or debt or other financing and the achievement of profitable operations with respect to consulting and brand licensing services at an indeterminate time in the future. There can be no assurances that the Corporation will be successful in achieving profitability.

The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Corporation be unable to continue as a going concern.

Public Corporation Expenses

Prior to the date hereof, we have not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of any securities exchange. We are working with our legal, accounting and financial advisors to identify those areas in which changes should be made to our financial management control systems to manage our obligations as a public issuer. These areas include corporate governance, corporate controls, internal audit, disclosure controls and procedures and financial reporting and accounting systems. We have made, and will continue to make, changes in these and other areas, including our internal controls over financial reporting. However, we cannot provide any assurance that these measures we may take will be sufficient to allow us to satisfy our obligations as a public issuer on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies will require the time and attention of management, and will create additional costs for us, which may negatively impact our financial performance or results of operations. We cannot predict the amount of the additional costs we may incur, the timing of such costs or the impact that management's attention to these matters will have on our operations.

Future Sales of Common Shares by Principal Shareholders, Officers and Directors

Subject to compliance with applicable securities laws and the terms of any lock-up arrangements described under "*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer*", our officers, directors, principal shareholders and their affiliates may sell some or all of the Common Shares held by such party in the future. No prediction can be made as to the effect, if any, such future sales of Common Shares will have on the market price of the Common Shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by our officers, directors, and any principal shareholders and their affiliates, or the perception that such sales could occur, could materially adversely affect prevailing market prices for the Common Shares.

Accordingly, if the Corporation's principal shareholders sell substantial amounts of our securities in the public market, the market price of our securities could fall. Additional Common Shares issuable upon the exercise of stock options or the conversion of Common Shares may also be available for sale in the public market after the date of the listing of the Common Shares on the CSE, which may also cause the market price of our Common Shares to fall.

Discretion as to the Use of Available Funds

The Corporation's management will have broad discretion in how it uses the funds available to it. Management may use the available funds in ways that purchasers may not consider desirable. The results and the effectiveness of the application of the funds are uncertain. If the funds are not applied effectively, the results of the Corporation's operations may suffer. Management currently intends to allocate the available funds as described under "*Use of Available Funds*", however, management may elect to allocate the funds differently from that described under "*Use of Available Funds*" if it believes it would be in the Corporation's best interest to do so. Shareholders may not agree with the manner in which management chooses to allocate and spend the available funds.

RISKS RELATED TO THE CORPORATION'S BUSINESS AND INDUSTRY

New Industry and Market

The cannabis industry and market are relatively new in the jurisdictions in which the Corporation operates, and this industry and market may not continue to exist or grow as anticipated or Avicanna may ultimately

be unable to succeed in this new industry and market. Avicanna licences the Corporation's products and their manufacturing method to certain licensed producers in North America. These licensed producers are operating in a relatively new cannabis industry and market. The licensed producers are subject to general business risks, as well as risks associated with a business involving an agricultural product and a regulated consumer product. The Corporation holds controlling interest in two licensed producers in the Republic of Colombia that are licensed to harvest, extract, produce and sell both psychoactive (THC) and non-psychoactive (CBD) medical cannabis extract. Within Colombia, the Corporation intends to sell and market its proprietary medical and cosmetic cannabinoid-based products. To this extent the Corporation needs to build brand awareness in this industry and in the markets it operates in through significant investments in its strategy, its licensed producers production capacity, quality assurance, and compliance with regulations. These activities may not promote the Corporation's brand and products as effectively as intended, or at all. Competitive conditions, consumer tastes, patient requirements and spending patterns in this new industry and market are relatively unknown and may have unique circumstances that differ from existing industries and markets. There are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the medical cannabis industry and market could have a material adverse effect on Avicanna's business, financial condition and results of operations.

Rapidly Changing Industry

Similar to the risk of the infancy of the cannabis industry, the market for the Corporation's products and services is characterized by rapid intellectual property advances, changes in customer requirements, changes in protocols and evolving industry standards. If the Corporation is unable to develop enhancements to its existing products and services or acceptable new products and services that keep pace with rapidly changing developments, its products and services may become obsolete, less marketable and less competitive and the Corporation's business will be harmed.

Publicity or Consumer Perception

The Corporation believes that the economic viability of the legal cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of cannabis products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the legal cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Corporation's products and services, and, correspondingly, on the Corporation's business, results of operations, financial condition and cash flows. The effect of consumer perceptions on the legal cannabis market means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the demand for the Corporation's products and services, and, correspondingly, on the Corporation's business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the

adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Future Clinical Research into Effective Medical Cannabis Therapies

Research in Canada and internationally regarding the medical benefits, viability, safety, efficacy, use 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 cannabis or isolated cannabinoids (such as CBD and THC). Although the Corporation believes that the articles, reports and studies support its beliefs regarding the medical 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, uncertainties and assumptions, investors should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this Prospectus or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to medical cannabis, which could have a material adverse effect on the demand for the Corporation's products with the potential to lead to a material adverse effect on the Corporation's business, financial condition and results of operations or prospects.

Limited Operating History

Avicanna has a very limited history of operations and is considered a start-up company. As such, Avicanna is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that we will be successful in achieving a return on shareholders' investment and the likelihood of our success must be considered in light of our early stage of operations.

Key Personnel

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

Factors which may Prevent Realization of Growth Targets

The Corporation is currently in the early development stage. The Corporation's growth strategy contemplates building out the second phases of both the cultivation facilities of SN and SMGH with additional production resources. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- delays in obtaining, or conditions imposed by, regulatory approvals;

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

As a result, there is a risk that the Corporation may not have products, or a sufficient amount of products, available to meet the anticipated demand or to meet future demand when it arises.

Negative Cash Flow

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

Concentration of Ownership of Common Shares

The officers and directors of the Corporation currently own, directly and indirectly, or exercise control or direction over, approximately 58.63% of the issued and outstanding Common Shares, on an undiluted basis. The Corporation's shareholders nominate and elect the Board, which generally has the ability to control the acquisition or disposition of the Corporation's assets, and the future issuance of its Common Shares or other securities. Accordingly, for any matters with respect to which a majority vote of the Common Shares may be required by law, the Corporation's directors and officers may have the ability to control such matters. Because the directors and officers control a substantial portion of such Common Shares, investors may find it difficult or impossible to replace the Corporation's directors if they disagree with the way the Corporation's business is being operated.

Inability to Develop New Products and Remain Competitive in the Market

The cannabis industry is in its early stages and it is likely that the Corporation and its competitors will seek to introduce new products in the future. In attempting to keep pace with any new market developments, the Corporation will need to expend significant amounts of capital in order to successfully develop and generate revenues from, new products. The Corporation may also be required to obtain additional regulatory approvals from applicable authorities based on the jurisdiction(s) it plans to distribute products in, which

may take significant time. The Corporation may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which together with capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on the Corporation's business, financial condition and results of operations.

Introduction of new products

Avicanna has a number of new products in the prototype stage which it anticipates will be introduced by the Corporation. Detailed costing of these products has not been completed. There can be no assurance that these new products can be brought to market, that they can be produced at a competitive price, or that they are commercially viable.

Construction Risk Factors

The Corporation is subject to a number of construction risk factors, including the availability and performance of engineering and contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of the facilities at SN and SMGH in Santa Marta, Colombia. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons in which the Corporation is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with construction could delay or prevent the construction of the second phases of the facilities as planned. There can be no assurance that current or future construction plans implemented by the Corporation will (i) be successfully completed on time, within budget and without design defect, (ii) that available personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects, (iii) that the Corporation will be able to obtain all necessary governmental approvals and permits, or (iv) that the completion of the construction, the start-up costs and the ongoing operating costs will not be significantly higher than anticipated by the Corporation. Any of the foregoing factors could adversely impact the operations and financial condition of the Corporation.

