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

*The offering of these securities has not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the applicable securities laws of any state of the United States and, subject to certain exceptions, may not be offered, sold or otherwise disposed of, directly or indirectly, in the United States, its territories or possessions, any State of the United States or the District of Columbia (collectively, the "**United States**") and may not be offered or sold within the United States or to, or for the account or benefit of, any "U.S. person" (as such term is defined in Regulation S under the U.S. Securities Act ("**U.S. Person**") except in transactions exempt from registration under the U.S. Securities Act and under the securities laws of any applicable state. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in the United States. See "Plan of Distribution".*

***Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the issuer at 1200 Waterfront Centre, 200 Burrard Street, P.O. Box 48600, Vancouver, British Columbia V7X 1T2, telephone (604) 687-5744, and are also available electronically at www.sedar.com.*

SHORT FORM PROSPECTUS

NEW ISSUE

August 16, 2019

RUBICON ORGANICS INC.

$8,505,000
3,150,000 Units
$2.70 per Unit

This short form prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of 3,150,000 units (the "**Units**") of Rubicon Organics Inc. (the "**Company**" or "**Rubicon Organics**") at a price of $2.70 per Unit (the "**Offering Price**"). Each Unit is comprised of one common share in the capital of the Company (each, a "**Common Share**") and one Common Share purchase warrant (each, a "**Warrant**"). The Warrants will be governed by the terms of a warrant indenture (the "**Warrant Indenture**") between the Company and Odyssey Trust Company, as warrant agent thereunder, to be entered into as of the Closing Date (as defined below). Each Warrant entitles the holder thereof to purchase one common share in the capital of the Company (a "**Warrant Share**") at a price of $3.50 per Warrant Share until 3:00 p.m. (Vancouver time) on the date that is 30 months from the Closing Date, subject to adjustment in certain events. If, at any time prior to the expiry date of the Warrants, the volume weighted average trading price of the Shares on the Canadian Securities Exchange (the "**CSE**") (or other applicable exchange) equals or exceeds $3.80 for 20 consecutive trading days, the Company may, within 15 days of the occurrence of such event, deliver a notice to the holders of Warrants accelerating the expiry date of the Warrants to the date that is 30 days following the date of such notice (the "**Accelerated Exercise Period**"). Any unexercised Warrants shall automatically expire at the end of the Accelerated Exercise Period. See "*Description of Securities Being Distributed*".

The Offering is being made pursuant to an agency agreement dated August 12, 2019 (the "**Agency Agreement**"), by and among the Company and a syndicate of agents led by Desjardins Securities Inc. (the "**Lead Agent**") and including Canaccord Genuity Corp., PI Financial Corp. and Mackie Research Capital Corporation (collectively, the "**Agents**").

The Common Shares are currently traded on the CSE under the symbol "ROMJ" and on the OTCQX under the symbol "ROMJF". On August 15, 2019, the last trading day before the date of this Prospectus, the closing price of the Common Shares on the CSE was $2.42 and the closing price of the Common Shares on the OTCQX was US$1.86. The Company has given notice to the CSE to list the Unit Shares and the Warrant Shares on the CSE. Listing will be subject to the Company fulfilling all of the requirements of the CSE.

Price: $2.70 per Unit

	Price to the Public[(1)]	Agents' Fee[(2)]	Net Proceeds to the Company[(3)]
Per Unit	$**2.700**	$**0.162**	$**2.538**
Total	$**8,505,000**	$**510,300**	$**7,994,700**

(1) The Offering Price was determined by arm's length negotiation between the Company and the Lead Agent, on behalf of the Agents with reference to the prevailing market price of the Common Shares.

(2) The Company has agreed to pay the Agents a cash fee (the "**Agents' Fee**") equal to 6% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option (as defined below)). In addition, upon closing of the Offering, the Company has agreed to issue the Agents non-transferable broker warrants (the "**Broker Warrants**") equal to 6% of the total number of Units sold pursuant to the Offering (including Units sold pursuant to the Over-Allotment Option). Each Broker Warrant will be exercisable for one Common Share at a price of $2.70 per Broker Warrant, and is exercisable for a period of 24 months from the Closing Date. This Prospectus also qualifies the distribution of the Broker Warrants. See "*Plan of Distribution*".

(3) After deducting the Agents' Fee, but before deducting the expenses of the Offering estimated to be $250,000, which will be paid from the proceeds of the Offering.

The Agents have been granted an over-allotment option, exercisable, in whole or in part, at the sole discretion of the Lead Agent, for a period of 30 days from and including the Closing Date (the "**Over-Allotment Deadline**"), to purchase up to an additional 472,500 Units (the "**Over-Allotment Units**") at the Offering Price to cover the Agents' over-allocation position, if any, and for market stabilization purposes (the "**Over-Allotment Option**"). The Over-Allotment Option may be exercisable by the Agents in respect of: (i) Over-Allotment Units at a price of $2.70 per Over-Allotment Unit; or (ii) additional Unit Shares (the "**Additional Shares**") at a price of $2.55 per Additional Share; or (iii) additional Warrants (the "**Additional Warrants**") at a price of $0.15 per Additional Warrant; or (iv) any combination of Additional Shares and/or Additional Warrants (together, the "**Additional Securities**"), so long as the aggregate number of Additional Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 472,500 Additional Shares and 472,500 Additional Warrants. The Over-Allotment Option is exercisable by the Lead Agent giving notice to the Company prior to the Over-Allotment Deadline, which notice shall specify the number of Additional Securities to be purchased. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Agents' Fee" and "Net Proceeds to the Company" will be $9,780,750, $586,845 and $9,193,905, respectively. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Additional Securities. A purchaser who acquires Additional Securities forming part of the Agents' over-allocation position acquires those Additional Securities under this short for Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

The following table sets out the maximum number of securities under options issuable to the Agents in connection with the Offering:

Agents' Position	Maximum Number of Securities	Exercise Period	Exercise Price
Over-Allotment Option	472,500 Additional Shares and 472,500 Additional Warrants	For a period of 30 days from and including the Closing Date	$2.70 per Over-Allotment Unit
Broker Warrants	217,350 Common Shares	24 months from the Closing Date	$2.70

Unless the context otherwise requires, when used herein, all references to "Units" include the Over-Allotment Units issuable upon exercise of the Over-Allotment Option.

Investing in the Units is speculative and involves significant risks. You should carefully review and evaluate certain risk factors contained in this Prospectus and in the documents incorporated by reference herein before purchasing the Units. See "*Forward-Looking Information*" and "*Risk Factors*".

There is no minimum amount of funds that must be raised under the Offering. This means that the Company could complete the Offering after raising only a small portion of the offering amount set out above.

The Agents, on a commercially reasonable "best efforts" basis, conditionally offer the Units, subject to prior sale, if, as and when issued by the Company in accordance with the conditions contained in the Agency Agreement referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters on behalf of the Company by Borden Ladner Gervais LLP and on behalf of the Agents by Blake, Cassels & Graydon LLP. In connection with the Offering, and subject to applicable laws, the Agents may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **The Agents may offer the Units at a lower price than stated above. See "*Plan of Distribution*".**

Subscriptions will be received subject to rejection or allotment in whole or in part and the Agents reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about August 23, 2019, or such other date as may be agreed upon by the Company and the Agents, but in any event not later than 90 days after the date of the receipt of the (final) short form prospectus (the "**Closing Date**").

It is anticipated that the securities underlying the Units will be delivered under the book-based system through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and deposited in electronic form. A purchaser of the Units will receive only a customer confirmation from the registered dealer from or through which such Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold such Units on behalf of owners who have purchased such Units in accordance with the book-based system. No certificates will be issued unless specifically requested or required. See "*Plan of Distribution*".

The Company's registered and records office is located at 1200 Waterfront Centre, 200 Burrard Street, P.O. Box 48600, Vancouver, British Columbia V7X 1T2. The Company's head office is located at 505-744 West Hastings Street, Vancouver, British Columbia V6C 1A5.

This Prospectus qualifies the distribution of securities of an entity that indirectly derives a portion of its revenues from ancillary services delivered to the cannabis industry in certain U.S. states, which is illegal under United States federal law. The Company is involved in an ancillary manner in the cannabis industry in Washington (and was previously involved in an ancillary manner in California) where local state law permits such activities. An increase in federal enforcement efforts with respect to current United States federal laws applicable to cannabis could have an adverse financial effect on the Company. The Company considers itself a U.S. Marijuana Issuer with ancillary involvement with the U.S. cannabis industry, as defined in the Canadian Securities Administrators *Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana Related Activities* ("Staff Notice 51-352") dated February 8, 2018. While the Company's U.S. cannabis-related activities are ancillary, enforcement of the U.S. federal law is a significant risk.

As at March 31, 2019, approximately $14.4 million (48%) of the Company's assets are in the United States for the purpose of providing ancillary services to licensed cannabis operators. These ancillary services include leasing or subleasing turnkey facilities, licensing brands, and the sale of non-cannabis materials including packaging, processing supplies and organic soil. For the three months ended March 31, 2019, 100% of the Company's revenue was generated in connection with cannabis ancillary services in the United States. Other than industrial hemp, cannabis is illegal under United States federal law. *See* Controlled Substances Act 21 U.S.C. § 801, *et seq.* (the "CSA"). It is a federal felony to manufacture, distribute, dispense, or possess with intent to manufacture, distribute, or dispense cannabis. It is also a federal misdemeanor to knowingly or intentionally possess cannabis. And it is a federal felony to attempt or conspire to violate the CSA. Aiding and abetting a violation of the CSA is a federal crime punishable to the same degree as the underlying violation. *See* 18 U.S .C. § 2.

An investor's contribution to and involvement in the Company's activities may result in federal civil or criminal prosecution, including forfeiture of his, her or its entire investment.

In the United States, thirty-three states, the territories of Guam and Puerto Rico and the District of Columbia have legalized cannabis for medical use, and 11 states — Alaska, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont and Washington, and the District of Columbia — have legalized cannabis for adult or "recreational" use, although the District of Columbia does not permit the sale of cannabis.

State laws that permit and regulate the production, distribution and use of cannabis for adult-use recreational or medical purposes are in direct conflict with the CSA, which makes cannabis use and possession federally illegal. Although certain states authorize medical or adult-use recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and drug paraphernalia is illegal and any such acts are criminal acts under federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws are paramount and in case of conflict between federal and state law, the federal law must be applied.

Investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. Unless and until the United States Congress amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current federal law, which may adversely affect the current and future investments of the Company in the United States. If the Department of Justice pursues investigations, civil enforcement actions, or criminal prosecutions, the Company could face: (i) seizure of its cash and other assets used to support or derived from cannabis activities in the United States; (ii) the arrest of its employees, directors, officers, managers and investors, and charges of criminal violations of the CSA, or charges for aiding and abetting or conspiring to violate the CSA by providing financial support to companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, or retailers of medical and adult-use cannabis; or (iii) lifetime bans of it employees, directors, officers, managers and investors who are not U.S. citizens from entry into the United States. Other federal agencies may also pursue investigations or civil enforcement actions against the Company for violations of other federal laws or regulations as a result of the Company providing services or goods to the cannabis industry.As such, there are a number of risks associated

with the Company's existing and future investments in the United States, and such investments may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. There can be no assurance that this heightened scrutiny will not lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction. See "Risk Factors Specifically Related to the United States Regulatory System". As a result, the Company may be subject to significant direct and indirect interaction with public officials.

The United States Customs and Border Patrol has stated that investing in or doing business with the cannabis industry in the United States may be grounds to find non-U.S. citizens ineligible to enter the United States. Whether or not the Department of Justice initiates an investigation, civil enforcement action, or criminal prosecution, investors in the Company who are not U.S. citizens may be subject to lifetime bans from entering the United States as a result of their investment in the Company.

There can be no assurance that third party service providers, including, but not limited to, suppliers, contractors and banks will not suspend or withdraw services, which could negatively impact the business of the Company.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the "Cole Memo" discussed below, on February 8, 2018, CDS, a subsidiary of the Canadian Depository for Securities Limited, signed a memorandum of understanding (the "CDS MOU") with the Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange and the TSX Venture Exchange (collectively, the "Exchanges"). The CDS MOU outlines CDS' and the Exchanges' understanding of Canada's regulatory framework applicable to the rules and procedures and regulatory oversight of the Exchanges and CDS. The CDS MOU confirms, with respect to the clearing of listed securities, that CDS relies on the Exchanges to review the conduct of listed issuers. As a result, there is currently no CDS ban on the clearing of securities of issuers with marijuana-related activities in the U.S. However, if CDS were to terminate the CDS MOU or otherwise take an alternate position, and apply such a policy to the Company, it would have a material adverse effect on the ability of holders of Common Shares to make trades. In particular, the Common Shares would become highly illiquid as investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange. See "*Risk Factors*".

The Company has retained United States legal counsel in order to monitor the United States regulatory regime, including all United States Attorney comments related to regulated medical and adult-use cannabis laws to assess various risks and enforcement priorities within each jurisdiction and to proactively advise management of the Company on ongoing regulatory matters. For a more detailed description of the United States cannabis regulatory framework, see "*Our Business*".

TABLE OF CONTENTS

GENERAL MATTERS

Unless otherwise noted or the context indicates otherwise, the "**Company**", "**Rubicon Organics**", "**we**", "**us**", "**our**" and "**its**" refer to Rubicon Organics Inc. and its direct and indirect subsidiaries and the terms "cannabis", "CBD", "client", "license" and "THC" have the meanings given to such terms in the *Cannabis Act* (Canada) (the "**Cannabis Act**") and the regulations made under the Cannabis Act (the "**Cannabis Regulations**").

