

A preliminary short form prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. A copy of the preliminary short form prospectus is required to be delivered to any investor that received this document and expressed an interest in acquiring the securities. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued. Copies of the preliminary prospectus may be obtained from Echelon Wealth Partners Inc. at ecm@echelonpartners.com.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This term sheet shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

TERM SHEET

AVICANNA INC.

Marketed Public Offering of Units November 13, 2020

- Issuer:** Avicanna Inc. (the "**Company**").
- Issue:** Marketed public "best efforts" offering of units (each, a "**Unit**" and collectively, the "**Units**"), with each Unit consisting of one common share of the Company (each, a "**Common Share**") and one-half of one Common Share purchase warrant of the Company (each whole common share purchase warrant, a "**Warrant**" and collectively the "**Warrants**").
- Issue Price:** C\$0.85 per Unit.
- Issue Size:** A minimum of C\$5,000,000 and a maximum of C\$7,000,000 (the "**Offering**") (excluding the exercise of the Over-Allotment Option).
- Over-Allotment Option:** The Company will grant the Agents (as defined below) an option (the "**Over-Allotment Option**") to purchase up to an additional 15.0% of the Units sold under the Offering at the Issue Price to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised, in whole or in part, to purchase Common Shares, Warrants or Units, as determined by the Agents upon written notice to the Company at any time up to 30 days following the Closing Date (as defined below). References to the "Offering" in this Agreement shall be deemed to include Units issuable upon the exercise of the Over-Allotment Option, as applicable.
- Warrants:** Each Warrant entitles the holder thereof to acquire one Common Share for an exercise price of C\$1.20 per Common Share for a period of 36 months following the Closing Date.
- Form of Offering:** "Best efforts" Offering of Units (i) by way of short form prospectus to be filed in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, (ii) on a private placement basis to "accredited investors" meeting one or more of the criteria in Rule 501(a) of Regulation D ("**Regulation D**") under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**") pursuant to Rule 506(b) of Regulation D and/or Section 4(a)(2) thereof and similar exemptions under applicable state securities laws, Qualified Institutional Buyers in the United States pursuant to the registration exemptions provided by Rule 144A of the

US Securities Act, and (iii) as agreed to by the Agents and the Company, outside of Canada and the United States without: (A) giving rise to any requirement under the laws of such jurisdiction to prepare and/or file a prospectus, registration statement or document having similar effect; or (B) creating any ongoing compliance or continuous disclosure obligations for the Company pursuant to the laws of such jurisdiction.

Use of Proceeds: The Company will use the net proceeds of the Offering for product development, working capital and general corporate purposes.

Agents: Echelon Wealth Partners Inc., as lead agent and sole bookrunner, Beacon Securities Limited and Canaccord Genuity Corp. (collectively, the “**Agents**”).

Agent’s Fee: The Company will pay to the Agents, on the Closing Date, a cash commission equal to 7.0% of the aggregate gross proceeds received from the sale of the Units sold pursuant to the Offering (including pursuant to the Over-Allotment Option). In addition, the Company shall issue warrants to the Agents (the “**Broker Warrants**”) equal to 7.0% of the number of Units sold pursuant to the Offering (including pursuant to the Over-Allotment Option). Each Broker Warrant entitles the holder thereof to acquire one Common Share for an exercise price of C\$0.85 per Common Share for a period of 24 months following the Closing Date. Such cash commission and Broker Warrants shall be reduced to 3.5% in respect of any Units sold to purchasers on the “President’s List”.

Closing Date: On or about December 3, 2020, or such other date as the Company and the Agents may agree (the “**Closing Date**”).

Listing: The Common Shares are listed on the Toronto Stock Exchange under the symbol “AVCN”.

Eligibility: The Common Shares are eligible for Canadian RRSPs, RRIFs, DPSPs, TFSAs and RESPs.