Co-Investment Risk

The Corporation has co-invested and may continue to co-invest in one or more investments with certain strategic investors and/or other third parties through joint ventures or other entities, which parties in certain cases may have different interests or superior rights to those of the Corporation. Although it is the Corporation's intent to retain control and other superior rights over the Corporation's investments, under certain circumstances it may be possible that the Corporation relinquishes such rights over certain of its investments and, therefore, may have a limited ability to protect its position therein. In addition, even when the Corporation does maintain a control position with respect to its investments, the Corporation'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 Corporation, or may be in a position to take (or block) action in a manner contrary to the Corporation's objectives. The Corporation may also, in certain circumstances, be liable for the actions of its third-party partners or co-investors. Co-investments by third parties may or may not be on substantially the same terms and conditions as the Corporation, and such different terms may be disadvantageous to the Corporation.

Risk of Unspecified Investments

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

Insurance and Uninsured Risk

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

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

Reliance on Third-Party Suppliers, Manufacturers and Contractors

The Corporation intends to maintain a full supply chain for the provision of products and services to the regulated cannabis industry. Due to the uncertain regulatory landscape for regulating cannabis in Canada, Colombia, and the United States, the Corporation's third-party suppliers, manufacturers and contractors may elect, at any time, to decline or withdraw services necessary for the Corporation's operations. Loss of its suppliers, service providers or distributors would have a material adverse effect on the Corporation's business and operational results. Disruption of the Corporation's manufacturing and distribution operations could adversely affect inventory supplies and the Corporation's ability to meet product delivery deadlines.

No Assurances of Profit Generation or Immediate Results

There is no assurance as to whether the Corporation will be profitable, earn revenues, or pay dividends. The Corporation has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business. The payment and amount of any future dividends will depend upon, among other things, the Corporation's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

Ongoing Costs and Obligations

The Corporation expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Corporation's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Corporation's operations, increase compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the

Corporation. The Corporation's efforts to grow the business may be costlier than expected, and Avicanna may not be able to increase revenue enough to offset any higher operating expenses. Avicanna may incur significant losses in the future for a number of reasons, including the other risks described in this Prospectus, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If Avicanna is unable to achieve and sustain profitability, the market price of the Common Shares may significantly decrease.

Additional Financing

The building and operation of the Corporation's facilities and business are capital intensive. In order to execute the anticipated growth strategy, the Corporation will require some additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions.

There can be no assurance that additional financing will be available to the Corporation when needed or on terms which are acceptable. The Corporation's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Corporation's growth and may have a material adverse effect upon future profitability. The Corporation may require additional financing to fund its operations to the point where it is generating positive cash flows.

If additional funds are raised through further issuances of equity or convertible debt securities existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Corporation to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Competition

There is potential that the Corporation will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources as well as manufacturing and marketing experience than the Corporation. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Corporation.

Because of the early stage of the industry in which the Corporation operates, the Corporation expects to face additional competition from new entrants. If the number of users of medical cannabis products increases, the demand for products will increase and the Corporation expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Corporation will require a continued high level of investment in research and development, marketing, sales and client support. The Corporation may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Corporation.

Transportation Disruptions

Due to the perishable and premium nature of the Corporation's products, the Corporation will depend on fast and efficient courier services to distribute its products. Any prolonged disruption of this courier service could have an adverse effect on the financial condition and results of operations of the Corporation. Rising

costs associated with the courier services used by the Corporation to ship its products may also adversely impact the business of the Corporation and its ability to operate profitably.

Reliance on Key Inputs

The Corporation's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Corporation. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Corporation.

Risks Inherent in an Agricultural Business

A large portion of Avicanna's business involves the growing of medical cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases, natural disasters and similar agricultural risks. While such growing will be completed in controlled outdoor and indoor environments, there can be no assurance that natural elements will not have a material adverse effect on any such future production, which may have an adverse effect on the financial results of the Corporation.

Success of Quality Control Systems

The quality and safety of the Corporation's products are critical to the success of its business and operations. As such, it is imperative that the Corporation's (and its service providers') quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although the Corporation strives to ensure that all of its service providers have implemented and adhere to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on the Corporation's business and operating results.

Potential for Conflicts of Interest

Certain of the employees and directors of the Corporation may also be directors, officers, consultants or stakeholders of other companies or enterprises, operating within the cannabis industry As a result, there is the potential that conflicts of interest may arise between their duties to the Corporation and their duties to, or interests in, such other companies or enterprises. Certain of such conflicts may be required to be disclosed in accordance with, and subject to, such procedures and remedies as applicable under the *Business Corporations Act* (Ontario), and applicable securities laws, however, such procedures and remedies may not fully protect the Corporation.

Inability to Sustain Pricing Models

Significant price fluctuations for the fair market value of CBD and THC may have an adverse effect on the Corporation's future revenue, which would adversely affect the Corporation's results of operations and financial condition. In addition, increasing costs of labour, freight, energy, and other production inputs may increase the Corporation's costs and it may not be able to offset them through increases in pricing which could adversely affect its results from operations and financial condition.

Acquisition Risks

The Corporation may acquire other companies in the future and there are risks inherent in any such acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of such companies for which the Corporation is not sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Corporation's financial performance and results of operations. The Corporation could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits from such acquisitions. All of these factors could cause dilution to the Corporation's earnings per share or decrease or delay the anticipated accretive effect of the acquisition and cause a decrease in the market price of the Corporation's securities. The Corporation may not be able to successfully integrate and combine the operations, personnel and technology infrastructure of any such acquired entity with its existing operations. If integration is not managed successfully by the Corporation's management, the Corporation may experience interruptions in its business activities, deterioration in its employee and customer relationships, increased costs of integration and harm to its reputation, all of which could have a material adverse effect on the Corporation's business, financial condition and results of operations. The Corporation may experience difficulties in combining corporate cultures, maintaining employee morale and retaining key employees. The integration of any such acquired companies may also impose substantial demands on management. There is no assurance that any such acquisitions will be successfully integrated in a timely manner.

Use of Individual Information

The Corporation collects, processes, maintains and uses data, including sensitive information on individuals, available to the Corporation through its subsidiary, 2516167 Ontario Inc. (d.b.a. My Cannabis). The Corporation's current and future marketing and research and development programs and initiatives may depend on its ability to collect, maintain and use this information, and its ability to do so is subject to evolving international, United States, and Canadian laws and enforcement trends. The Corporation strives to comply with all applicable laws and other legal obligations relating to privacy, data protection and customer protection, including those relating to the use of data for marketing purposes. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another, conflict with other rules, conflict with the Corporation's practices or fail to be observed by its employees or business partners. If so, the Corporation may suffer damage to its reputation and be subject to proceedings or actions against it by governmental entities or others. Any such proceeding or action could hurt the Corporation's reputation, force it to spend significant amounts to defend its practices, distract its management or otherwise have an adverse effect on its business.

Information Systems Security Threats

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

Cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks could result in any person gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, including personally identifiable information, corrupting data, or causing operational disruption. Cyber-attacks could also result in important remediation costs, increased cyber security costs, lost revenues due to a disruption of activities, litigation and reputational harm affecting customer and investor confidence, which could materially adversely affect our business and financial results.

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

Dependence on Suppliers and Skilled Labour

The ability of the Corporation 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 Corporation will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Corporation's capital expenditure program may be significantly greater than anticipated by the Corporation's management, and may be greater than funds available to the Corporation, in which circumstance the Corporation may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the financial results of the Corporation.