An investor should rely only on the information contained or incorporated by reference in this Prospectus. The Company or the Agents have not authorized anyone to provide investors with additional or different information. The Company and the Agents are not making an offer to sell or seeking offers to buy the Units in any jurisdiction where the offer or sale is not permitted. Prospective purchasers should assume that the information appearing or incorporated by reference in this Prospectus is accurate only as at the respective dates thereof, regardless of the time of delivery of the Prospectus or of any sale of the Units. The Company's business, financial condition, results of operations and prospects may have changed since that date.

The Company presents its consolidated financial statements in Canadian dollars. Amounts in this Prospectus are stated in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated by reference herein contain certain "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking statements**") which are based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as "believe", "expects," "likely", "may," "will," "should," "intend," "anticipate", "plan", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. Such forward-looking statements are made as of the date of this Prospectus, or in the case of documents incorporated by reference herein, as of the date of each such document. Forward-looking statements in this Prospectus and the documents incorporated by reference herein include, but are not limited to, statements with respect to:

- the intention to complete the Offering and all transactions related thereto;
- the Company's expectations regarding its revenue, expenses and operations;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's intention to grow the business and its operations;
- expectations with respect to future production development, costs and capacity;
- expectations with respect to the approval and/or retention of the Company's licenses;
- expectations with respect to the future growth of the Company's medical cannabis products, including delivery mechanisms;
- the Company's competitive position and the regulatory environment in which the Company operates;
- any commentary related to the legalization of medical or recreational cannabis in the United States and the timing related to such legalization;
- the Company's intention to exploit opportunities for the production, processing, distribution and sale of ancillary services related to cannabis in the United States;
- the Company's expected business objectives for the next 12 months;
- the Company's ability to obtain additional funds through the sale of equity or debt commitments;
- the Company's ability to attract new customers;
- the Company's ability to attract, hire and retain employees;
- the Company's ability to retain organic certification in Canada;
- the Company's belief that organic products will command a higher price in the marketplace;
- general economic and political conditions;
- the Company's ability to develop new strains through its breeding program;
- the Company's expected timeline for commercial scale production harvests;

- the expected benefits of substantially ceasing the Company's presence in California;
- the use of net proceeds of the Offering;
- the Company's cash burn rate;
- the Company's ability to obtain licenses and comply with regulatory requirements;
- medical benefits, viability, safety, efficacy and social acceptance of cannabis;
- anticipated trends and challenges in the Company's industry;
- the Company's business and the markets in which it operates;
- the Company's objective to launch a super-premium certified organic cannabis brand in Canada in the fourth quarter of 2019;
- the Company's objective to execute cannabis supply agreements with the provincial regulators including the LDB (as defined below), the AGLC (as defined below), and the OCS (as defined below) in the fourth quarter of 2019 and first quarter of 2020;
- the Company's objective to complete the required pre-sale inspection to obtain the Sales License (as defined below) from Health Canada in the first quarter of 2020;
- the Company's objective to complete the optimization of the Delta Facility and achieve a production run-rate of 11,000 kilograms of cannabis per year in 2020; and
- the Company's objective to continue to launch additional wholly-owned and licensed brands in Washington in the first quarter of 2020.

Forward-looking statements contained in certain documents incorporated by reference into this Prospectus are based on the key assumptions described in such documents. Certain of the forward-looking statements contained herein and incorporated by reference concerning the medical cannabis industry and the general expectations of the Company concerning the medical cannabis industry and concerning the Company are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the medical cannabis industry involves risks and uncertainties and is subject to change based on various factors.

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

- the Company has a limited operating history, a history of losses and the Company cannot assure profitability;
- uncertainty about the Company's ability to continue as a going concern;
- the Company's actual financial position and results of operations may differ materially from the expectations of the Company's management;
- the Company expects to incur significant ongoing costs and obligations relating to its investment in infrastructure, growth, regulatory compliance and operations;
- the Company is reliant on loans secured against the Delta Facility (as defined below) which mature between September 2020 and July 2021 and must be repaid by a combination of operating cash flows and refinancing.

There can be no certainty that such refinancing will be available at terms acceptable to the Company, or at all;

- the optimization of the Delta Facility is subject to various potential problems and uncertainties and such optimization may be delayed or adversely affected by a number of factors beyond the Company's control;
- there are factors which may prevent the Company from the realization of growth targets;
- the Company is subject to changes in laws regulations and guidelines which could adversely affect the Company's future business, financial condition and results of operations;
- the Company's business plan involves a number of strategic partnerships. If these partnerships do not materialize, the Company may be unable to sell its products;
- the Company may not be able to develop its products, which could prevent it from ever becoming profitable;
- there is no assurance that the Company will turn a profit or grow revenues;
- the Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business;
- the Company may be unable to adequately protect its proprietary and intellectual property rights, particularly in the United States;
- the Company may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against the Company relating to intellectual property rights;
- the Company may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on the Company's reputation, business, results from operations and financial condition;
- the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates;
- the Company faces competition from other companies where it will conduct business that have a higher capitalization and may have more experienced management or may be more mature as a business;
- if the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the cannabis market;
- the continuation of the Company's business of growing, storing and distributing medical and recreational cannabis is dependent on the good standing of all licenses required to engage in such activities and upon adhering to all regulatory requirements related to such activities;
- failure to successfully integrate acquired businesses, its products and other assets into the Company, or if integrated, failure to further the Company's business strategy, may result in the Company's inability to realize any benefit from such acquisition;
- the size of the Company's target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data;
- the Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition;
- the Company will continue to sell securities for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders;
- the Company currently has insurance coverage; however, because the Company operates within the cannabis industry, there are additional difficulties and complexities associated with maintaining such insurance coverage;
- the cultivation of cannabis includes risks inherent in an agricultural business including the risk of crop loss, sudden changes in environmental conditions, equipment failure, product recalls and others;
- the cultivation of cannabis involves a reliance on third party transportation which could result in supply delays, reliability of delivery and other related risks;
- the Company may be subject to product recalls for product defects self-imposed or imposed by regulators;
- the Company is reliant on key inputs, such as water and utilities, and any interruption of these services could have a material adverse effect on the Company's finances and operational results;
- the expansion of the medical cannabis industry may require new clinical research into effective medical therapies, when such research has been restricted in the United States and is new to Canada;
- under Washington and Canadian regulations, a licensed producer of cannabis may have restrictions on the type and form of marketing it can undertake which could materially impact sales performance;

- the Company could be liable or face regulatory action for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company;
- the Company will be reliant on information technology systems and may be subject to damaging cyber-attacks;
- the Company may be subject to breaches of security at its facilities, or in respect of electronic documents and data storage, and may face risks related to breaches of applicable privacy laws;
- the Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest;
- in certain circumstances, the Company's reputation could be damaged;
- there can be no assurance that the Company will be able to execute cannabis supply agreements with the provincial regulators to distribute its cannabis products in Canada;
- some of the Company's planned business activities, while believed to be compliant with applicable U.S. state and local law, may be deemed to be illegal under federal law;
- changes to state or local laws and regulations could affect the Company's business;
- investors in the Company and the Company's directors, officers and employees may be subject to entry bans into the United States;
- there is uncertainty of existing protection from United States federal prosecution;
- there is uncertainty surrounding the current U.S. presidential administration and its influence and policies in opposition to the cannabis industry as a whole;
- the Company is operating at a regulatory frontier, and the cannabis industry is a new industry that may not succeed;
- the Company may not be able to obtain all necessary licenses and permits in a timely manner, which could, among other things, delay or prevent the Company from becoming profitable;
- regulatory scrutiny of the Company's industry may negatively impact its ability to raise additional capital;
- there are fees associated with acquiring and renewing licenses, however, the specific amount of such fees may vary based on several factors;
- the Company may incur significant tax liabilities if Section 280E of the *Internal Revenue Code of 1986*, as amended (the "**Tax Code**") continues to provide that certain expenses of cannabis businesses may not be deducted for United States federal income tax purposes;
- local laws and regulations may heavily regulate brands and forms of cannabis products and there is no guarantee that the Company's proposed products and brands will be approved for sale and distribution in any jurisdiction;
- the Company may have difficulty accessing the service of banks and processing credit card payments in the future, which may make it difficult for the Company to operate;
- due to the classification of cannabis as a Schedule I controlled substance under the CSA, banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes;
- the Company was previously reliant on third parties who hold state licenses to distribute cannabis products in California;
- any re-classification of cannabis or changes in United States controlled substance laws and regulations may affect the Company's business;
- cannabidiol ("**CBD**") may be classified as a Schedule I controlled substance if derived from "marihuana", as defined in the CSA;
- regardless of the status of CBD with respect to the CSA, CBD may be subject to regulation or prohibition by state or local authorities;
- United States federal trademark and patent protection may not be available for the intellectual property of the Company due to the current classification of cannabis as a Schedule I controlled substance;
- the Company's contracts may not be legally enforceable in the United States;
- the Company may not have access to the protections of the United States bankruptcy system should the need arise to liquidate or restructure cannabis assets;
- employees of the Company may face increased scrutiny and adverse action from United States immigration authorities due to their involvement with the cannabis industry;
- the Common Shares have not been registered under the U.S. Securities Act;

- the market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control;
- the Company is subject to uncertainty regarding Canadian legal and regulatory status and changes;
- the Company does not anticipate paying dividends;
- future sales of Common Shares by existing shareholders could reduce the market price of the Company's shares;
- there is no guarantee on the use of available funds by the Company;
- United States federal or state franchise laws may apply to the Company's United States operations, which would impose additional requirements on the Company and the Company may be required to modify its operations;
- there can be no assurance that organic products will command a higher price in the marketplace, the result of which could adversely affect the Company's ability to become profitable;
- failure to meet or maintain the organic certification standards may have an adverse effect on the market price of the Company's products;
- necessary security clearances take time to obtain and may impact the Company's ability to attract and retain board members and officers; and
- the Company has not yet received payment for the rent owed by the Washington Tenant.

If any of these risks or other unknown risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements.

The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward-looking statements contained in this Prospectus or in any document incorporated by reference. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The forward-looking statements contained in this Prospectus and the documents incorporated by reference herein are expressly qualified in their entirety by this cautionary statement.

MARKET AND INDUSTRY DATA

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

Unless otherwise indicated, our estimates are derived from publicly available information released by independent industry analysts and third-party sources as well as data from our internal research, and include assumptions made by us which we believe to be reasonable based on our knowledge of our industry and markets. Our internal research and assumptions have not been verified by any independent source, and we have not independently verified any third-party information. While we believe the market position, market opportunity and market share information included in this Prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry and markets in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the heading *"Forward-Looking Statements"* and *"Risk Factors"*.

TRADEMARKS AND TRADE NAMES

This Prospectus includes trademarks and trade names, such as "Rubicon Organics", "1964 Supply Co." and "Doctor & Crook Co." which are protected under applicable intellectual property laws and are the property of the Company. Solely for convenience, our trade-marks and trade names referred to in this Prospectus may appear without the ® or

TM 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 to these trademarks, and trade names.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, each of which has been filed with the securities regulatory authorities in each of the provinces of Canada, other than Québec, are specifically incorporated by reference and form an integral part of this Prospectus:

(a) the following sections of the Company's long form prospectus dated October 2, 2018, prepared in connection with the Company's initial public offering (the "**IPO Prospectus**"): "Overview of the Company ", " History of the Company", "Escrowed Securities", and "Auditors, Transfer Agent and Registrar";

(b) the Company's audited consolidated financial statements for the years ended December 31, 2018 and December 31, 2017 and related notes, and the management's discussion and analysis in connection therewith;

(c) the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018 and March 31, 2019 and related notes (the "**Interim Financial Statements**"), and the management's discussion and analysis in connection therewith;

(d) the Company's management information circular dated June 28, 2019, in respect of the annual general meeting of the Company's shareholders held on August 2, 2019;

(e) the Company's material change report dated January 29, 2019 providing an update on discussions with Health Canada and announcing the resignation of Bryan Disher and David Donnan as members of the Board of Directors of the Company (the "**Board**");

(f) the Company's material change report dated February 6, 2019 announcing that the Company's wholly-owned subsidiary Vintages Organic Cannabis Company Inc. has been awarded cultivation and processing licenses from Health Canada (the "**Cultivation & Processing Licenses**");

(g) the Company's material change report dated August 13, 2019 announcing that the Company filed a preliminary short form prospectus dated August 7, 2019 and an amended and restated preliminary short form prospectus dated August 8, 2019 in connection with the Offering; and

(h) the amended and restated marketing materials of the Company dated August 8, 2019 with respect to the Offering (the "**Marketing Materials**").

Any documents of the type referred to in paragraphs (b)-(h) above or similar material and any documents required to be incorporated by reference herein pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions*, including any annual information form, all material change reports (excluding confidential reports, if any), all annual and interim financial statements and management's discussion and analysis relating thereto, or information circular or amendments thereto that the Company files with any securities commission or similar regulatory authority in Canada after the date of this Prospectus and prior to the termination of this Offering will be deemed to be incorporated by reference in this Prospectus and will automatically update and supersede information contained or incorporated by reference in this Prospectus.

Any statement contained in this Prospectus or a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or replaces such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted

a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded.

