

Form 62-103F1

*Required Disclosure under the Early Warning Requirements*

**Item 1 – Security and Reporting Issuer**

**1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.**

This report relates to common shares (the "**Common Shares**") in the capital of Avicanna Inc. (the "**Issuer**"), having a head office address located at MaRS Centre, West Tower, 661 University Avenue, Suite 1300, Toronto, ON, M5G 0B7.

**1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

On July 9, 2019, the Issuer filed a final long-form prospectus (the "**Prospectus**") with the Ontario Securities Commission, British Columbia Securities Commission and Alberta Securities Commission. For further details please see the Issuer's press release dated July 10, 2019 filed on the Issuer's SEDAR profile.

Immediately prior to and immediately after the filing of the Prospectus, the Issuer had 19,765,978 Common Shares issued and outstanding on a non-diluted basis.

**Item 2 – Identity of the Acquiror**

**2.1 State the name and address of the acquiror.**

Setu Purohit (the "**Acquiror**")  
480 University Avenue, Suite 1502  
Toronto, Ontario, M5G 1V2

**2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

The filing of the Prospectus on July 9, 2019 triggered the requirement of the Acquiror to file this report.

**2.3 State the names of any joint actors.**

Not Applicable.

**Item 3 – Interest in Securities of the Reporting Issuer**

**3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's securityholding percentage in the class of securities.**

Immediately following the filing of the Prospectus, the Acquiror beneficially and directly owned and controlled 2,570,952 Common Shares, representing ownership of approximately 13.01% of

the issued and outstanding Common Shares of the Issuer on a non-diluted and partially diluted basis.

For further information, please refer to the Prospectus, a copy of which is filed on the Issuer's SEDAR profile.

**3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.**

Not applicable.

**3.3 If the transaction involved a securities lending arrangement, state that fact.**

Not applicable.

**3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.**

Please see item 3.1 above.

**3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which**

**(a) the acquiror, either alone or together with any joint actors, has ownership and control,**

Immediately following the filing of the Prospectus, the Acquiror beneficially and directly owned and controlled 2,570,952 Common Shares, representing ownership of approximately 13.01% of the issued and outstanding Common Shares of the Issuer on a non-diluted and partially diluted basis.

**(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

**(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

**3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

Not applicable.

- 3.8 State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.**

Not applicable.

- 3.9 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

#### **Item 4 – Consideration Paid**

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

The Acquiror acquired 2,168,333 Common Shares on November 26, 2016 at a price of \$0.00001 per Common Share, for an aggregate purchase price of \$21.68. On June 1, 2017, the Acquiror acquired ownership of 100,000 Common Shares at a price of \$0.70 per Common Share, for an aggregate purchase price of \$70,000. On October 31, 2017, the Acquiror acquired ownership of 47,619 Common Shares at a price of \$0.70 per Common Share, for an aggregate purchase price of \$33,333.30. On January 31, 2018, the Acquiror acquired 5,000 Common Shares at a price of \$2.00 per Common Share, for an aggregate purchase price of \$10,000. On January 15, 2019, the Acquiror acquired 100,000 Common Shares at a price of \$0.10 per Common Share (on the exercise of previously issued warrants), for an aggregate purchase price of \$10,000.00. On April 15, 2019, the Acquiror acquired 150,000 Common Shares at a price of \$0.10 per Common Share (on the exercise of previously issued warrants), for an aggregate purchase price of \$15,000.00.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

Please see item 4.1 above.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

## Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;
- (f) a material change in the reporting issuer's business or corporate structure;
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders;
- (k) an action similar to any of those enumerated above.

The Common Shares were acquired for investment purposes. All of the Common Shares beneficially and directly owned and controlled by the Acquiror are subject to the terms of a lock-up agreement dated July 8, 2019 (the "**Lock-Up Agreement**"). The Acquiror has a long-term view of the investments and may acquire additional securities or dispose of securities either on the open market or through private acquisitions in the future depending on market conditions, reformulation of plans and/or other relevant factors and subject to applicable securities laws.

Subject to the terms of the Lock-Up Agreement, the Acquiror may, from time to time and at any time, acquire additional Common Shares and/or other equity, debt or other securities or instruments of the Issuer in the open market or otherwise, and reserves the right to dispose of any or all of the Common Shares in the open market or otherwise at any time and from time to time, and to engage in similar transactions with respect to the Common Shares, the whole

depending on market conditions, the business and prospects of the Issuer and other relevant factors, including compliance with applicable securities laws.

**Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer**

**Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.**

Pursuant to the terms of the Lock-Up Agreement, the Acquiror is restricted in its ability to sell, transfer or pledge, or otherwise dispose of or transfer the economic consequences of securities of the Issuer held by the Acquiror for a period of 39 months following the date the Common Shares become listed on a recognized Canadian exchange (the "**Listing Date**") where 10% of such securities will be released from the Lock-Up Agreement on the date that is three months following the Listing Date with the remaining securities released in six equal tranches of 15% every six months following the first release until all such securities are released. In the event that the Common Shares do not become listed on a recognized Canadian exchange by August 1, 2019, all securities subject to such Lock-Up Agreement will be released immediately.

**Item 7 – Change in Material Fact**

**If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.**

Not applicable.

**Item 8 – Exemption**

**If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.**

Not applicable.

**Item 9 – Certification**

I, as the acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated: July 12, 2019

*(signed) "Setu Purohit"*

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**SETU PUROHIT**