Operating Risk and Insurance Coverage

The Corporation has insurance to protect its assets, operations and employees. While the Corporation believes its insurance coverage addresses all material risks to which it is 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 Corporation is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Corporation's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Corporation were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Corporation were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Product Liability

As a manufacturer and distributor of products designed to be consumed by humans, the Corporation faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of the Corporation's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Corporation's products alone or in combination with other medications or substances could occur. The

Corporation may be subject to various product liability claims, including, among others, that the Corporation's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Corporation could result in increased costs, could adversely affect the Corporation's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and the financial condition of the Corporation. There can be no assurances that the Corporation will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Corporation's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Corporation's products are recalled due to an alleged product defect or for any other reason, the Corporation could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Corporation may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Corporation has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Corporation's significant brands were subject to recall, the image of that brand and the Corporation could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Corporation's products and could have a material adverse effect on the results of operations and financial condition of the Corporation. Additionally, product recalls may lead to increased scrutiny of the Corporation's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Fraudulent or Illegal Activity by the Corporation's Employees, Contractors and Consultants

The Corporation 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 fail to disclose unauthorized activities to the Corporation that violates: (a) government regulations; (b) manufacturing standards; (c) federal and provincial healthcare fraud and abuse laws and regulations; or (d) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Corporation to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Corporation to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Corporation 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 Corporation, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on our 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 Corporation's operations, any of which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Security Breaches at Corporation's Facilities

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

Management of Growth

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Reputational Harm

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

Legal Proceedings

In the course of the Corporation's business, the Corporation may from time to time have access to confidential or proprietary information of third parties, and these parties could bring a claim against the Corporation asserting that it has misappropriated their technologies and had improperly incorporated such technologies into its products. Due to these factors, there remains a constant risk of intellectual property litigation affecting the Corporation's business. In the future, the Corporation may be made a party to litigation involving intellectual property matters and such actions, if determined adversely, could have a material adverse effect on the Corporation.

Inability to Protect Intellectual Property

The Corporation's success depends a significant degree upon its ability to develop, maintain and protect proprietary products and technologies. The Corporation may file patent applications in the United States, Canada, Colombia, Europe, and selectively in other foreign countries as part of its strategy to protect its proprietary products and technologies. However, patents provide only limited protection of the Corporation's intellectual property. The assertion of patent protection involves complex legal and factual determinations and is therefore uncertain and expensive. The Corporation cannot provide assurances that patents will be granted with respect to any of its pending patent applications, that the scope of any of its patents will be

sufficiently broad to offer meaningful protection, or that it will develop additional proprietary technologies that are patentable. This could result in the Corporation's patent rights failing to create an effective competitive barrier. Losing a significant patent or failing to get a patent to issue from a pending patent application that the Corporation considers significant could have a material adverse effect on its business. The laws governing the scope of patent coverage in various countries continue to evolve. The laws of some foreign countries may not protect the Corporation's intellectual property rights to the same extent as the laws of Canada and the United States. The Corporation holds patents only in selected countries. Therefore, third parties may be able to replicate technologies covered by the Corporation's patents in countries in which it does not have patent protection.

There can be no assurances that the steps taken by the Corporation to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the Corporation's intangible property, technology or processes. It is likely that other companies can duplicate a production process similar to the Corporation's. Other companies may also be able to materially duplicate the Corporation's proprietary plant strains. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the Corporation may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The Corporation's ability to successfully implement its business plan depends in part on its ability to obtain, maintain and build brand recognition using its trademarks, service marks, trade dress, domain names and other intellectual property rights, including the Corporation's names and logos. If the Corporation's efforts to protect its intellectual property are unsuccessful or inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its brands may be harmed, which could have a material adverse effect on the Corporation's business and might prevent its brands from achieving or maintaining market acceptance.

The Corporation may be unable to obtain registrations for its intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. This could harm its image, brand or competitive position and cause the Corporation to incur significant penalties and costs.

Intellectual Property Claims

The Corporation's future success and competitive position depends in part upon its ability to maintain its intellectual property portfolio. There can be no assurance that any patents will be issued on any existing or future patent applications. Even if such patents are issued, there can be no assurance that any patents issued or licensed to the Corporation will not be challenged. The Corporation's ability to establish and maintain a competitive position may be achieved in part by prosecuting claims against others who it believes to be infringing its rights. In addition, enforcement of the Corporation's patents in foreign jurisdictions will depend on the legal procedures in those jurisdictions. Even if such claims are found to be invalid, the Corporation's involvement in intellectual property litigation could have a material adverse effect on its ability to distribute any products that are the subject of such litigation. In addition, the Corporation's involvement in intellectual property litigation could result in significant expense, which could materially adversely affect the use responsibilities, whether or not such litigation is resolved in the Corporation's favour.

Companies in the retail and wholesale industries frequently own trademarks and trade secrets and often enter into litigation based on allegations of infringement or other violations of intangible property rights. The

Corporation may be subject to intangible property rights claims in the future and its products may not be able to withstand any third-party claims or rights against their use. Any intangible property claims, with or without merit, could be time consuming, expensive to litigate or settle and could divert management resources and attention. An adverse determination also could prevent the Corporation from offering its products to others and may require that the Corporation procure substitute products or services.

With respect to any intangible property rights claim, the Corporation may have to pay damages or stop using intangible property found to be in violation of a third party's rights. The Corporation may have to seek a licence for the intangible property, which may not be available on reasonable terms and may significantly increase operating expenses. The technology also may not be available for licence at all. As a result, the Corporation may also be required to pursue alternative options, which could require significant effort and expense. If the Corporation cannot licence or obtain an alternative for the infringing aspects of its business, it may be forced to limit product offerings and may be unable to compete effectively. Any of these results could harm the Corporation's brand and prevent it from generating sufficient revenue or achieving profitability.

Additionally, the Corporation will not be able to register any U.S. federal trademarks for its cannabis-related products. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is illegal under the *Controlled Substances Act*, and the Corporation's marks are being used (or intended to be used) in connection with goods that are illegal under the *Controlled Substances Act*, the actual lawful use of the marks in association with our products is not permitted. As a result, the Corporation likely will be unable to protect its cannabis-related product trademarks beyond the geographic areas in which it conducts business. The use of its trademarks outside the states in which it operates by one or more other persons could have a material adverse effect on the value of such trademarks.

Constraints on Cross-border Travel for Employees

On October 22, 2018, the U.S. Customs and Border Protection released a policy statement indicating that Canadian citizens working in or facilitating the proliferation of the legal marijuana industry in Canada, travelling to the U.S. for reasons unrelated to the marijuana will generally be admissible. However, if the traveler is found to be entering into the U.S. for reasons related to the marijuana industry, they may be deemed inadmissible. Travel restrictions imposed on the Corporation's employees impair the Corporation's ability to take advantage of cost efficient travel routes that may stop within the U.S. when employees are travelling for business.

Website Accessibility

Internet websites are visible by people everywhere, not just in jurisdictions where the activities described therein are considered legal. As a result, to the extent the Corporation sells services or products via web-based links targeting only jurisdictions in which such sales or services are compliant with state law, the Corporation may face legal action in other jurisdictions which are not the intended object of any of the Corporation's marketing efforts for engaging in any web-based activity that results in sales into such jurisdictions deemed illegal under applicable laws.

Limited Experience Managing a Public Company.

Our chief executive officer has limited experience managing a public company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. While certain other executives and advisors we have engaged have such experience, our management team, as

a whole, may not successfully or efficiently manage the ongoing transition to being a public issuer subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management, particularly from our chief executive officer, and could divert their attention away from the day-to-day management of the Corporation's business, which could adversely affect the business, financial condition and results of operations.