MARKETING MATERIALS

The Marketing Materials are not part of this Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus. Any "template version" of "marketing materials" (each as defined in National Instrument 41-101 – *General Prospectus Requirements*), filed after the date of this Prospectus and before the termination of the distribution under the Offering is deemed to be incorporated by reference into this Prospectus.

DESCRIPTION OF THE BUSINESS

Corporate Structure

Rubicon Organics was incorporated pursuant to the *Business Corporations Act* (British Columbia) on May 15, 2015. On May 22, 2018, the Company changed its name from West Coast Land Corporation to Rubicon Organics Inc. and replaced its articles in their entirety, the effect of which included adding advance notice provisions for the election of directors. The Common Shares are listed on the CSE under the symbol "ROMJ" and on the OTCQX under the symbol "ROMJF".

The address of the Company's registered office and records is 1200 Waterfront Centre, 200 Burrard Street, PO Box 48600 Vancouver, British Columbia V7X 1T2. The Company's head office is unit 505 - 744 West Hastings Street, Vancouver, British Columbia V6C 1A5. The Company's corporate website is www.rubiconorganics.com.

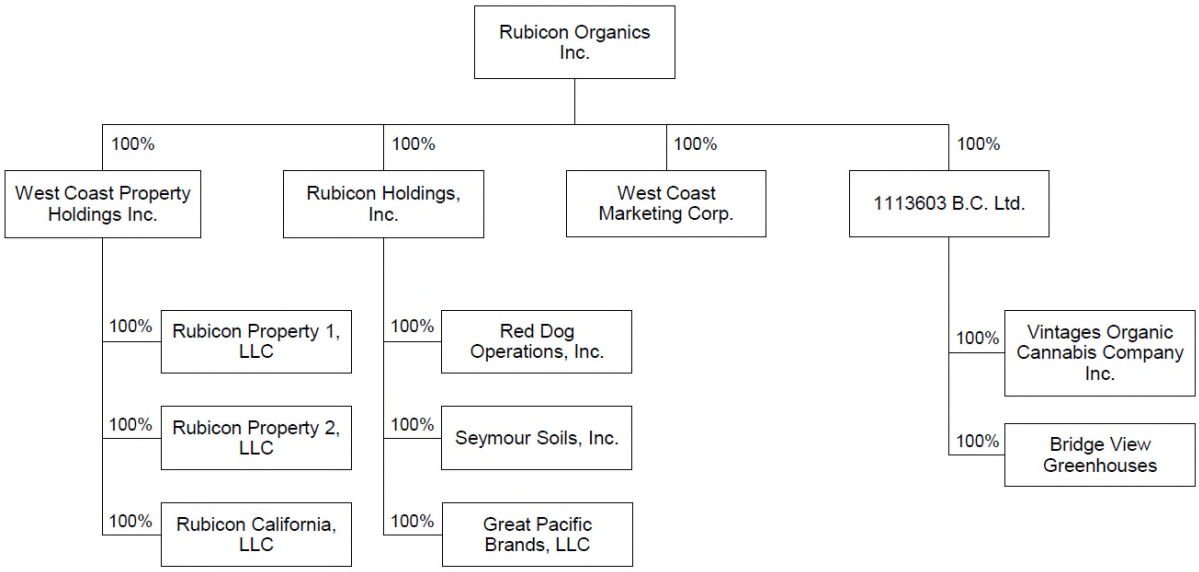
Rubicon Organics' subsidiaries are as follows:

Name	Place of Incorporation	Ownership Percentage
Rubicon Holdings, Inc.	WA, United States	100%
West Coast Property Holdings, Inc.	WA, United States	100%
Rubicon Property 1, LLC	WA, United States	100%
Rubicon Property 2, LLC	WA, United States	100%
Rubicon California, LLC (1)	CA, United States	100%
Great Pacific Brands, LLC	WA, United States	100%
Red Dog Operations, Inc.	WA, United States	100%
Seymour Soils, Inc.	WA, United States	100%
West Coast Marketing Corporation	BC, Canada	100%
1113603 B.C. Ltd.	BC, Canada	100%
Bridge View Greenhouses Ltd.	BC, Canada	100%
Vintages Organic Cannabis Company Inc.	BC, Canada	100%
Kool Gildea, Inc. (2)	CA, United States	0%

(1) Rubicon California, LLC's sole current purpose is to hold the Company's parcel of land in California that is listed for sale.

*(2) On January 30, 2018, an agreement was executed between the Company and Kool Gildea, Inc. ("**KG Inc.**"), a California non-profit mutual benefit corporation granting the Company the power to direct relevant activities of KG Inc., in particular the appointment and removal of governing members. As a result of this control, KG Inc. is consolidated in the Financial Statements in accordance with IFRS 10. KG Inc. has been inactive since its California state cannabis license expiry in 2018.*

The Company's corporate structure is as follows:



Business of the Company

Rubicon Organics is a holder of licenses under the *Cannabis Act* ("**LP**") focused on providing super-premium organic cannabis products for the recreational and medical-use markets in Canada. The Company also provides ancillary services to the cannabis industry in the State of Washington where it leases out facilities and sells branded packaging for either wholly owned or licensed brands to state-licensed cannabis operators. Rubicon Organics' ancillary involvement in the cannabis sector in the United States is in compliance with applicable licensing requirements and the regulatory frameworks enacted by the State of Washington and was historically in compliance with applicable licensing requirements and the regulatory frameworks enacted in the State of California. The Company's sole operations in California are to hold a parcel of land which is for sale and holding some previously prepared packaging that has been written down.

Employees

As at August 15, 2019, the Company had a total of 34 full time employees and 4 part-time employees.

Canada

Rubicon Organics' wholly-owned subsidiary, Vintages Organic Cannabis Company Inc., holds the Cultivation & Processing Licenses under the Cannabis Act in respect of its wholly-owned 125,000 square foot high-tech greenhouse located on a 20-acre property in Delta, British Columbia (the "**Delta Facility**"). During 2018, the Delta Facility underwent a retro-fit to comply with Health Canada standards in preparation for licensing.

On February 1, 2019, Health Canada awarded the Cultivation & Processing Licenses to the Company in respect of the Delta Facility. As a result of receiving these licenses, the Company's entire greenhouse facility is licensed for cultivation and processing. The Delta Facility has been specifically designed to utilize both industry leading LED technology and supplemental sunlight with the objective of allowing Rubicon Organics to produce organic cannabis at scale at the highest possible quality.

The Cultivation & Processing Licenses allowed the Company to bring in an extensive library of unique and proven genetic starting materials including unique stabilized cultivars previously developed in the medical cannabis market, which are expected to be instrumental in Rubicon Organics' breeding program for new strains to the Canadian market.

The extensive breadth and scope of the genetic library is a further sign of Rubicon Organics' commitment to quality through the development and stabilization of disease-free and pest-resistant cannabis cultivars for future commercial production.

The Company is focused on ramping up the Delta Facility which is expected to achieve a production run-rate of approximately 11,000 kilograms per year of super-premium cannabis when it reaches full scale production in 2020. The Company completed its first pilot scale research and development harvest at the Delta Facility in June 2019 with the first commercial scale harvest expected in Q3 2019. In July 2019, the Company received its organic certification from the Fraser Valley Organic Producers Association ("**FVOPA**"), Canada's preeminent certification body for organic operators. Rubicon Organics is one of only two LPs in Canada to receive the organic certification from FVOPA. The Company plans to launch a super-premium certified organic cannabis brand in Canada in Q4 2019 and complete the required pre-sale inspection to obtain a license for sale for medical purposes and a sales authorization under the Cultivation & Processing Licenses from Health Canada (the "**Sales License**") by Q1 2020. Prior to receipt of the Sales License, the Company expects to distribute its products through other LPs who have their Sales License in place.

Washington

The Company's operations in Washington are to provide ancillary services to participants in the cannabis industry in that state.

On November 20, 2014, the Company acquired 16.6 acres of industrial land in Ferndale, Washington. In Q4 2017, the Company completed the construction of a 40,000 square foot high-tech, Venlo-style greenhouse on the property capable of producing 4,500 kilograms of cannabis per year (the "**Washington Facility**").

The Company has leased the Washington Facility to Diesel Propagation, Inc., an I-502 Tier 3-licensed tenant (the "**Washington Tenant**"), in compliance with state regulations and the Washington State Liquor and Cannabis Board (the "**WSLCB**"). In April 2019, the Washington Tenant completed the first commercial scale harvest of super-premium organic cannabis at the facility, using Rubicon Organics' proprietary cultivation program. The Washington Facility is now fully planted out and bi-weekly crop harvesting has begun.

The Company is in active discussions to launch a portfolio of wholly-owned and licensed brands in Washington. In June 2019, the Company announced the exclusive license in Washington with Cookies Creative Promotions, LLC for *Cookies*, an iconic California-based cannabis brand. Through this partnership, Cookies cannabis strains will be grown at the Washington Facility by the Washington Tenant and the Company has the exclusive license for sale of the branded packaging of the Cookies brand.

In addition, the Company licenses its Doctor & Crook Co.™ brand and sub-leases a turnkey cannabis oil extraction facility in Bellingham, Washington to a state-licensed processor tenant.

California

The Company has substantially ceased its operations in California to focus on the greenhouse facilities it wholly owns in Canada and Washington. Until early 2019, Rubicon Organics provided ancillary services to participants in the cannabis industry in California through the sale of branded packaging to state-licensed operators. The Company's sole operations in California are to hold a parcel of land which is for sale and holding some previously prepared packaging that has been written down.

Recent Developments

On March 20, 2019, the Company completed a $6,000,000 mortgage financing loan (the "**Mortgage**") from Romspen Investment Corporation. On March 25, 2019, the Company drew $5,000,000 under the Mortgage, $2,946,722 of which was used to settle the original mortgage on the Delta Facility. The Mortgage is collateralized by the Delta Facility,

bears interest at a rate of 12.0% per annum and matures on September 30, 2020. As of the date of this Prospectus, the remaining $1,000,000 available on the Romspen facility has not yet been drawn.

On April 25, 2019, the Company completed a $3,355,000 second mortgage financing loan from a group of lenders. The loan bears interest at a rate of 12.0% per annum (compounded quarterly) and matures on April 25, 2021. $1,655,000 of the loan was provided by two executive officers and one insider shareholder and included the rollover of $1,371,447 outstanding under the revolving credit facilities. The lenders were also issued 671,000 warrants with an exercise price of $4.50 per common share that expire on April 25, 2022. This facility is secured as a second mortgage against the Delta Facility, ranking on par with other second mortgages.

On May 28, 2019, the Company entered into a $5,000,000 second mortgage financing loan from an overseas lender. The loan bears interest at a rate of 12.0% per annum (compounded quarterly) and matures on May 28, 2021, with all interest and principal payments due at maturity. The lender was also issued 1,000,000 warrants with an exercise price of $4.50 per common share that expire on May 28, 2022. This facility is secured as a second mortgage against the Delta Facility, ranking on par with other second mortgages.

On May 28, 2019, the Company issued an aggregate of 213,250 stock options to new employees of the Company and 200,000 stock options to a service provider of the firm. The options are exercisable at $3.25 per share for a period of five years expiring on May 28, 2024, pursuant to the terms of the equity incentive plan.

On June 20, 2019, the Company announced that it has commenced commercial cultivation of super-premium organic cannabis using selected strains from its genetic library at its Delta Facility. The Company expects its first harvest in September for sale in the Canadian market in Q4 2019.

On July 12, 2019, the Company entered into a $500,010 second mortgage financing loan from a group of lenders. The loan bears interest at a rate of 12.0% per annum (compounded quarterly) and matures on July 12, 2021. The lenders were also issued 100,002 warrants with an exercise price of $4.50 per common share that expire on July 12, 2022. This facility is secured as a second mortgage against the Delta Facility, ranking on par with other second mortgages.

On July 12, 2019, the Company issued an aggregate of 166,000 stock options to employees of the Company. The options are exercisable at $3.25 per share for a period of five years expiring on July 12, 2024, pursuant to the terms of the equity incentive plan.

Canadian Regulatory Overview

On April 13, 2017, the Government of Canada introduced Bill C-45 to amend the *Controlled Drugs and Substances Act* ("**CDSA**") (which governs the Access *to Cannabis for Medical Purposes Regulations* ("**ACMPR**")), the *Criminal Code* (Canada), the *Narcotic Control Regulations* ("**NCR**") and other related legislation to legalize and regulate the use of cannabis for recreational purposes. The Cannabis Act, the Cannabis Regulations and related ancillary amendments to other legislation, came into effect October 17, 2018.

Pursuant to the Cannabis Act, individuals over the age of 18 are able to purchase fresh cannabis, dried cannabis, cannabis oil, and cannabis plants or seeds and are able to legally possess up to 30 grams of dried cannabis, or the dried flower equivalent in other products. The Cannabis Act also permits households to grow a maximum of four cannabis plants. This limit applies regardless of the number of adults that reside in the household. In addition, the Cannabis Act provides provincial, territorial and municipal governments the authority to prescribe regulations regarding retail and distribution, as well as the ability to alter some of the existing baseline requirements, such as increasing the minimum age for purchase and consumption.