Trade Secrets may be Difficult to Protect

The Corporation's success depends upon the skills, knowledge and experience of its scientific and technical personnel, consultants and advisors, as well as contractors. Because the Corporation operates in a highly competitive industry, it relies in part on trade secrets to protect its proprietary products and processes; however, trade secrets are difficult to protect. The Corporation enters into confidentiality or non-disclosure agreements with its corporate partners, employees, consultants, outside scientific collaborators, developers and other advisors. These agreements generally require that the receiving party keep confidential, and not disclose to third parties, confidential information developed by the receiving party or made known to the receiving party by the Corporation during the course of the receiving party's relationship with the Corporation. These agreements also generally provide that inventions conceived by the receiving party in the course of rendering services to the Corporation will be its exclusive property, and the Corporation enters into assignment agreements to perfect its rights.

These confidentiality, inventions and assignment agreements, where in place, may be breached and may not effectively assign intellectual property rights to the Corporation. The Corporation's trade secrets also could be independently discovered by competitors, in which case the Corporation would not be able to prevent the use of such trade secrets by its competitors. The enforcement of a claim alleging that a party illegally obtained and was using the Corporation's trade secrets could be difficult, expensive and time consuming and the outcome could be unpredictable. The failure to obtain or maintain meaningful trade secret protection could adversely affect the Corporation's competitive position.

Internal Controls

Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's consolidated financial statements and materially adversely affect the trading price of the Common Shares.

RISKS RELATED TO THE REGULATORY ENVIRONMENT

The Corporation's Business is Heavily Regulated

The activities of Avicanna and its subsidiaries are, and will continue to be, regulated as applicable laws continue to change and develop. Achievement of the Corporation's business objectives are contingent, in part, upon compliance with necessary and applicable regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals necessary. Regulatory compliance and the process of

obtaining regulatory approval can be costly and time consuming. No assurance can be given that Avicanna or its subsidiaries will be able to maintain the requisite licences, permits, or authorizations to operate its business. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of the Corporation's plans and could have a material adverse effect on the business, results of operations and financial condition of the Corporation. Further, the Corporation cannot predict what kind of regulatory requirements the business will be subject to in the future.

There is a Substantial Risk of Regulatory or Political Change

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

The success of the business strategy of the Corporation depends on the legality of the cannabis industry. The political environment surrounding the cannabis industry in general can be volatile and the regulatory framework remains in flux. The medical and recreational cannabis industry is subject to significant regulatory change at both the state and federal level. If the Corporation and its subsidiaries are unable to respond appropriately to changing federal and state regulations, it may not be successful in capturing significant market share. The inability of the Corporation to respond to the changing regulatory landscape could harm its business. Although many states have implemented legislation to legalize and regulate the cultivation, sale, possession and use of cannabis, and additional states have pending legislation regarding the same, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the industry as a whole, adversely impacting the Corporation's ability to successfully invest and/or participate in the selected business opportunities.

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

Furthermore, there may be unknown additional regulatory fees and taxes that may be assessed in the future. The Corporation is aware that multiple states are considering special taxes or fees on businesses

in the cannabis industry. It is a potential yet unknown risk at this time that other states are in the process of reviewing such additional fees and taxation. This could change the net income and return on the Corporation's investments and/or participation in the selected business opportunities.

Clinical Testing and Regulatory Approval

The Corporation's success is dependent on the successful completion of clinical trials, regulatory approval and introduction of its products and technology into the market, and the Corporation does not know if it will be able to complete them. The actual timing of these events can vary dramatically due to factors such as delays or failures in the Corporation's clinical trials and the uncertainties inherent in the regulatory approval process. The Corporation might not be able to obtain the necessary results from its clinical trials or to gain regulatory approval necessary for licensing its products and technology. The Corporation's failure to achieve these objectives will mean that an investor will not be able to recoup their investment or to receive a profit on their investment.

Risks of Foreign Operations Generally

Certain of the Corporation's cannabis cultivation interests, operations and suppliers are located in foreign jurisdictions. As a result, the Corporation is subject to political, economic and other uncertainties, including, but not limited to, changes, sometimes frequent, in agriculture and drug policies or the personnel administering them, nationalization, expropriation of property without fair compensation, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which the Corporation's operations and their suppliers' operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrections. The Corporation's operations may also be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with its operations, the Corporation may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada or enforcing Canadian judgments in foreign jurisdictions. In addition, the Corporation's existing subsidiaries are formed pursuant to, and its operations are governed by, a number of complex legal and contractual relationships. The effectiveness of and enforcement of such contracts and relationships with parties in these jurisdictions cannot be assured. Consequently, the Corporation's foreign cultivation, development and production activities could be substantially affected by factors beyond the Corporation's control, any of which could have a material adverse effect on the Corporation.

Enforcement of Judgements

Certain of the Corporation's operations and assets are located outside of Canada and certain of its directors and officers reside outside of Canada. Although the directors and officers who reside outside of Canada have appointed an agent for service of process in Canada, it may not be possible for investors to enforce against such person's judgements obtained in Canadian courts. Investors are advised that it may not be possible for them to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

Inability to Obtain or Retain Licences Required for the Business and Future Plans

The Corporation's ability to grow, store and sell cannabis in Colombia is dependent on the ability of the both SN and SMGH to retain the issued cannabis cultivation, manufacturing and distribution licences from the Colombian Ministry of Health and Ministry of Justice and Law. Licences, once issued, are subject to

ongoing compliance and reporting requirements. Failure to comply with the requirements would have a material adverse impact on the business, financial condition and operating results of the Corporation. There is also no assurance of new licences or approvals from the Colombian Ministry of Health and Ministry of Justice and Law.

The Corporation may be required to obtain and maintain certain permits, licences and approvals in the jurisdictions where its products are manufactured and licensed. There can be no assurances that the Corporation will be able to obtain or maintain any necessary licences, permits, or approvals. Moreover, the Corporation and/or third party suppliers of CBD and THC extracts could be required to obtain permits and licences. Any material delay or inability to receive these items is likely to result in a delay and/or inhibit the Corporation's ability to conduct its business and would have an adverse effect on its business, financial condition and results from operations.

Ability to Establish and Maintain Bank Accounts

While Avicanna does not anticipate dealing with banking restrictions, there is a risk that banking institutions in countries and jurisdictions where the Corporation operates, such as Colombia and the United States, will not accept payments related to the cannabis industry. Such risks could increase costs and make it difficult to transfer funds. In the event financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that Avicanna may be required to seek alternative payment solutions. There are inherent risks associated with alternative payment methods including but not limited to reliability and security of such methods. Our inability to manage such risks may adversely affect Avicanna's operations and financial performance. See "*Risk Factors – Risks Specifically related to the United States Regulatory System – Limited Access to Banks and Financial Services*".

Involvement in Regulatory or Agency Proceedings, Investigations and Audits

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

Environmental, Health and Safety Laws

The Corporation is subject to environmental, health and safety laws and regulations in each jurisdiction in which the Corporation operates. Such regulations govern, among other things, the maintenance of air and water quality standards and land reclamation, and the health and safety of the Corporation's employees. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental, health and safety legislations are evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors

and employees. There is no assurance that future changes in environmental, health and safety regulations, if any, will not adversely affect the Corporation's operations.

Government environmental approvals and permits are currently and may in the future be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from its proposed business activities or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Corporation may be required to compensate those suffering loss or damage due to its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

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

RISKS SPECIFICALLY RELATED TO COLOMBIAN OPERATIONS

Control of Foreign Subsidiaries

Three of our subsidiaries, Avicanna LATAM (100% equity interest), SN (70% equity interest), and SMGH (60% equity interest), operate in, and are governed by the laws of, Colombia. Our Colombian subsidiaries are separate and distinct legal entities but Avicanna is nevertheless exposed to significant political risk resulting from operations in Colombia. In particular, operations in Colombia may be severely impacted by the changing political and legal landscape (described in greater below). These risks may have a significant impact on the ability of Avicanna to carry on business operations. As well, any structure that separates the Board from operating subsidiaries may present challenges for the Board in effectively directing the decision making of the applicable subsidiary. Key operating decisions may be made at lower levels of the corporate hierarchy without being communicated to the Board for its consideration. Our corporate structure involving Colombian subsidiaries may also make it more difficult for the Board to fully understand the risks associated with each subsidiary.

Colombian Political and Economic Conditions

The Colombian government has exercised and continues to exercise significant influence over the Colombian economy and frequently intervenes in the Colombian economy to control inflation and affect other policies in such areas as wage and price controls, currency devaluations, capital controls and limits on imports, among other things. The Corporation's cannabis cultivation business, financial condition and results of operations may be adversely affected by changes in policy involving tariffs, exchange controls

and other matters, as well as factors such as inflation, currency devaluation, exchange rates and controls, interest rates, changes in government leadership, policy, taxation and other political, economic or other developments in or affecting Colombia, including civil disturbances, regional terrorism, armed conflict and/or war. There is a risk of rebel, terrorist attacks and kidnappings against facilities and personnel involved in the cannabis cultivation operations at the Colombian properties in which the Corporation has an interest.

Currency Risks

The Corporation is exposed to foreign exchange risks since much of its revenue, cultivation and manufacturing costs are expected to be received/paid in or by reference to Colombian peso denominated prices while the majority of its general and administrative costs are in Canadian dollars. The exchange rates between Canadian dollars, Colombian pesos, Swiss francs and U.S. dollars have varied substantially recently. The Corporation does not engage in active hedging to minimize exchange rate risk.

Inflationary Risks

Historically, Colombia has experienced double digit rates of inflation. If this continues, costs may increase substantially given respective changes in the exchange rates. In addition, this may affect the Corporation's ability to raise additional capital. The government's response to such inflationary pressures might include monetary and fiscal policy that may have an adverse effect on the Corporation.

Repatriation of Earnings from Colombia

There are currently no restrictions on the repatriation from Colombia of earnings to foreign entities. However, there can be no assurance that restrictions on repatriations of earnings from Colombia will not be imposed in the future. Exchange control regulations require that any proceeds in foreign currency originated on exports of goods from Colombia (including minerals) be repatriated to Colombia. However, purchase of foreign currency is allowed through any Colombian authorized financial entities for the purpose of payments to foreign suppliers, repayment of foreign debt, payments of dividends to foreign stockholders and other foreign expenses.

Colombian Legal System

The Colombian legal system may result in risks such as: (a) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain; (b) a higher degree of discretion on the part of governmental authorities; (c) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (d) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (e) relative inexperience of the judiciary and courts in such matters. The commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain in Colombia, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in Colombia cannot be assured.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

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

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

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

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

Acquisition of Qualifying Shares and Qualifying Warrants Received on an Exercise of Special Warrants

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

For its purposes, the Corporation intends to allocate $4.56 to each Qualifying Share and $3.44 to the one-half of one Qualifying Warrant. Although the Corporation believes that its allocation is reasonable, it is not binding on the CRA or the Holder. The Holder's adjusted cost base of the Qualifying Share will be determined by averaging the cost allocated to the Qualifying Share with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

Holders Resident in Canada

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

Exercise of Special Warrants for Qualifying Shares and Qualifying Warrants

No gain or loss will be realized by a Canadian Holder upon the exercise of a Special Warrant for one Qualifying Share and one-half of one Qualifying Warrant. When a Special Warrant is exercised for one Qualifying Share and one-half of one Qualifying Warrant, the aggregate cost of the Qualifying Share and one-half of one Qualifying Warrant will be equal to the Canadian Holder's adjusted cost base of the Special Warrant. The adjusted cost base of the Qualifying Share will be determined by averaging such cost with the adjusted cost base to the Canadian Holder of all other Common Shares owned by the Canadian Holder immediately prior to such exercise.

Exercise or Expiry of Qualifying Warrants

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

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

Dividends

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

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

A Canadian Holder that is throughout the year a "**Canadian-controlled private corporation**" (as defined in the Tax Act) may be liable for a 10 2/3% tax, a portion of which may be refundable, on "**aggregate investment income**" (as defined in the Tax Act), which includes amounts in respect of the portion of any dividends that was deductible in computing the corporation's taxable income for the year.

Dispositions of Qualifying Shares, Warrant Shares and Qualifying Warrants

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

Taxation of Capital Gains and Capital Losses

Generally, in computing its income for a taxation year a Canadian Holder is required to include one-half of the amount of any capital gain realized in the year (a "**taxable capital gain**"). Subject to and in accordance with the provisions of the Tax Act, a Canadian Holder is required to deduct one-half of the amount of any capital loss realized in a taxation year from taxable capital gains realized in the year by such Canadian Holder (an "**allowable capital loss**"). Allowable capital losses in excess of taxable capital gains in a taxation year may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following taxation year against taxable capital gains realized in such year, in accordance with the provisions of the Tax Act.

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

A Canadian Holder that is throughout the year a "**Canadian-controlled private corporation**" (as defined in the Tax Act) may be liable for a 10 2/3% tax, a portion of which may be refundable, on "**aggregate investment income**" (as defined in the Tax Act), which includes amounts in respect of taxable capital gains.

Alternative Minimum Tax

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

Eligibility for Investment

The Corporations shares are not currently listed on a designated stock exchange and the Corporation expresses no opinion on the eligibility for investment of any of the Special Warrants, Qualifying Shares and Qualifying Warrants in a registered plan.

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

Holders Not Resident in Canada

The following summary applies to a beneficial owner of Special Warrants who acquires Qualifying Shares and Qualifying Warrants, or to a beneficial owner of Qualifying Warrants who acquires Warrant Shares, pursuant to the exercise or deemed exercise of Qualifying Warrants and who, at all relevant times, for purposes of the Tax Act and any relevant income tax treaty or convention: (i) is neither resident nor deemed to be resident in Canada; and (ii) does not, and is not deemed to, use or hold the Special Warrants, Qualifying Shares, Qualifying Warrants or Warrant Shares in carrying on a business in Canada (a "**Non-Canadian Holder**"). In addition, this discussion does not apply to a Non-Canadian Holder that is a "registered non-resident insurer" or an "authorized foreign bank" (as such terms are defined in the Tax Act).

Exercise or Expiry of a Special Warrant or Qualifying Warrants & Dispositions of Qualifying Shares, Warrant Shares and Qualifying Warrants

A Non-Canadian Holder will not be subject to tax under the Tax Act in respect of the exercise of a Special Warrant or Qualifying Warrant, or from any capital gain realized by such Non-Canadian Holder on a disposition or deemed disposition of a Special Warrant, Qualifying Warrant, Qualifying Share or Warrant Share unless the Special Warrant, Qualifying Warrant, Qualifying Share or Warrant Share constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Canadian Holder at the time of disposition, and the Non-Canadian Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Canadian Holder is resident. In addition, capital losses arising on a disposition or deemed disposition of a Special Warrant, Qualifying Warrant, Qualifying Share or Warrant Share will not be recognized under the Tax Act, unless the Special Warrant, Qualifying Warrant, Qualifying Share or Warrant Share constitute "taxable Canadian property" (as defined in the Tax Act) at the time of disposition and the Non-Canadian Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Canadian Holder is resident.