On July 11, 2018, the Federal Government published the Cannabis Regulations in the Canada Gazette, Part II, to support the coming into force of the Cannabis Act, along with amendments to the NCR and certain regulations under the *Food and Drugs Act* (Canada). The Cannabis Regulations, among other things, outline the rules for the legal cultivation, processing, research, testing, distribution, sale, importation and exportation of cannabis and hemp in Canada, including the various classes of licenses that can be granted, and set standards for cannabis and hemp products

made available for legal sale subsequent to October 17, 2018. Previously, medical cannabis was largely regulated by the ACMPR but, on October 17, 2018, the Cannabis Act and the Cannabis Regulations replaced this regime.

On December 22, 2018, the Canadian federal government published the draft of the *Regulations Amending the Cannabis Regulations* (the "**Further Regulations**"). The Further Regulations amend the Cannabis Act and Cannabis Regulations to, among other things, allow the production of extracts (including concentrates), edibles and topicals in addition to the currently permitted product forms. The final version of the Further Regulations was published on June 13, 2019 and will come into force on October 17, 2019. The first regulatory approvals in respect of the new product forms authorized under the Further Regulations are expected to be issued a minimum of 60 days after October 17, 2019.

Licenses, Permits and Authorizations

The Cannabis Regulations establish six classes of licenses:

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

The Cannabis Regulations also create subclasses for cultivation licenses (standard cultivation, micro-cultivation and nursery) and processing licenses (standard processing and micro-processing). Different licenses and each sub-class therein, carry differing rules and requirements that are intended to be proportional to the public health and safety risks posed by each license category and each sub-class. Licenses issued pursuant to the Cannabis Regulations are valid for a period of no more than five years. The Cannabis Regulations permit cultivation license to be issued for both outdoor and indoor cultivation of cannabis, however no licensed activities can take place in a "dwelling-house".

Security Clearances

The *Cannabis Act* and Cannabis Regulations require several individuals to hold a valid security clearance, including directors, officers, and large shareholders of the licensee, including officers and directors of those companies who can exert direct control over the licensee, those who hold key positions, including the Responsible Person in Charge, the Head of Security, the Master Grower and the Quality Assurance Person and anyone else specified by the Minister of Health (the "**Minister**"). Under the Cannabis Regulations, the Minister may refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or an association with, drug trafficking, corruption or violent offences. 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 and licensing system (the "**CTLS**"). The CTLS has since been established to create a seed to sale tracking system to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the illegal market. Under this tracking system, certain LPs are required to submit monthly reports to Health Canada, among other things. The information required to be reported is extensive.

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, topicals and cannabis concentrates is not currently permitted, however, they will be permitted to be sold after the Further Regulations come into force and the necessary notice periods are satisfied.

Advertising and Promotion

The *Cannabis Act* prohibits the promotion of cannabis, cannabis accessories or services related to cannabis, including, but not limited to:

- by communicating information about its price or distribution;
- by doing so in a manner that there are reasonable grounds to believe could be appealing to young persons;
- by means of a testimonial or endorsement, however displayed or communicated;
- by means of the depiction of a person, character or animal, whether real or fictional; or
- by presenting it or any of its brand elements in a manner that associates it or the brand element with, or evokes a positive or negative emotion about or image of, a way of life such as one that includes glamour, recreation, excitement, vitality, risk or daring.

The *Cannabis Act* does provide exceptions to these prohibitions in limited circumstances, including when the promotion is by means of an informational or brand-preference promotion and as long as that promotion is displayed in a manner that it cannot be viewed by people under the age of 18. Various provinces and territories have added additional restrictions on the promotion of cannabis which are significantly more strict, including increasing the age restrictions.

Packaging and Labelling

The Cannabis Regulations set out requirements pertaining to the packaging and labelling of cannabis products. Cannabis package labels must include specific information, such as:

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

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

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

Cannabis for Medical Purposes

Part 14 of the Cannabis Regulations sets out the regime for medical cannabis, which include rules for non-medical use, to improve patient access, and reduce the risk of abuse within the medical access system. Patients who have the authorization of their healthcare provider 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.

Provincial Regulatory Regimes

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

Provincial and territorial governments in Canada have implemented varying regulatory regimes for the distribution and sale of cannabis for recreational or "adult-use" purposes, including a mix of public, private and hybrid distribution and sale models. There is no guarantee that the provincial and territorial frameworks supporting the legalization of cannabis for recreational use in Canada will continue on their current terms or at all, or will not be amended or supplemented by additional legislation.

The Government of Canada introduced new penalties under the *Criminal Code* (Canada) in connection with the coming into effect of the *Cannabis Act* and the Cannabis Regulations, including penalties for the illegal sale of cannabis, possession of cannabis over the prescribed limit, production of cannabis beyond personal cultivation limits, taking cannabis across the Canadian border, giving or selling cannabis to a youth and involving a youth to commit a cannabis-related offence.

Canadian Banking and Financial Services

As the cannabis industry expands in Canada, management of the Company expects cannabis-related businesses to increasingly seek banking and financial services from Canadian financial institutions. However, banks and financial institutions may consider cannabis-related businesses to be high-risk clients under the Canadian anti-money laundering regime. Accordingly, opening and maintaining accounts for cannabis-related businesses will require substantial resources and diligence on the part of financial institutions, especially in light of the obligation imposed on financial institutions under anti-money laundering legislation to engage in ongoing monitoring of clients and their activities.

United States Regulatory Overview

In accordance with the Canadian Securities Administrators Staff Notice 51-352 and Staff Notice 51-357 – *Staff Review of Reporting Issuers in the Cannabis Industry* dated October 10, 2018, below is a discussion of the U.S. regulatory regime.

The Company is an entity that currently does, and is expected to continue to, derive indirectly a portion of its revenues from its ancillary involvement in the U.S. cannabis industry**, specifically in the State of Washington, which industry is illegal under U.S. federal law and enforcement of relevant laws is a significant risk**. The Company is indirectly involved in the adult-use and medical cannabis industries in the United States, where state law permits such activities, and in the Canadian medical and adult-use cannabis industries.

Below is a table of concordance that is intended to assist readers in identifying parts of this Prospectus that address the disclosure expectations set out in Staff Notice 51-352. Further, the Company will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Reference Section or Comment
All Issuers with U.S. Marijuana-Related Activities	Describe the nature of the issuer's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	*Description of the Business – Business of the Company*
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	*Cover page* *Description of the Business – United States Regulatory Overview* *Risk Factors – Risks Generally Related to the Company* *Risk Factors – Risks Factors Specifically Related to the United States Regulatory System*
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities.	*Description of the Business – United States Regulatory Overview* *Risk Factors – Risks Factors Specifically Related to the United States Regulatory System*
	Outline related risks including, among others, the risk that third party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S.	*Cover page* *Risk Factors – Risks Factors Specifically Related to the United States Regulatory System*
	Given the illegality of marijuana under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	*Risk Factors – Risks Factors Specifically Related to the United States Regulatory System*
	Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities.	*Cover page*
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	*Not applicable.*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Reference Section or Comment
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	*Not applicable.*
	Discuss the issuer's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. state law and the related licensing framework. Promptly disclose any noncompliance, citations or notices of violation which may have an impact on the issuer's licence, business activities or operations.	*Not applicable.*
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer's investee(s) operate.	*Not applicable.*
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee's licence, business activities or operations.	*Not applicable.*
U.S. Marijuana Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	*Description of the Business – Compliance with Applicable State Law in the United States*

In the United States, thirty-three states and the territories of Washington D.C., Guam and Puerto Rico have legalized medical cannabis, while 11 states and Washington, D.C. have also legalized adult-use cannabis; however not all states that permit adult-use recreational cannabis have or will have established marketplaces. At the federal level, however, cannabis currently remains a Schedule I drug under the CSA. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. **As such, the manufacture, importation, possession, use, or distribution of cannabis, remain illegal under United States federal law. Further, aiding and abetting the cannabis industry is also illegal under United States federal law, which may implicate the activities of the Company and its subsidiaries in the United States.**

United States v McIntosh

In United States v. McIntosh, 833 F.3d 1163 (9th Cir. 2016) ("**McIntosh**"), the Ninth Circuit Court of Appeals held that the U.S. Department of Justice ("**DOJ**") is prohibited from spending federal funds to prosecute individuals whose conduct is permitted by and complies with State medical cannabis laws.

In McIntosh, the defendants faced federal indictments under the CSA due to their involvement in medical cannabis cultivation, manufacturing and dispensing. The defendants challenged their indictments on the basis that such prosecution violated the Rohrabacher-Blumenauer Amendment, an omnibus appropriations bill enacted by Congress in December 2014 (also known as the Rohrabacher-Leahy Amendment or the "**RBA**")), dictates the following:

"None of the funds made available in this Act to the Department of Justice may be used with respect to the States of . . . Washington, . . . to prevent such States from implementing their own State laws that authorize the use, distribution, possession, or cultivation of medical marijuana."

The Ninth Circuit, in deciding whether the prosecutions of the defendant violated the RBA, focused on the plain meaning of the specific text, specifically, "prevent such states from implementing their own State laws that authorize the use, distribution, possession, or cultivation of medical marijuana." The Ninth Court rejected the DOJ's argument that prosecuting private individuals does not prevent the medical cannabis "States from implementing their own [medical cannabis laws]." In an important and telling passage, the Court stated:

"By officially permitting certain conduct, state law provides for non-prosecution of individuals who engage in such conduct. If the federal government prosecutes such individuals, it has prevented the state from giving practical effect to its law providing for non-prosecution of individuals who engage in the permitted conduct."

Thus, the Ninth Circuit concluded that, at a minimum, the RBA prohibits the DOJ from spending federal funds for the prosecution of individuals who engaged in medical commercial cannabis activity permitted by the state's medical cannabis laws and fully complied with those medical cannabis laws.

While the Ninth Circuit's holding is limited in geographic scope, the Company's Washington operations fall under the jurisdiction of the Ninth Circuit, where the McIntosh case is legal precedent. The Company's operations comply with WSLCB regulations. Notwithstanding the McIntosh decision, there is a significant risk that federal authorities may enforce current federal law or that the McIntosh decision could be overturned.

Extension of the Rohrabacher-Blumenauer Amendment

In its McIntosh ruling, the Ninth Circuit recognized the temporal nature of the RBA. Because it is part of an omnibus bill and is a budget rider, it must be renewed by Congress each year to remain in effect. This makes its longevity a political issue. The Ninth Circuit did indicate that this temporary lack of funding could become a more permanent lack of funds if Congress continues to include the same rider in future appropriations bills.

Congress has used the RBA rider provision in the fiscal years 2015, 2016, 2017, 2018 and 2019 Consolidated Appropriations Acts to prevent the DOJ, which encompasses the Drug Enforcement Agency ("**DEA**") and Offices of the United States Attorneys, from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. The RBA was included in the fiscal year 2019 budget passed on February 15, 2019, meaning that, the RBA is still in effect as of today's date and will remain in effect until September 30, 2019, when fiscal year 2020 begins. The rider only applies to medical marijuana laws, not adult-use cannabis. There is no similar rider preventing the DOJ from enforcing federal laws applicable to cannabis against individuals or entities involved in the adult-use cannabis industry in compliance with state law. Moreover, there can be no certainty that Congressional support for the RBA amendment will continue after the September 30, 2019 expiration.

The Sessions Memo

Although cannabis currently remains a Schedule I drug under federal law, the DOJ issued a memorandum, known as the "Cole Memo", on August 29, 2013 to the U.S. Attorneys' offices (federal prosecutors) directing that individuals and businesses that rigorously comply with state regulatory provisions in states that have strictly-regulated legalized medical or adult-use recreational cannabis programs should not be a prosecutorial priority for violations of federal law. While not legally binding, and merely prosecutorial guidance, the Cole Memo laid a framework for managing the tension between state and federal laws concerning state-regulated cannabis businesses.

On January 4, 2018, then Attorney General Jeff Sessions and the DOJ issued a Memorandum for all United States Attorneys entitled "Marijuana Enforcement" (the "**Sessions Memo**"). The effect of the Sessions Memo has been to rescind the Cole Memo.

The Sessions Memo instructs federal prosecutors to disregard the previous Obama-era Cole Memo guidance, and instead follow "the well-established principles that govern all federal prosecutions . . . as reflected in chapter 9-27.000 of the U.S. Attorney's Manual." The U.S. Attorney's Manual has since been renamed the "Justice Manual," with no change to the chapter numbering. The Sessions Memo continues, "[t]hese principles require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes in the community."

The effect of the Cole Memo's rescission remains to be seen. Since 1980, when chapter 9-27.000 of the U.S. Attorney's Manual was originally promulgated, the United States has undergone a dramatic shift in both national and state-level marijuana policy. In 1980, there were zero (0) states in the U.S. with marijuana decriminalization or legalization statutes. Today, thirty (30) states and the District of Columbia have enacted medical marijuana legislation in some form, with additional states considering similar legalization measures. As a result, the manner in which the factors identified in chapter 9-27.000 of the U.S. Attorney's Manual (e.g. "seriousness of the crime," "deterrent effect of criminal prosecution," and "cumulative impact . . . in the community") are considered and interpreted today as a matter of prosecutorial discretion, will likely be different than the way in which they were considered and interpreted in 1980.

On the same day of the Sessions Memo's release, numerous government officials, legislators and federal prosecutors in states with medical and recreational marijuana statutes announced their intention to continue the Cole Memo-era status quo despite the DOJ's decision to rescind it. Further, Sessions' replacement, U.S. Attorney General William Barr during his confirmation hearing on January 15, 2019, pledged not to go after marijuana companies that comply with state law. He recently put this pledge in writing, when responding to written questions from senators. "As discussed in my hearing, I do not intend to go after parties who have complied with the state law in reliance on the Cole Memorandum," he wrote. Moreover, in January of 2019, Attorney General William Barr, in a series of written responses to the Senate Judiciary Committee as a follow up to his confirmation hearing, stated his preference is that the "legislative process, rather than administrative guidance, is ultimately the right way to resolve whether and how to legalize marijuana." Attorney General Barr's statements are not official declarations of DOJ policy, are not binding on the DOJ, on any U.S. Attorney, or on the federal courts. Attorney General Barr may clarify, retract, or contradict these statements.

The impact that this lack of uniformity between state and federal authorities could have on individual state cannabis markets and the businesses that operate within them is unclear and the enforcement of relevant federal laws is a significant risk.

The Company will continue to abide by the tenets of the Cole Memo indefinitely, and strictly comply with all of the federal priorities listed under the Cole Memo, despite the fact that it has been rescinded. The Company views compliance with these federal government principles as an absolute necessity for both the success of the Company as well as the emergence of a successful regulated marketplace in the United States. But, as discussed above, compliance with the Cole Memo is no bar to federal prosecution and provides no assurances that the Company will not be prosecuted by federal authorities. Further, management will continue to assess all considerations relevant to federal law enforcement priorities in this arena, and to monitor all related political and regulatory developments. For a more

detailed discussion of the tenets of the Cole Memo, including the Company's approach to abiding by the tenets of the Cole Memo, see the section titled "*Our Business*" in the IPO Prospectus.

Washington Regulations

In November 2012, Initiative 502 ("**I-502**") passed pursuant to a vote by the people of the State of Washington. I-502 authorized the WSLCB to regulate and tax recreational cannabis products for persons over 21 years of age. Under the State of Washington regulations, a Marijuana Producer Tier I is allowed to grow up to 2,000 square feet of dedicated plant canopy, a Marijuana Producer Tier II is allowed to grow between 2,000 square feet and 10,000 square feet of dedicated plant canopy, and a Marijuana Producer Tier III is allowed to grow between 10,000 square feet and 30,000 square feet of dedicated plant canopy. A WSLCB-commissioned report by the RAND Corporation suggests that there are currently up to 700,000 recreational cannabis users in the State of Washington, worth approximately US$1.25 billion to US$1.5 billion in annual sales.

WSLCB regulation requires licensed operators and all owners and control persons of licensed operators to be residents of Washington. Rubicon, as a public company, is unable to satisfy this requirement and has not acquired a direct license under Washington's cannabis regulatory program to date. The Company is a provider of turnkey facilities and licenses brands to state-licensed producer and processor licensees. Management believes the Company's ancillary involvement in the cannabis sector is in compliance with Washington's cannabis regulatory program and the Company conducts itself in a manner consistent with United States federal and state enforcement priorities. Moreover, management believes the Company's Washington Facility has been built to state requirements and is run in accordance with the related licensing requirements and the regulatory framework enacted by the State of Washington.

1. Application and Licensing

In the State of Washington, every individual with an ownership or equity interest, a right to receive a percentage of gross or net profits, or who exercises control over a licensed cannabis operator must apply for licensing with the WSLCB and be approved. Each applicant must be over 21 years of age and a Washington resident.

An applicant for WSLCB licensing (a "**WSLCB Applicant**") must provide the WSLCB with the WSLCB Applicant's organizational and operational documents, including the entity's operating agreement and a detailed operating plan, in order to verify that the proposed business meets the minimum requirements for licensing.

A WSLCB Applicant must provide the WSLCB with the applicant's financial statements to verify the source of funds for the business, including any acquisition agreements and any agreements for the development of an operating cannabis business, as well as financial documents verifying the source of funds for all purchases of and material changes to the business. All capital contributions made to an existing licensee must also be approved by the WSLCB. A WSLCB Applicant must disclose any financiers that are providing funds to be used by the cannabis business, and such financiers, except banks and other financial institutions, are subject to a substantially similar application process through the WSLCB. Financiers need not be Washington residents, but must be United States residents and all shareholders of a financier, in the case of a business entity, must meet the same requirements.

A WSLCB Applicant must provide the WSLCB the WSLCB Applicant's and the WSLCB Applicant's spouse's personal and criminal history, including fingerprints for the submission of a criminal records background check with the Washington State Patrol and the United States Federal Bureau of Investigation. Conviction for certain serious crimes, or over a certain amount of convictions for more minor crimes, may disqualify a WSLCB Applicant from holding a WSLCB cannabis license.

Any change in the initial ownership of a cannabis entity must receive prior approval through the WSLCB, and is to undergo a review of the same rigor and breadth as an initial application.

2. Operations

A WSLCB Applicant must provide an operational plan that includes a detailed description of all applicable areas of: security; traceability; employee qualifications and training; transportation of product including packaging for transportation; destruction of waste product; description of growing operation including growing media, size of grow space allocated for plant production, space allocated for any other business activity, description of all equipment used in the production process, and a list of soil amendments, fertilizers, other crop production aids, or pesticides, utilized in the production process; description of the types of products to be processed with a complete description of all equipment including all cannabis infused edible processing facility equipment and solvents, gases, chemicals and other compounds used to create extracts and for processing of cannabis-infused products; testing procedures and protocols; employee compensation and benefits data; description of packaging and labeling of products; and the array of products which are to be sold and how the products are to be displayed to consumers.

Any significant change in the operational plan (e.g. adding volatiles processing capabilities, expanding the floorplan of the cannabis business, etc.) of a licensed cannabis entity must receive prior approval through the WSLCB, and undergoes a review of the same rigor and breadth or review as an initial application.

3. Inspections

The Washington State Liquor and Cannabis Board sends an enforcement officer to inspect each proposed cannabis facility prior to granting approval to be authorized to begin cultivation, processing, or dispensing. Licensed operators must permit Washington State Liquor and Cannabis Board enforcement officers to inspect the premises, vehicles, records, and cannabis products at any time, and random inspections are conducted frequently by enforcement officers.

4. Security Requirements

The WSLCB requires all licensed operators, employees, and non-employee visitors other than retail customers to display an identification badge at all times on the premises. Each licensed operator must keep a log of all visitors other than retail customers to the premises.

All premises must have a security alarm system on all perimeter entry points and perimeter windows. All premises must have a complete video surveillance system with minimum required camera resolution and a surveillance system storage device or internet protocol storage compatibility that: (a) records continuously for 24 hour per day, (b) has cameras in fixed places that allow for the clear identification of persons and activities in the controlled areas of the premises, including grow rooms, processing rooms, storage rooms, disposal rooms/areas and point of sale rooms, (c) has the capability of recording clear images and displays the time and date of the recording, and (d) demonstrates a plan for retention of recordings for at least 45 days; and (e) provides outdoor lighting for outdoor cultivation.

5. Traceability and Inventory Tracking

Washington requires use of a seed-to-sale tracking system. Licensed operators must use an inventory control system that identifies and tracks the plant from the time it reaches a height of six inches through harvest, processing, packaging, wholesale, and retail sale. Licensed operators must also manifest and quarantine all cannabis to be delivered to another licensed operator or destroyed as waste for a period of at least 24 hours in order to allow for inspection by Washington State Liquor and Cannabis Board enforcement officers. Vehicles transporting cannabis must have: (a) a vehicle security system, including separate, secure, locking compartment to store any cannabis product; and (b) a transportation manifest reported through the seed-to-sale tracking system, including: (i) the departure time, (ii) the name, location, address and license number of the originating licensed operator, (iii) a quantity and form of product to be delivered, (iv) an estimated time of arrival, and (v) the name of the employee and identification of the vehicle delivering the product. Licensed operators must retain traceability records for three years and make records available upon request for inspection by the WSLCB or other law enforcement.

6. Pricing and Prohibited Practices

Cannabis products must be sold at a price indicative of true value. Licensed retailers may not sell cannabis products below the wholesale acquisition price of the product. Licensed cannabis producers and processors are prohibited from offering conditional sales, discounts, loans, rebates, free products, or any agreement that causes undue influence over another licensed operator. However, licensed producers and processers are allowed to provide licensed retailers certain promotional items of nominal value such as hats, mugs, etc.

7. Testing

The WSLCB requires quality assurance testing for of each lot of final cannabis product be conducted by an independent, state certified, third-party testing laboratory with a statistically significant number of samples using acceptable methodologies to ensure that all lots manufactured of each cannabis product are adequately assessed for contaminants and the cannabinoid profile is correctly labeled for consumers. The quality assurance tests required for cannabis flowers and infused products currently include moisture content, potency analysis, foreign matter inspection, microbiological screening, and residual solvent levels.

The results of the inspection and testing are submitted to the WSLCB through the traceability system. In conjunction with the Washington State Department of Agriculture, the WSLCB conducts random screening for pesticide residues. A particular lot of cannabis product may not move forward in processing, delivery, or sale without a passing test for that lot reported by the independent lab itself into the traceability system. All test results are required to be provided to retailers and/or end consumers upon request.

8. Packaging and Labelling

Each package containing cannabis or a cannabis product must have affixed a label including required warnings for all cannabis products and for the specific product type. The label must also include identifying information for the producer and retailer of the cannabis product. Each edible cannabis infused product must be packaged in child-safe packaging and contain 10 milligrams or less of active THC per serving. WSLCB licensed cannabis retailers must make testing results available to the customer upon request.

9. Advertising

The WSLCB limits advertising by licensee cannabis operators. Advertising in any form is prohibited within 1,000 feet of school grounds, playgrounds, recreation centers or facilities, childcare centers, public parks, libraries, or game arcades with unrestricted admission. Advertising is also prohibited on public transit vehicles or transit shelters, and on any publicly owned or operated property. Advertising visible from a public roadway may only contain the name, location, and nature of the business. No advertising may target youth or use objects likely to be appealing to youth. All advertising, including digital advertising, must include required warnings prescribed by regulation.

California Regulations

The Company believes California state law enforcement (and regulatory agencies) will be respected as the primary enforcer of medical cannabis regulations despite the rescission of the Cole Memo. The Company operates within the framework of the *Medicinal and Adult-Use Cannabis Regulation and Safety Act* (California) ("**MAUCRSA**") and believes it should not trigger any one of the federal enforcement priorities enumerated under the Cole Memo or under the chapter 9-27.000 of the U.S. Attorney's Manual.

The Company retained U.S. legal counsel to monitor the California state regulatory regime and advise management on ongoing regulatory matters. For a more detailed description of the regulatory framework enacted by the state of California, and how the Company monitors and ensures compliance with such regulation, see the section titled "*Our Business*" in the IPO Prospectus.

Compliance with Applicable State Law in the United States

Each of the Company's licensees in the United States does business in, and is subject to the licensing requirements and regulatory frameworks enacted by the State of Washington and previously in the State of California, respectively. To the best of the Company's knowledge, each licensee is in compliance with such applicable licensing requirements and regulatory frameworks. The Company continuously works with its advisors and legal counsel to ensure that it has an understanding of licensing requirements and the regulatory framework enacted by the applicable U.S. states in which each of its licensees does business. To the best of the Company's knowledge, the following applies with respect to each state licensee with which it has a business relationship: (i) each such licensee is licensed pursuant to applicable U.S. state law to cultivate, possess, and/or distribute cannabis in such state; (ii) audits of the licensee's business activities are conducted by the applicable state regulator and by the respective licensee to ensure compliance with applicable state law; (iii) each room that cannabis inventory and/or proceeds from the sale of such inventory enter is monitored by video surveillance; (iv) software is used to track cannabis inventory from seed to sale, as applicable; and (v) each licensee is contractually obligated to comply with applicable state law in the United States in connection with the cultivation, possession, and/or distribution of cannabis, as applicable. The Company understands that each licensee works with their respective advisors and legal counsel to ensure that it has an understanding of licensing requirements and the regulatory framework enacted by the applicable U.S. states in which it operates.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out, for each of our directors and executive officers, the person's name, province or state and country of residence, position with us, principal occupation and the date on which the person became a director or executive officer. Our directors are expected to hold office until our next annual general meeting of shareholders. Our directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders. As a group, the directors and executive officers beneficially own, or control or direct, directly or indirectly, a total of 12,705,371 Common Shares, representing 34.5% of the Common Shares outstanding as at the date of this prospectus.