Special Warrants, Qualifying Warrants, Qualifying Shares and Warrant Shares will generally not constitute taxable Canadian property of a Non-Canadian Holder, unless at any time during the 60 month period immediately preceding the disposition of the Special Warrant, Qualifying Warrants, Qualifying Shares or Warrant Shares more than 50% of the fair market value of the Special Warrants, Qualifying Warrants, Qualifying Shares or Warrant Shares was derived directly or indirectly from one or any combination of: (a) real or immovable property situated in Canada; (b) "Canadian resources properties" (as defined in the Tax Act); (c) "timber resource properties" (as defined in the Tax Act); and (d) options in respect of, or interests in or for civil law rights in, property described in (a) to (c), whether or not such property exists. Notwithstanding the foregoing, in certain circumstances Special Warrants, Qualifying Warrants, Qualifying Shares or Warrant Shares may otherwise be deemed to be taxable Canadian property to a Non-Canadian Holder for purposes of the Tax Act.

In addition, if at the time of disposition Special Warrants, Qualifying Shares or Warrant Shares are listed on a "designated stock exchange", as defined in the Tax Act at the time of disposition, Special Warrants, Qualifying Warrants, Qualifying Shares and Warrant Shares will generally not constitute taxable Canadian property of a Non-Canadian Holder, unless at any time during the 60 month period immediately preceding the disposition of the Special Warrants, Qualifying Warrants, Qualifying Shares or Warrant Shares met the conditions in the immediately forgoing paragraph and (a) the Non-Canadian Holder; (b) persons with whom the Non-Canadian Holder did not deal at arm's length; (c) partnerships in which the Non-Canadian Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; or (d) the Non-Canadian Holder together with such persons, owned 25% or more of the issued shares of any class of the capital stock of the Corporation.

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

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

Dividends

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

PROMOTERS

Aras Azadian, a Director and the Chief Executive Officer of the Corporation has been a promoter of the Corporation since its incorporation. Mr. Azadian beneficially owns, controls or directs, directly or indirectly, 2,501,192 Common Shares representing approximately 16.10% of the issued and outstanding Common Shares on a non-diluted basis. Since the incorporation of the Corporation, Mr. Azadian has received an aggregate sum of $230,834 in cash and $54,166 worth of Common Shares as salary. See also "*Executive Compensation*".

Setu Purohit, a Director and the President, General Counsel, Chief Legal Officer and Secretary of the Corporation has been a promoter of the Corporation since its incorporation. Mr. Purohit beneficially owns, controls or directs, directly or indirectly, 2,320,952 Common Shares representing approximately 14.94% of the issued and outstanding Common Shares on a non-diluted basis. Since the incorporation of the Corporation, Mr. Purohit has received an aggregate sum of $231,667 in cash and $43,333 worth of Common Shares as salary. See also "*Executive Compensation*". On June 1, 2017, the Corporation purchased all of the issued and outstanding shares of My Cannabis from Mr. Purohit and Mr. Langstaff. The price paid for all of the issued and outstanding shares of My Cannabis was $140,000, which amount

was satisfied entirely through the issuance of Common Shares of the Corporation. In connection with the transaction, Mr. Purohit received 100,000 Common Shares at a deemed price of $0.70 per Common Share. The purchase price payable for My Cannabis was determined by the independent directors of the Corporation and was determined on a price per patient basis. The price per patient selected was based on a discount to recently announced comparable transactions. Mr. Purohit's interest in My Cannabis was acquired by Mr. Purohit at a cost of $100 on April 29, 2016.

Kyle Langstaff, the Vice President (Operations) of the Corporation has been a promoter of the Corporation since its incorporation. Mr. Langstaff beneficially owns, controls or directs, directly or indirectly, 2,268,333 Common Shares representing approximately 14.61% of the issued and outstanding Common Shares on a non-diluted basis. Since the incorporation of the Corporation, Mr. Langstaff has received an aggregate sum of $104,662 in salary. See also "*Executive Compensation*". On June 1, 2017, the Corporation purchased all of the issued and outstanding shares of My Cannabis from Mr. Purohit and Mr. Langstaff. The price paid for all of the issued and outstanding shares of My Cannabis was $140,000, which amount was satisfied entirely through the issuance of Common Shares of the Corporation. In connection with the transaction, Mr. Langstaff received 100,00 Common Shares at a deemed price of $0.70 per Common Share. The purchase price payable for My Cannabis was determined by the independent directors of the Corporation and was determined on a price per patient basis. The price per patient selected was based on a discount to recently announced comparable transactions. Mr. Langstaff's interest in My Cannabis was acquired by Mr. Langstaff at a cost of $100 on April 29, 2016.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

We are from time to time involved in legal proceedings of a nature considered normal to our business. We believe that none of the litigation in which we are currently involved, or have been involved since the beginning of the most recently completed financial year, individually or in the aggregate, is material to our consolidated financial condition or results of operations.

There are no material legal proceedings the Corporation is or was a party to, or that any of its property is or was the subject of, since the beginning of the most recently completed financial year for which financial statements of the Corporation are included in this Prospectus.

There have not been any penalties or sanctions imposed against the Corporation by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Corporation, and the Corporation has not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described herein with respect to My Cannabis and SMGH (and Mr. Davila Char's relationship with Bondue), no insider, director or executive officer of the Corporation and no associate of any director, executive officer, or insider has any material interest, direct or indirect, in any transaction within the three years before the date of this Prospectus that has materially affected or is reasonably expected to materially affect the Corporation. See "*Executive Compensation*", "*Our Business – Research and Development – My Cannabis*" and "*Our Business – Cultivation – Santa Marta Golden Hemp – Background*".

AUDITORS

The auditors of the Corporation are MNP LLP, having its address at 50 Burnhamthorpe Road West, Suite 900, Mississauga, ON, L5B 3C2

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of the Corporation is Odyssey Trust Company at its principal office at 323 - 409 Granville St, Vancouver, British Columbia, V6C 1T2.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts which the Corporation has entered into since its incorporation before the date of this Prospectus are:

- the Agency Agreement, dated as of December 13, 2018, between the Corporation and the Agents, as more particularly described under "*Plan of Distribution*";
- the IMA, dated as of June 20, 2018, between the Corporation, Lucas Echeverri Robledo, Santa Marta Golden Hemp, Inmobiliaria Bondue S.A.S., We Bay S.A. and Sativa Nativa S.A.S., as more particularly described under "*Our Business – History and Development – Santa Marta Golden Hemp*";
- the Altea Manufacturing Agreement, dated as of December 11, 2018, between the Corporation and Altea, as more particularly described under "*Our Business – History and Development – Altea Manufacturing Agreement*"; and
- the SRCA, dated as of November 20, 2017, between the Corporation and the University of Toronto, as more particularly described under "*Our Business – History and Development – University of Toronto*".

Copies of the above-noted material contracts will be available for inspection at the offices of the Corporation's Canadian counsel, Dentons Canada LLP (77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada), during normal business hours and will be filed on the Corporation's SEDAR profile at www.sedar.com.

INTEREST OF EXPERTS

There is no person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named as having prepared or certified a report, valuation, statement or opinion in this prospectus other than Dentons Canada LLP and MNP LLP.

Dentons Canada LLP, and its partners and associates, as a group, do not beneficially own, directly and indirectly, greater than 1% of the issued and outstanding shares of any class of the Corporation, its affiliates or associates.

Our current independent auditor is MNP LLP. MNP LLP has confirmed that it is independent of the Corporation within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of (Ontario).

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two (2) Business Days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CONTRACTUAL RIGHT OF ACTION FOR RESCISSION

The Corporation has granted to each holder of a Special Warrant a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a Special Warrant who acquires Qualifying Securities on exercise of the Special Warrant as provided for in the Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the Prospectus or an amendment to the Prospectus containing a misrepresentation: (a) the holder is entitled to rescission of both the holder's exercise of its Special Warrant and the private placement transaction under which the Special Warrant was initially acquired; (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Corporation on the acquisition of the Special Warrant; and (c) if the holder is a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

The contractual rights of action described above are in addition to and without derogation from any other right or remedy that a subscriber of Special Warrants may have at law.

SCHEDULE "A" – AVICANNA FINANCIAL STATEMENTS & MD&A

The following financial statements of Avicanna have been prepared in accordance with IFRS and are attached hereto:

- Audited consolidated statements of loss and comprehensive loss for years ended December 31, 2017 and December 31, 2016 of the Corporation, including notes thereto.

- Management's discussion and analysis of operations and financial position and outlook as at and for the year ended December 31, 2017 and as at and for the period ended December 31, 2016.

- Unaudited condensed interim financial statements of the Corporation including: for the three and nine months ended September 30, 2018 and 2017 including notes thereto.

- Management's discussion and analysis of operations, financial position and outlook for the three and nine months ended September 30, 2018 and September 30, 2017.

SCHEDULE "B" – BUSINESS ACQUISITION FINANCIAL STATEMENTS & MD&A

The following financial statements of SN and SMGH have been prepared in accordance with IFRS and are attached hereto:

- Audited statements for the year ended December 31, 2017 and from the date of incorporation, December 23, 2016 to December 31, 2016, including notes thereto for Sativa Nativa S.A.S.

- Management's discussion and analysis of operations and financial position as at and for the year ended December 31, 2017 and as at and for the period from incorporation, December 23, 2016 to December 31, 2016 for Sativa Nativa S.A.S.

- Audited statements for the year ended December 31, 2017 and from the date of incorporation, July 27, 2016 to December 31, 2016, including notes thereto for Santa Marta Golden Hemp S.A.S.

- Management's discussion and analysis of operations and financial position as at and for the year ended December 31, 2017 and as at and for the period from incorporation, July 27,2016 to December 31, 2016 for Santa Marta Golden Hemp S.A.S.

- Unaudited condensed interim financial statements of Santa Marta Golden Hemp S.A.S for the three and nine months ended September 30, 2018 and 2017, including notes thereto.

- Management's discussion and analysis of operations, financial position and outlook for the three and nine months ended September 30, 2018 and September 30, 2017 for Santa Marta Golden Hemp S.A.S.

SCHEDULE "C" – PRO FORMA FINANCIAL STATEMENTS

The following pro forma financial statements have been prepared in accordance with IFRS and are attached hereto:

- Pro forma statements of financial position of the Corporation, as at September 30, 2018 that gives effect to the acquisition of SMGH, as if it had taken place at January 1, 2017.

- Pro forma consolidated statement of income (loss) and comprehensive income (loss) of the Corporation that gives effect to the acquisitions of each of SN and SMGH, as if each of them had taken place at January 1, 2017 for each of the following periods:

    - the year ended December 31, 2017; and

    - the nine months ended September 30, 2018.

SCHEDULE "D" - AUDIT COMMITTEE CHARTER

AVICANNA INC.

AUDIT COMMITTEE CHARTER

I. GENERAL

1. Mandate and Purpose of the Committee

The purpose of the Audit Committee (the "**Committee**") is to assist the board of directors (the "**Board**") of Avicanna Inc. (the "**Company**") in fulfilling its oversight responsibilities relating to:

(a) the integrity of the Company's financial statements;

(b) the Company's compliance with legal and regulatory requirements, as they relate to the Company's financial statements;

(c) the qualifications, independence and performance of the external auditor;

(d) internal controls and disclosure controls;

(e) the performance of the Company's internal audit function; and

(f) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

2. Authority of the Committee

(a) The Committee has the authority to:

(i) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(ii) set and pay the compensation for any advisors employed by the Committee; and

(iii) communicate directly with the internal and external auditors.

(b) The Committee has the authority to delegate to individual members or subcommittees of the Committee.

II. PROCEDURAL MATTERS

1. Composition

The Committee will be composed of a minimum of three members.

2. Member Qualifications

Members of the Committee must state whether or not they are (i) "**independent**" as defined in National Instrument 52-110 – Audit Committees and (ii) "**financially literate**" as defined in National Instrument 52-110 – Audit Committees.

3. Member Appointment and Removal

Members of the Committee will hold office until the next annual meeting of the shareholders.

4. Committee Structure and Operations

(a) Chair

Each year, the Board will appoint one member of the Committee to act as Chair of the Committee. The Chair of the Committee may be removed at any time at the discretion of the Board. If, in any year, the Board does not appoint a Chair, the incumbent Chair will continue in office until a successor is appointed.

If the Chair of the Committee is absent from any meeting, the Committee will select one of the other members of the Committee to preside at that meeting.

(b) Meetings

The Chair of the Committee will be responsible for developing and setting the agenda for Committee meetings. The Chair, in consultation with the Committee members, will determine the schedule and frequency of the Committee meetings. However, the Committee will meet at least four times per year.

(c) Notice

(i) Notice of the time and place of every meeting will be given by email or by phone to each member of the Committee at least 24 hours before the time fixed for that meeting.

(ii) The external auditor of the Company will be given notice of every meeting of the Committee and, at the expense of the Company, will be entitled to attend and be heard at that meeting.

(iii) If requested by a member of the Committee, the external auditor will attend every meeting of the Committee held during the term of office of the external auditor.

(d) Quorum

A majority of the Committee will constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

(e) Attendees

The Committee may invite any of the directors, officers and employees of the Company and any advisors as it sees fit to attend meetings of the Committee.

During each meeting of the Committee, the Committee will meet with only Committee members present in person or by other permitted means.

(f) **Secretary**

Unless otherwise determined by resolution of the Board, the corporate secretary of the Company, or his or her nominee, will act as the Secretary to the Committee.

(g) **Records**

Minutes of meetings of the Committee will be recorded and maintained by the Secretary to the Committee and will be subsequently presented to the Committee for review and approval.

(h) **Liaison**

The Chief Financial Officer will act as management liaison with the Committee.

5. Committee and Charter Review

The Committee will conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter, in accordance with the process developed by the Board. The Committee will conduct that review and assessment in such manner as it deems appropriate and report the results to the Board.

The Committee will also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as any best practice guidelines recommended by regulators or an applicable stock exchange, and will recommend any required or desirable changes to the Board.

6. Reporting to the Board

The Committee will report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

III. RESPONSIBILITIES

1. Financial Reporting

(a) The Committee is responsible for reviewing and recommending approval to the Board of:

(i) the Company's financial statements, MD&A and annual and interim profit or loss news releases; and

(ii) prospectus type documents.

(b) The Committee is also responsible for:

(i) discussing with management and the external auditor the quality of generally accepted accounting principles ("**GAAP**"), not just the acceptability of GAAP;

(ii) discussing with management any significant variances between comparative reporting periods and across comparable business units;

(iii) in the course of discussion with management and the external auditor, identifying problems or areas of concern and ensuring those matters are satisfactorily resolved;

(iv) engaging the external auditor to perform a review of the interim financial reports and reviewing their findings, however, no formal report from the external auditor will be required;

(v) reviewing the financial statements of the Company's subsidiaries, as well as the consolidated financial statements and financial statements for the Company pension plans, joint ventures and the like;

(vi) requiring a representation letter from management similar to that provided by the external auditor; and

(vii) reviewing all financial information and earnings guidance provided to analysts and rating agencies.