Directors and Executive Officers

Name and Province or State and Country of Residence	Position with the Company	Age	Director/Officer Since	Principal Occupation
Jesse McConnell British Columbia, Canada	Chief Executive Officer and Director	42	May 15, 2015	CEO of the Company since May 20, 2015. Previously, President of RH GP Inc. in Vancouver, British Columbia from October 2014 to May 2015 and President of JM Consulting in Squamish, British Columbia from January 2008 to October 2014. Mr. McConnell Co-Founded Whistler Medical Marijuana in 2013.
Margaret Brodie British Columbia, Canada	Chief Financial Officer and Director	41	May 24, 2018	CFO of the Company since November 10, 2016. Ms. Brodie also serves as Director of Plata Latina Minerals Corp and formerly CFO (2012 – 2016). In addition, Ms. Brodie has acted as CFO for Riva Gold Corporation (TSX-V) until its purchase by Arizona Mining Inc. in 2013 (TSX)(2010-2013) and Armor Minerals Corp (2015). Prior to that, Ms. Brodie was a Senior Manager with KPMG LLP in

				Vancouver, British Columbia and London, United Kingdom.
Peter Doig British Columbia, Canada	Chief Scientific Officer	42	May 24, 2018	Chief Scientific Officer of the Company and Professional Agrologist at Upland Agricultural Consulting Ltd. in Sechelt, British Columbia from June 2011 to July 2017. Mr. Doig designed and led the certified organic growing program at Whistler Medical Marijuana, the first federally regulated cannabis facility to receive an organic certification. Mr. Doig also wrote the certified organic cannabis standards for Fraser Valley Organic Producers Association.
Tim Roberts British Columbia, Canada	President, North America	42	October 16, 2018	President, North America of the Company since November 2018. Previously Managing Director of Red Bull GmbH New Zealand and Brazil from May 2013 to May 2018
Bryan Disher[(1)(2)(3)] British Columbia, Canada	Director	62	April 24, 2019[(4)]	Director at Balmoral Resources Ltd. since March 2016. Director at Lexington Bioscience, Inc. since December 2016 and Director at Minds + Machines Group Ltd. since April 2019. Previously, Managing Partner and Assurance Leader at PricewaterhouseCoopers Ukraine from March 2011 to June 2015 and prior to that Partner at PricewaterhouseCoopers in Canada.
David Donnan[(1)(3)] Illinois, United States	Director	64	April 24, 2019[(4)]	Partner Emeritus at A.T. Kearney in Chicago since April 2019. Previously a Senior Partner at A.T. Kearney in Chicago since January 2010. Director of the Academy of Nutrition and Dietetics (2018) and FamilyFarmed (2018). Has held senior leadership positions with Bridge Strategy Group LLC, Checkpoint Systems North America, KPMG LLP, and Canada Packers.

John Pigott[(1)(3)] Ontario, Canada	Director	62	May 24, 2018	Chief Executive Officer of Club Coffee Inc. in Etobicoke, Ontario since February 2007 and Chief Executive Officer of Morrison Lamothe Inc. in Scarborough, Ontario since June 1989.

Notes:

(1) Member of the Audit Committee.

(2) Chair of the Audit Committee.

(3) Member of the Compensation Committee

(4) Messrs. Disher and Donnan were members of the Board since May 24, 2018, but resigned on January 25, 2019 due to the delay in obtaining security clearances necessary for Health Canada licensing. Messrs. Disher and Donnan were re-appointed to the Board on April 24, 2019.

CONSOLIDATED CAPITALIZATION

Since March 31, 2019, the date of the Company's most recently filed Interim Financial Statements, the Company completed a $3,355,000 second mortgage financing loan from a group of lenders on April 25, 2019, entered into a $5,000,000 second mortgage financing loan from an overseas lender on May 28, 2019, entered into a $500,010 second mortgage financing loan from a group of lenders on July 12, 2019 (the "**Recent Mortgage Financing**"). See "Business of the Company – Corporate". There have been no other changes in the Company's share and loan capital on a consolidated basis other than as outlined under "*Prior Sales*." For information on the exercise of options pursuant to the Company's stock option plan and the exercise of certain outstanding warrants and compensation warrants of the Company, see the section titled "*Prior Sales.*"

As of August 15, 2019, the Company has 36,811,425 Common Shares issued and outstanding. Upon completion of the Offering, there will be an aggregate of 39,961,425 Common Shares issued and outstanding (40,433,925 Common Shares outstanding if the Over-Allotment Option is exercised in full).

As of August 15, 2019, the Company has options, warrants and compensation warrants outstanding to purchase up to an aggregate of 5,486,250, 3,809,011 and 183,431 Common Shares, respectively.

The following table sets forth the Company's cash and capitalization as of March 31, 2019, on an actual basis and as adjusted to give effect to the Recent Mortgage Financing and to the Common Shares issuable pursuant to the Offering after deducting the Agents' Fee and estimated Offering expenses, as though they had occurred on such date. This table should be read in conjunction with the Interim Financial Statements as incorporated by reference herein.

	As at March 31, 2019 ($)	**Adjusted to give effect to the Offering and the Recent Mortgage Financing[(1)] ($)**	**Adjusted to give effect to the Offering and the Recent Mortgage Financing (assuming full exercise of the Over-Allotment Option)[(2)] ($)**
Cash	1,590,547	16,772,890	17,972,095
Debt			
Loans and Borrowings	6,650,844[(3)]	13,838,487	13,838,487
Total Equity	20,482,214	28,476,914	29,676,119
Total Capitalization	**27,133,058**	**42,315,401**	**43,514,606**

Note:

(1) Without giving effect to the exercise of the Over-Allotment Option, based on the issuance of 3,150,000 Units for gross proceeds of $8,505,000 less the Agents' Fee of $510,300, but before deducting the expenses of the Offering, estimated to be $250,000, which will be paid from the proceeds of the Offering.

(2) After giving effect to the exercise of the Over-Allotment Option, based on the issuance of an aggregate of 3,622,500 Units for gross proceeds of $9,780,750 less the Agents' Fee of $586,845, but before deducting the expenses of the Offering, estimated to be $250,000, which will be paid from the proceeds of the Offering.

(3) Includes loans and borrowings, due to related parties, lease liabilities and funds received from Recent Mortgage Financing prior to March 31, 2019.

USE OF PROCEEDS

Proceeds

The net proceeds to the Company from the Offering are estimated to be $7,994,700 after deducting the payment of the Agents' Fee of $510,300, but before deducting the expenses of the Offering (estimated to be approximately $250,000). If the Over-Allotment Option is exercised in full, the net proceeds to the Company from the sale of the Units are estimated to be $9,193,905 after deducting the Agents' Fee of $586,845, but before deducting the expenses of the Offering (estimated to be approximately $250,000).

There is no minimum amount of proceeds to be raised in the Offering, and therefore the actual proceeds raised could be materially less than the estimated amount.

Principal Purposes

The Company intends to use the majority of the net proceeds of the Offering to fund the capital expenditures of the Delta Facility as follows:

Item	Approximate Amount
Delta Facility Cultivation Equipment & Optimization	$4,500,000
Delta Facility Processing/Packaging Equipment & Optimization	$2,200,000
General Administration Costs and Working Capital	$1,294,700
Total	**$7,994,700**

The above noted allocation represents the Company's intentions with respect to its use of proceeds based on current knowledge, planning and expectations of management of the Company. Actual expenditures may differ from the estimates set forth above. There can be no assurances the above objectives will be completed. See *"Risk Factors"*.

If the Over-Allotment Option is exercised in full, the Company will receive additional net proceeds of $1,199,205 after deducting the Agents' Fee. The net proceeds from the exercise of the Over-Allotment Option, if any, is expected to be used for general administrative expenses and working capital purposes.

In the event that actual proceeds raised in the Offering are less than the estimated amount, the Company intends to reduce the amount of funds applied to general administration costs and working capital before reducing the funds allocated to processing and packaging equipment and optimization of the Delta Facility.

Significant Events, Milestones or Objectives

The primary business objectives for the Company over the next 12 months are as follows:

- Launch super-premium certified organic cannabis brand in Canada.
- Obtain the Sales License from Health Canada.
- Achieve a production run-rate of 11,000 kilograms of cannabis per year at the Delta Facility.
- Launch additional wholly-owned and licensed brands in Washington.

Significant events that need to occur for the business objectives to be accomplished:

1) execute cannabis supply agreements with the provincial regulators including the British Columbia Liquor Distribution Branch ("**LDB**"), the Alberta Gaming, Liquor & Cannabis Commission ("**AGLC**"), and the Ontario Cannabis Store ("**OCS**") (Q4 2019 and Q1 2020);

2) complete the required pre-sale inspection to obtain a license for sale for medical purposes and a sales authorization under the Cultivation & Processing Licenses from Health Canada (Q1 2020);

3) complete the optimization of the Delta Facility (2020); and

4) execute additional packaging and brand licensing arrangements in Washington (Q1 2020).

The costs associated with the objectives and significant events are inter-dependent and are represented in the 'use of proceeds' section.

There can be no assurances the above objectives will be completed. See "*Risk Factors*".

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agents, as agents, conditionally offer the Units at the Offering Price, on a commercially reasonable "best efforts" basis at a price of $2.70 per Unit, for aggregate gross consideration of $8,505,000 payable in cash to the Company against delivery of the Units. The Offering Price has been determined by arm's length negotiation between the Company and the Lead Agent, on behalf of the Agents, with reference to the prevailing market price of the Common Shares. The obligations of the Agents under the Agency Agreement are several (and not joint or joint and several), are subject to certain closing conditions and may be terminated at their discretion on the basis of "disaster out", "market out", "material adverse change out", "litigation out", "due diligence out" and "regulatory out" provisions in the Agency Agreement and may also be terminated upon the occurrence of certain other stated events. The Agents are not obligated, directly or indirectly, to advance their own funds to purchase any of the Units.

The Agents have been granted the Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Lead Agent, to acquire up to 472,500 Over-Allotment Units at the Offering Price, until the Over-Allotment Deadline to cover the Agents' over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercisable by the Agents in respect of: (i) Over-Allotment Units at a price of $2.70 per Over-Allotment Unit; or (ii) Additional Shares at a price of $2.55 per Additional Share; or (iii) Additional Warrants at a price of $0.15 per Additional Warrant; or (iv) any combination of Additional Shares and/or Additional Warrants, so long as the aggregate number of Additional Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 472,500 Additional Shares and 472,500 Additional Warrants. The Over-Allotment Option is exercisable by the Lead Agent, giving notice to the Company prior to the Over-Allotment Deadline, which notice shall specify the number of Additional Securities to be purchased. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Additional Securities issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Additional Securities forming part of the Agent's over-allocation position acquires those Additional Securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In consideration for the services provided by the Agents in connection with the Offering, and pursuant to the terms of the Agency Agreement, the Company has agreed to pay the Agents the Agents' Fee equal to 6% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option). In addition, the Company has agreed to issue to the Agents Broker Warrants equal to 6% of the number of Units sold pursuant to the Offering (including any Units sold on exercise of the Over-Allotment Option). Each Broker Warrant is exercisable for one Common Share at a price of $2.70 per Broker Warrant, and will expire 24 months after the Closing Date. This Prospectus also qualifies the distribution of the Broker Warrants.

The Offering is being made in each of the provinces of Canada, other than Québec, through those Agents or their affiliates who are registered to offer the Units for sale in those jurisdictions and such other registered dealers as may be designated by the Agents. The Units may be offered and sold in the United States or to U.S. Persons on a private placement basis. Subject to applicable law, the Agents may offer the Units in such other jurisdictions outside of Canada and the United States as agreed between the Company and the Agents.

There is no minimum amount of funds that must be raised under the Offering. This means that the Company could complete the Offering after raising only a small portion of the offering amount set out above.

The Company has given notice to the CSE to list the Unit Shares and the Warrant Shares on the CSE. Listing will be subject to the Company fulfilling all listing requirements of the CSE. Subject to the public distribution requirements of the CSE being met, the Corporation will use reasonable best efforts to obtain the listing of the Warrants underlying the Units.

The Agents propose to offer the Units initially at the Offering Price. After the Agents have made a reasonable effort to sell all of the Units at the Offering Price, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Agents will be decreased by the amount that the aggregate price paid by purchasers for the Units is less than the gross proceeds paid by the Agents to the Company.

Pursuant to the Agency Agreement, the Company has agreed not to issue nor announce the issuance of any Common Shares or securities convertible or exchangeable into Common Shares for a period of 90 days subsequent to the closing of the Offering without the prior written consent of the Lead Agent on behalf of the Agents, which consent shall not be unreasonably withheld or delayed, except in conjunction with: (a) the grant or exercise of incentive securities pursuant to incentive plans; or (b) any transaction with an arm's length third party whereby the Company directly or indirectly acquires shares or assets of a business in consideration of Common Shares issued by the Company; or (c) the Over-Allotment Option.

The Company has also agreed to cause certain of its directors and senior officers to enter into an agreement on the Closing Date in favour of the Agents agreeing not to sell, directly or indirectly, any Shares or securities convertible or exchangeable into Shares of the Company (except in connection with the exchange, transfer, conversion or exercise of rights of existing outstanding securities or existing commitments to issue or sell securities or in connection with a takeover bid or similar sale transaction available to all shareholders of the Company) for a period of 90 days subsequent to the Closing Date without the prior written consent of the Lead Agent, on behalf of all Agents, which consent shall not be unreasonably withheld or delayed.

Pursuant to policy statements of certain securities regulators, the Agents may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to certain exceptions including: (a) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, (b) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was for the purpose of maintaining a fair and orderly market and not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities, or (c) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Consistent with these requirements, and in connection with this distribution, the Agents may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. If these activities are commenced, they may be discontinued by the Agents at any time. The Agents may carry out these transactions on the CSE, in the over-the-counter market or otherwise.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Agents reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about August 23, 2019, or such other date as may be agreed upon by the Company and the Agents, but in any event no later than 90 days after the date of the receipt of the (final) short form prospectus. It is anticipated that the securities underlying the Units will be delivered under the book-based system through CDS or its nominee and deposited in electronic form. A purchaser of Units will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Units on behalf of owners who have purchased Units in accordance with the book-based system. No certificates will be issued unless specifically requested or required.

Pursuant to the terms of the Agency Agreement, the Company has agreed to reimburse the Agents for certain expenses incurred in connection with the Offering and to indemnify the Agents and their directors, officers, employees, and agents against, certain liabilities and expenses and to contribute to payments the Agents may be required to make in respect thereof.

Any Units offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws, and accordingly the Units may not be offered or sold in the United States (if at all), or for the account or benefit of persons within the United States or U.S. Persons, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Agents have agreed that, except as permitted by the Agency Agreement and as expressly permitted by applicable United States federal and state securities laws, they will not offer or sell any of the Units to or for the account or benefit of persons within the United States or U.S. Persons. The Agents may: offer and resell the Units that they have acquired pursuant to the Agency Agreement in the United States to persons who are "qualified institutional buyers", as such term is defined in Rule 144A under the U.S. Securities Act, in reliance on Section 4(a)(2) of the U.S. Securities Act and applicable U.S. state securities laws. The Agents will offer and sell the Units outside the United States only in accordance with Regulation S under the U.S. Securities Act. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units

offered under the Offering in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units in the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made other than in accordance with an exemption from such registration requirements.

The Units offered or sold in the United States, will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act. Certificates issued representing such securities (if any) may bear a legend to the effect that the securities represented thereby are not registered under the U.S. Securities Act or any applicable U.S. state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws.

Terms used and not defined in the three preceding paragraphs shall have the meanings ascribed thereto by Regulation S under the U.S. Securities Act.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

The Offering consists of 3,150,000 Units (3,622,500 Units if the Over-Allotment Option is exercised in full). Each Unit is comprised of one Common Share and one Warrant.

Common Shares

The authorized capital of the Company consists of an unlimited number of Common Shares.

Holders of the Common Shares are entitled to receive notice of, attend and vote at meetings of the shareholders. Each Common Share carries the right to one vote. The holders of the Common Shares shall, in the absolute discretion of the directors, be entitled to receive non-cumulative dividends as may be declared in respect of any one or more classes of the Common Shares then issued and outstanding. The directors of the Company shall be at liberty to declare dividends on any one or more classes of the Common Shares to the exclusion of any other class or classes of shares in the Company entitled to dividends, and no holder of any class of the Common Shares shall be entitled to receive dividends *pari passu* with, or in priority to, the holders of any other class or classes of shares of the Company entitled to receive dividends. In the event of the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders to wind-up its affairs or on a reduction of capital the holders of the Common shares shall be entitled to receive equally, on a per share basis, the amount paid up thereon together with any declared but unpaid dividends and any remaining property or assets of the Company.

The Common Shares do not have pre-emptive rights or exchange rights and are not subject to redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities, and there are no provisions which are capable of requiring a security holder to contribute additional capital. For a description of the Company's dividend policy, see "Dividend Policy".

Provisions as to the modification, amendment or variation of the rights attached to the Common Shares are contained in the Company's Articles and the BCBCA. Generally speaking, substantive changes to the authorized share structure require the approval of our shareholders by special resolution (at least two-thirds of the votes cast).

Warrants

The Warrants are governed by the Warrant Indenture. Under the Warrant Indenture, each Warrant will entitle the holder thereof to acquire one Warrant Share at an exercise price of $3.50 per Warrant Share (subject to adjustment in accordance with the Warrant Indenture) at any time prior to the date that is 30 months from the Closing Date.

The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Warrants which, upon the qualification of the Common Shares and Warrants pursuant to this prospectus: (i) will be filed on SEDAR under the issuer profile of the Company at www.sedar.com; and (ii) may be obtained on request without charge from the secretary of the Company at #505-744 West Hastings Street,

Vancouver, British Columbia V6C 1A5, telephone (604) 687-5744. A register of holders of Warrants will be maintained at the principal offices of the Warrant Agent.

The Warrants will be subject to the Accelerated Exercise Period (subject to such Accelerated Exercise Period being permitted under the policies of the principal exchange for any trading of the Warrants at that time) whereby if, at any time prior to the expiry date of the Warrants, the volume weighted average trading price of the Common Shares on the CSE (or other applicable exchange) equals or exceeds $3.80 for 20 consecutive trading days, the Company may, within 15 days of the occurrence of such event, deliver a notice to the holders of Warrants accelerating the expiry date of the Warrants to the date that is 30 days following the date of such notice. Any unexercised Warrants shall automatically expire at the end of the Accelerated Exercise Period.

No fractional Common Shares will be issuable to any holder of Warrants upon the exercise thereof, and no cash or other consideration will be paid *in lieu* of fractional shares. The holding of Warrants will not make the holder thereof a shareholder of the Company or entitle such holder to any right or interest in respect of the Warrants except as expressly provided in the Warrant Indenture. Holders of Warrants will not have any voting or pre-emptive rights or any other rights of a holder of Common Shares.

The Warrant Indenture provides that the number of Warrant Shares which may be acquired by a holder of Warrants upon the exercise thereof (and the exercise price per share) will be subject to anti-dilution provisions governed by the Warrant Indenture, including provisions for the appropriate adjustment of the class, number and price of the securities issuable under the Warrant Indenture upon the occurrence of certain events including:

(a) the subdivision, re-division or change of the outstanding Common Shares into a greater number of Common Shares;

(b) the reduction, combination or consolidation of the outstanding Common Shares into a lesser number of Common Shares;

(c) the issuance of Common Shares or securities exchangeable for, or convertible into, Common Shares to all or substantially all of the holders of Common Shares by way of stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of Warrants or any outstanding options) (any of such events in items (a) through (c), a "**Common Share Reorganization**");

(d) the Company fixing a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible or exchangeable into Common Shares) at a price per Common Share (or having a conversion or exchange price per Common Share) less than 95% of the "current market price", as defined in the Warrant Indenture, of Common Shares on such record date (a "**Rights Offering**"); and

(e) the Company fixing a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) securities of any class, whether of the Company or any other entity (other than Common Shares), (ii) rights, options or warrants to subscribe for or purchase Common Shares (or other securities convertible into or exchangeable for Common Shares), other than pursuant to a Rights Offering; (iii) evidences of its indebtedness or (iv) any property or other assets, including a cash dividend.

The Warrant Indenture provides that no adjustment in the exercise price will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price.

The Warrant Indenture provides that in the event that there is a reclassification of the Common Shares, capital reorganization (other than a Common Share Reorganization), consolidation, amalgamation, arrangement or merger of the Company or a sale or conveyance of the property and assets of the Company as an entirety or substantially as an entirety, the holders of the Warrants will generally be entitled to receive upon payment of the exercise price of the Warrants the kind and amount of Common Shares or other securities or property that the holders would have received had they exercised the Warrants prior to the effective date of such event.

The Warrant Indenture also contains provisions making binding upon all holders of Warrants resolutions passed at meetings of such holders in accordance with such provisions or by instruments in writing signed by holders of Warrants holding a specified percentage of the Warrants. Certain amendments or supplements to the Warrant Indenture are subject to approval by an "**Extraordinary Resolution**", which is defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are present in person or by proxy holders of Warrants holding at least 10% of the aggregate number of all the then outstanding Warrants and passed by the affirmative votes of holders of Warrants holding not less than 66 2/3% of the Warrants present in person or by proxy at the meeting and voted on a poll upon such resolution; or (ii) in writing signed by holders of at least 66 2/3% of the then outstanding Warrants.

Dividends

The Company has not declared dividends on our Common Shares in the past. The Company currently intends to reinvest all future earnings in order to finance the development and growth of the business. As a result, the Company does not intend to pay dividends on their Common Shares in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Board and will depend on the financial condition, business environment, operating results, capital requirements, and any contractual restrictions on the payment of dividends and any other factors that the Board deems relevant.

PRIOR SALES

The following tables sets forth the details regarding all issuances of Common Shares, including issuances of all securities convertible or exchangeable into Common Shares, during the 12-month period before the date of this Prospectus.

Common Shares

Date of Issuance	Description of Transaction	Price per Security	Number of Securities
October 9, 2018	Special Warrants Exercise	N/A[(1)]	3,658,820 Common Shares

Notes:

(1) On October 9, 2018, each special warrant of the Company was automatically exercised for no additional consideration into one unit of the Company, each unit comprised of one Common Share and one half of one Common Share purchase warrant of the Company.

Stock Options

Date of Issuance	Description of Transaction	Price per Security[(1)]	Number of Securities
September 24, 2018	Option Issuance	$3.25	115,000
September 24, 2018	Option Issuance	$8.15	350,000
May 28, 2019	Option Issuance	$3.25	413,250
July 12, 2019	Option Issuance	$3.25	166,000

Notes:

(1) Represents the exercise price of the stock options.

Warrants

Date of Issuance	Description of Transaction	Price per Security[1]	Number of Securities
October 9, 2018	Special Warrants Exercise	N/A[2]	1,829,398
April 25, 2019	Mortgage Financing Loan	$4.50	671,000
May 28, 2019	Mortgage Financing Loan	$4.50	1,000,000
July 12, 2019	Mortgage Financing Loan	$4.50	100,002

Notes:

(1) Represents the exercise price of the Warrants.
(2) On October 9, 2018, each special warrant of the Company was automatically exercised for no additional consideration into one unit of the Company, each unit comprised of one Common Share and one half of one Common Share purchase warrant of the Company.

Broker Warrants

Date of Issuance	Description of Transaction	Price per Security[1]	Principal Amount
October 9, 2018	Compensation for the Initial Public Offering	$3.25	183,431

Notes:

(1) Represents the exercise price of the Broker Warrants.

TRADING PRICE AND VOLUME

The outstanding Common Shares are traded on the CSE under the trading symbol "ROMJ". The following table sets forth the reported intraday high and low prices and monthly trading volumes of the Common Shares since the Common Shares were listed for trading on the CSE.

Period	High Trading Price	Low Trading Price	Volume
October 10 – 31, 2018[1]	$3.59	$1.86	947,924
November 2018	$2.71	$1.92	486,653
December 2018	$2.28	$1.60	318,790
January 2019	$2.21	$1.64	829,614
February 2019	$3.25	$2.01	756,585
March 2019	$3.20	$2.86	488,966
April 2019	$3.33	$2.85	367,973
May 2019	$3.15	$2.81	431,684
June 2019	$3.47	$2.86	638,814
July 2019	$3.10	$2.92	301,560
August 1 – 15, 2019	$3.13	$2.42	229,279

(1) The Common Shares began trading on the CSE on October 10, 2018.

On August 15, 2019, the last day of trading prior to the date of this Prospectus, the closing price per Common Share on the CSE was $2.42.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In this summary, an otherwise undefined term that first appears in quotation marks has the meaning ascribed to it in the *Income Tax Act* (Canada) (the "**Tax Act**").

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Units pursuant to this Offering. For purposes of this summary,

references to Common Shares include the Common Shares underlying the Units (each, a "**Unit Share**") and Warrant Shares unless otherwise indicated. This summary applies only to a purchaser who acquires Common Shares and Warrants as beneficial owner pursuant to the Offering and who, at all relevant times, for purposes of the Tax Act: (i) deals at arm's length with the Company and the Agents; (ii) is not affiliated with the Company or the Agents; and (iii) holds the Common Shares and Warrants as capital property (a "**Holder**"). Generally, the Common Shares and Warrants will be capital property to a Holder provided the Holder does not acquire or hold them in the course of carrying on a business or as part of an adventure or concern in the nature of trade.

This portion of the summary does not apply to a purchaser: (i) that is a "specified financial institution"; (ii) an interest in which would be a "tax shelter investment"; (iii) that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a "financial institution"; (iv) that reports its "Canadian tax results" in a currency other than Canadian currency; (v) that has entered into or will enter into with respect to the purchaser's Common Shares or Warrants, a "derivative forward agreement"; or (vi) that is a corporation resident in Canada and is (or does not deal at arm's length within the meaning of the Tax Act with a corporation resident in Canada that is), or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of Common Shares and Warrants, controlled by a non-resident person or group of non-resident persons not dealing with each other at arm's length for purposes of section 212.3 of the Tax Act, as defined in the Tax Act. Such purchasers should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), and the current administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") made publicly available prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder. This summary does not address the deductibility of interest on any funds borrowed by a Holder to purchase Units or Warrant Shares. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, Holders should consult their own tax advisors having regard to their own particular circumstances.

Allocation of Purchase Price for Units

A Holder who acquires Units will be required to allocate the purchase price of each Unit between the Unit Share and the Warrant on a reasonable basis in order to determine their respective costs for purposes of the Tax Act.

For its purposes, the Company intends to allocate $2.55 of the issue price of each Unit for the issue of each Common Share and $0.15 of the issue price of each Unit for the issue of each Warrant. Although the Company believes that this allocation is reasonable, it is not binding on the CRA or the Holder and the CRA may not be in agreement with such allocation.

Adjusted Cost Base of Common Shares

The adjusted cost base to a Holder of a Unit Share acquired pursuant to the Offering will be determined by averaging the cost of that Unit Share with the adjusted cost base of all other Common Shares held as capital property by the Holder.

Exercise of Warrants

No gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. The Holder's cost of the Warrant Share will equal the aggregate of such Holder's adjusted cost base of the Warrant exercised plus

the exercise price paid for such Warrant Share. The Holder's adjusted cost base of such Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base of all other Common Shares held as capital property by such Holder.

Holders Resident in Canada

This portion of the summary only applies to a Holder who, at all relevant times, for purposes of the Tax Act, is, or is deemed to be, resident in Canada (a "**Resident Holder**"). Certain Resident Holders who may not otherwise be considered to hold their Common Shares as capital property may be entitled to make the irrevocable election permitted by subsection 39(4) of the Tax Act to have their Common Shares (and all other "Canadian securities" as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years deemed to be capital property. This election does not apply to the Warrants. Resident Holders whose Common Shares might not otherwise be considered to be capital property should consult their own tax advisors.