2. External Auditor

(a) The Company's external auditor is required to report directly to the Committee.

(b) The Committee is responsible for recommending to the Board:

(i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and

(ii) the compensation of the external auditor.

(c) The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.

3. Relationship with the External Auditor

(a) The Committee is responsible for reviewing the proposed audit plan and the proposed audit fees (to ensure fee containment).

(b) The Committee is also responsible for:

(i) establishing effective communication processes with management and the external auditor so that it can objectively monitor the quality and effectiveness of the external auditor's relationship with management and the Committee;

(ii) receiving and reviewing regular reports from the external auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditors' final report;

(iii) reviewing, at least annually, a report from the external auditor on all relationships and engagements for non-audit services that may reasonably be thought to bear on the independence of the auditor;

(iv) meeting regularly in private with the external auditor; and

(v) receiving at least annually a report by the external auditor on the audit firm's internal quality control.

4. Accounting Policies

The Committee is responsible for:

(a) reviewing the Company's accounting policy note to ensure completeness and acceptability with GAAP as part of the approval of the financial statements;

(b) proactively discussing and reviewing the impact of proposed changes in accounting standards or securities policies or regulations;

(c) reviewing with management and the external auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;

(d) ensuring by discussion with management and the external auditor that the underlying accounting policies, disclosures and key estimates and judgments are considered to be the most appropriate in the circumstances (within the range of acceptable options and alternatives);

(e) discussing with management and the external auditor the clarity and completeness of the Company's financial disclosures made under continuous disclosure requirements; and

(f) reviewing benchmarks of the Company's accounting policies to those followed in its industry.

5. Risk and Uncertainty

(a) The Committee is responsible for reviewing, as part of its approval of the financial statements, uncertainty notes and disclosures.

(b) The Committee, in consultation with management, will identify the principal business risks and decide on the Company's "appetite" for risk. The Committee is responsible for reviewing related risk management policies and recommending those policies for approval by the Board. The Committee is then responsible for communicating and assigning to the applicable Board committee those policies for implementation and ongoing monitoring.

(c) The Committee is responsible for requesting the external auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are being managed or controlled.

6. Controls and Control Deviations

(a) The Committee is responsible for reviewing:

(i) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and

(ii) major points contained in the auditor's management letter resulting from control evaluation and testing.

(b) The Committee is also responsible for:

(i) receiving reports from management when significant control deviations occur;

(ii) establishing a Company-wide culture that conveys basic values of ethical integrity as well as legal compliance and strong financial reporting and control;

(iii) reviewing plans of the internal and external auditors to ensure the combined evaluation and testing of control is comprehensive, well-coordinated, cost effective and appropriate to risks, business activities and changing circumstances;

(iv) participating in the review and appointment of key people involved in financial reporting (i.e., the Chief Financial Officer, the manager of internal audit, etc.);

(v) reviewing Chief Executive Officer and Chief Financial Officer certification matters including matters relating to disclosure controls and procedures;

(vi) reviewing annually a formal report prepared by management on the effectiveness of the Company's control systems;

(vii) reviewing fraud prevention policies and programs and monitoring their implementation; and

(viii) examining whether extension of its oversight of control systems into non-financial areas (e.g., operations) is appropriate.

7. Compliance with Laws and Regulations

(a) The Committee is responsible for discussing the Company's compliance with tax and financial reporting laws and regulations, if and when issues arise.

(b) The Committee is responsible for reviewing regular reports from management and others (e.g., internal and external auditors) concerning the Company's compliance with financial related laws and regulations, such as:

(i) tax and financial reporting laws and regulations;

(ii) legal withholdings requirements;

(iii) environmental protection laws; and

(iv) other matters for which directors face liability exposure.

(c) The Committee is responsible for providing input to and reviewing the Company's Code of Business Conduct and Ethics.

(d) The Committee is responsible for expanding its review to include a broader set of laws and regulations that must be complied with (e.g., compliance with privacy laws in electronic commerce systems).

(e) The Committee with other Board committees is responsible for annually reviewing reports from other Board committees on management's processes to ensure compliance with the Company's Code of Business Conduct and Ethics.

8. Relationship with the Internal Auditor

(a) The Committee is responsible for reviewing:

(i) the appointment of the internal auditor;

(ii) the internal auditor's terms of reference;

(iii) the overall scope of the internal audit;

(iv) the majority of reports issued by the internal auditor; and

(v) management's response to the internal auditor's reports.

(b) The Committee is responsible for approving the reporting relationship of the internal auditor to ensure appropriate segregation of duties is maintained and the internal auditor has direct access to the Committee.

(c) The Committee is responsible for ensuring that the internal auditor's involvement with financial reporting is coordinated with the activities of the external auditor.

(d) If no internal audit function exists, the Committee is responsible for regularly reviewing the need for such a function.

9. Other Responsibilities and Issues

(a) The Chair of the Committee is responsible for ensuring the information received by the Committee is responsive to important performance measures and to the key risks the Committee oversees.

(b) The Committee is responsible for the investigation of any matters that fall within the Committee's responsibilities and has the explicit authority to do so.

(c) The Committee is responsible for receiving and reviewing reports from the internal and external auditors on their review of the officer and senior executive expense accounts.

(d) The Committee is responsible for approving policies on political donations and commissions paid to suppliers or customers and for receiving reports from the internal and/or external auditors on their review of those donations and commissions.

(e) The Committee is responsible for reviewing and providing management with its views on funding matters, financing strategies, capital structure etc., as well as appropriate accounting and presentation issues related thereto.

10. Pre-Approval of Non-Audit Services

The Committee is responsible for pre-approving all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor.

11. Review of Public Disclosure

The Committee will review the following disclosures in advance of their public release by the Company:

(a) the Company's financial statements, MD&A and annual and interim profit or loss news releases;

(b) earnings guidance; and

(c) financial outlooks and future-oriented financial information;

The Committee is responsible for being satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and must periodically assess the adequacy of those procedures.

12. Submission Systems and Treatment of Complaints

The Committee is responsible for establishing procedures for:

(a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

13. Hiring Policies

The Committee is responsible for reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

CERTIFICATE OF THE CORPORATION

Dated: March 14, 2019

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of Ontario, Alberta, and British Columbia**.**

(*signed*) "*ARAS AZADIAN*"
ARAS AZADIAN
Chief Executive Officer

(*signed*) "*DAVENDER SOHI*"
DAVENDER SOHI
Chief Financial Officer

On behalf of the Board of Directors

(*signed*) "*SETU PUROHIT*"
SETU PUROHIT
Director

(*signed*) "*DAVID ALLAN WHITE*"
DAVID ALLAN WHITE
Director

CERTIFICATE OF THE PROMOTERS

Dated: March 14, 2019

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of Ontario, Alberta, and British Columbia**.**

(*signed*) "ARAS AZADIAN"
ARAS AZADIAN
Promoter

(*signed*) "*KYLE LANGSTAFF*"
KYLE LANGSTAFF
Promoter

(*signed*) "*SETU PUROHIT*"
SETU PUROHIT
Promoter

CERTIFICATE OF THE AGENTS

Dated: March 14, 2019

To the best of our knowledge, information and belief, this Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of Ontario, Alberta, and British Columbia.

SPROTT CAPITAL PARTNERS LP BY ITS GENERAL PARTNER,
SPROTT CAPITAL PARTNERS GP INC.

(*signed*) "*TIM SORENSEN*"
TIM SORENSEN
Director

PARADIGM CAPITAL INC.

(*signed*) "*JASON MATHESON*"
JASON MATHESON
Investment Banker