Expiry of Warrants

If a Warrant expires unexercised, the Resident Holder will generally realize a capital loss equal to the adjusted cost base of such Warrant to the Resident Holder. See "*Tax Treatment of Capital Gains and Capital Losses*" below.

Dispositions of Common Shares and Warrants

On the disposition or deemed disposition of a Warrant (other than on the exercise thereof) or of a Common Share (other than to the Company, unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market), a Resident Holder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition exceed (or are exceeded by) the aggregate of the Resident Holder's adjusted cost base of the security and any reasonable costs of disposition. See "*Tax Treatment of Capital Gains and Capital Losses*" below.

Dividends on Common Shares

A Resident Holder will be required to include in computing its income for a taxation year any dividends received (or deemed to be received) on the Common Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends designated by the Company as "eligible dividends" in accordance with the provisions of the Tax Act. There may be limitations on the Company's ability to designate its dividends on the Common Shares as "eligible dividends".

In the case of a Resident Holder that is a corporation, such dividends received or deemed to be received on Common Shares held by the Resident Holder generally will be deductible in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain.

A Resident Holder that is a "private corporation", for the purposes of Part IV of the Tax Act, or any other corporation resident in Canada controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a refundable tax of 38⅓% under Part IV of the Tax Act on dividends received (or deemed to be received) on the Common Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the taxation year.

A dividend received by a Resident Holder who is an individual (other than certain trusts) on the Common Shares may give rise to alternative minimum tax under the Tax Act depending on the individual's circumstances.

Tax Treatment of Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years subject to the detailed rules in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of any dividends received (or deemed to be received) by the Resident Holder on such Common Share or a share for which the Common Share is substituted or exchanged to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a Common Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such Resident Holders should consult their own advisors.

Capital gains realized by a Resident Holder who is an individual (other than certain trusts) may give rise to a liability for alternative minimum tax under the Tax Act depending on the individual's circumstances.

If the Resident Holder is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act), the Resident Holder may also be liable to pay a refundable tax on its "aggregate investment income", which is defined in the Tax Act to include taxable capital gains.

Holders Not Resident in Canada

This portion of the summary only applies to a Holder who, at all relevant times, for purposes of the Tax Act, is not, and is not deemed to be, resident in Canada and does not use or hold and is not deemed to use or hold the Common Shares or Warrants in a business carried on in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a non-Canadian Holder that is an insurer that carries on an insurance business in Canada and elsewhere. Such Holders should consult their own tax advisors.

Dividends on Common Shares

Dividends paid or credited on the Common Shares or deemed to be paid or credited on the Common Shares to a Non-Resident Holder will be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention. For example, under the *Canada-U.S. Income Tax Convention* (1980), as amended (the "**Convention**"), where dividends on the Common Shares are considered to be paid to or derived by a Non-Resident Holder that is the beneficial owner of the dividends and is a United States resident for the purposes of and is entitled to full benefits in accordance with the provisions of the Convention, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Dispositions of Common Shares and Warrants

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on a disposition or deemed disposition of (a) Common Shares, or (b) Warrants, unless at the time of disposition the Common Shares or Warrants, as the case may be, are "taxable Canadian property" of the Non-Resident Holder for purposes of the Tax Act and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, the Common Shares and Warrants will not constitute "taxable Canadian property" of a Non-Resident Holder at a particular time provided that the Common Shares are listed at that time on a "designated stock exchange" for purposes of the Tax Act (which currently includes the CSE), unless at any particular time during the 60-month period that ends at that time both (i) (A) the Non-Resident Holder, (B) persons with whom the Non-Resident Holder

does not deal with at arm's length, (C) partnerships in which the Non-Resident Holder or a person described in (B) holds an interest directly or indirectly through one or more partnerships or (D) any combination of (A) to (C) owned 25% or more of the issued shares of any class or series of the capital stock of the Company; and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of (a) real or immovable properties situated in Canada, (b) "Canadian resource 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 in any of the foregoing whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Common Shares or Warrants may be deemed to be taxable Canadian property. Non-Resident Holders whose Common Shares or Warrants may constitute taxable Canadian property should consult their own tax advisors.

ELIGIBILITY FOR INVESTMENT

In the opinion of Borden Ladner Gervais LLP, counsel to the Company, and Blake, Cassels & Graydon LLP, counsel to the Agents, based on the current provisions of the Tax Act and the Regulations in force on the date hereof, the Unit Shares, Warrants and the Warrant Shares, if issued on the date hereof, would be qualified investments under the Tax Act on the date hereof for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a deferred profit sharing plan, a registered education savings plan ("**RESP**"), a tax-free savings account ("**TFSA**"), or a registered disability savings plan ("**RDSP**"), provided that:

(i) in the case of the Unit Shares and Warrant Shares, the common shares of the Company are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE); and

(ii) in the case of Warrants, either (A) the Warrants are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE), or (B) the Warrant Shares are qualified investments as described in (i) above and neither the Company, nor any person with whom the Company does not deal at arm's length for the purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the particular Registered Plan.

The Unit Shares, Warrants and Warrant Shares will not be "prohibited investments" for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP provided the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF, or the subscriber of the RESP, as applicable: (i) deals at arm's length with the Company for purposes of the Tax Act; and (ii) does not have a "significant interest" (within the meaning of subsection 207.01(4) of the Tax Act) in the Company. In addition, the Unit Shares and Warrant Shares will not be a "prohibited investment" for such a trust if such securities are "excluded property" for such trust as defined in subsection 207.01(1) of the Tax Act. If the Unit Shares, Warrants or Warrant Shares are a "prohibited investment", the holder, subscriber or annuitant, as the case may be, will be subject to penalty taxes as set out in the Tax Act. Holders, subscribers or annuitants should consult their own tax advisors as to whether the Unit Shares, Warrants and Warrant Shares will be a prohibited investment in their particular circumstances.

RISK FACTORS

Investing in our securities involves significant risks. 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, prospects, financial condition, results of operations and cash flows could be materially and adversely affected. In that event, the market price of our securities could decline and you could lose part or all of your investment.

Risks Generally Related to the Company

The Company has a limited operating history, a history of losses and the Company cannot assure profitability

The Company has been incurring operating losses and cash flow deficits since the inception of such operations, as it attempts to create an infrastructure to capitalize on the opportunity for value creation that is emerging from the relaxing of state and local prohibitions on the cannabis industry in Washington (and previously in California), and the legalization of recreational cannabis in Canada. The Company's lack of operating history makes it difficult for investors to evaluate the Company's prospects for success. Prospective investors should consider the risks and difficulties the Company might encounter, especially given the Company's lack of an operating history, there is no assurance that the Company will be successful and the likelihood of success must be considered in light of its relatively early stage of operations.

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

The Company has not yet generated substantial revenue from its primary assets in British Columbia and Washington State. While crops have now been harvested in Washington and are expected to be harvested in British Columbia in 2019, the Company is currently seeking additional capital to optimize the Delta Facility and to expand its product offerings in the cannabis industry and grow its revenue. The Company's ability to continue as a going concern is dependent upon its ability in the future to grow its revenue and achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company, or at all. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

There is no assurance that the Company will turn profits, generate immediate revenues, or pay dividends

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

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

In the event that any of the Company's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

The Company had negative operating cash flow for the financial year ended December 31, 2018 and the three months ended March 31, 2019

The Company had negative operating cash flow for the financial year ended December 31, 2018 and the three months ended March 31, 2019. To the extent that the Company has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company.

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

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

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

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

Refinancing debt on the Delta Facility

The Company currently has approximately $13.9 million of debt outstanding secured against the Delta Facility. The debt matures between September 2020 and July 2021 and must be repaid by a combination of operating cash flows and refinancing. Upon maturity of the debt, there can be no certainty that such refinancing will be available at terms acceptable to the Company, or at all.

Facility Optimization and Expansion

The optimization of the Delta Facility is subject to various potential problems and uncertainties and such optimization may be delayed or adversely affected by a number of factors beyond Rubicon Organics' control. These uncertainties include the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by suppliers, difficulties in integrating new equipment with existing facilities, shortages in materials or labor, defects in design, diversion of management resources, and insufficient funding or other resource constraints. The actual cost of the optimization may exceed the amount budgeted. As the result of delays, cost overruns, changes in market circumstances or other factors, Rubicon Organics may not be able to achieve the intended economic benefits from the optimization of the Delta Facility, which in turn may affect Rubicon Organics' business, prospects, financial condition and results of operations. In addition, any future expansion of the Delta Facility is subject to Health Canada regulatory approvals. The delay or denial of such approvals may have a material adverse impact on the business of Rubicon Organics and may result in Rubicon Organics not meeting anticipated or future demand when it arises.

There are factors which may prevent the Company from the realization of growth targets

The Company is currently in the stage of expansion from early development. There is a risk that business objectives 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:

- reliance on the Delta Facility as the sole facility for its Canadian operations;

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

Reliance on Licenses

The continuation of Rubicon Organics' business of growing, storing and distributing medical and recreational cannabis is dependent on the good standing of all licenses required to engage in such activities and upon adhering to all regulatory requirements related to such activities. Vintages Organic Cannabis Company Inc., a wholly-owned subsidiary of Rubicon Organics, was granted the Cultivation & Processing Licenses from Health Canada on February 1, 2019, pursuant to the Cannabis Act.

The licenses are valid until February 1, 2022, at which point, Vintages Organic Cannabis Company Inc. must apply to Health Canada for renewal. Failure to comply with the requirements of the licenses or any failure to maintain the licenses would have a material adverse impact on the business, financial condition and operating results of Rubicon Organics. Although Rubicon Organics believes it will meet the requirements of the *Cannabis Act* for future extensions or renewal of the licenses, there can be no guarantee that Health Canada will extend or renew the licenses or that, if extended or renewed, the licenses will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the licenses, or should it renew the licenses on different terms, the business, financial condition and results of operations of Rubicon Organics would be materially and adversely affected.

The Company is subject to changes in Canadian laws, regulations and guidelines which could adversely affect the Company's future business, financial condition and results of operations

The *Cannabis Act*, and related ancillary amendments to other legislation, came into effect October 17, 2018. As a result, the Company's operations are subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to its operations. The Company endeavours to comply with all relevant laws, regulations and guidelines.

The *Cannabis Act* may also materially and adversely affect the future business, financial condition and results of operations of the Company, as, among other things, the legislation permits home cultivation, and implements restrictions on advertising and branding. It is possible that such developments could significantly adversely affect the future business, financial condition and results of operations of the Company.

The Company may not be able to develop its products, which could prevent it from ever becoming profitable

If the Company cannot successfully develop, manufacture and distribute its products, or if the Company experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Company may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect the Company's ability to effectively enter the market. A failure by the Company to achieve a low-cost structure through economies of scale or improvements in cultivation and manufacturing processes would have a material adverse effect on the Company's commercialization plans and the Company's business, prospects, results of operations and financial condition.

Organic Certification and Products

The Company believes that organic products will command a higher price in the marketplace and has completed an organic certification process with FVOPA, a leading organization in organic certification in Canada. FVOPA provides inspection and certification for sustainable development and maintains organic standards on products, systems and services. The certification process generally includes validation of inputs, production methods and preparation procedures in accordance with Canadian organic product regulation. Organic certification aims to guarantee the organic integrity of products throughout the entire production chain. Failure to maintain the organic standards may have an adverse effect on the market price of the Company's products.

The Company may be unable to adequately protect its proprietary and intellectual property rights, particularly in the United States

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

- the market for the Company's products and services may depend to a significant extent upon the goodwill associated with its trademarks and trade names, and its ability to register its intellectual property under United States federal and state law is impaired by the illegality of cannabis under United States federal law;

- patents in the cannabis industry involve complex legal and scientific questions and patent protection may not be available for some or any products;

- the Company's applications for trademarks and copyrights relating to its business may not be granted and, if granted, may be challenged or invalidated;

- issued patents, trademarks and registered copyrights may not provide the Company with competitive advantages;

- the Company's efforts to protect its intellectual property rights may not be effective in preventing misappropriation of any its products or intellectual property;

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

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

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

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

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

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

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

Further, the production of substances for use or consumption by humans can result in product liability claims by consumers. Product liability claims can be expensive, difficult to defend and may result in large judgments or settlements against the Company. The Company may not be able to obtain or maintain adequate insurance or other protection against potential liabilities arising from product sales. Product liability claims could also result in negative perception of the Company's products or other reputational damage which could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition.

The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates

These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require more strict standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental 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 regulation, if any, will not adversely affect the Company's operations.

Government environmental approvals and permits are currently, and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company 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 Company 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.

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

An increase in the companies competing in this industry could limit the ability of the Company to expand its operations. Current and new competitors may be better capitalized, have a longer operating history, have more expertise and may be able to develop higher quality equipment or products, at the same or a lower cost. The Company cannot provide assurances that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Company could have a material adverse effect on its business, operating results and financial condition. In addition, despite Canadian federal and United States state-level legalization of marijuana, illicit or "black-market" operations remain abundant and present substantial competition to the Company. In particular, illicit operations, despite being largely clandestine, are not required to comply with the extensive regulations that the Company must comply with to conduct business, and accordingly may have significantly lower costs of operation.

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

The Company's success has depended and continues to depend upon its ability to attract and retain key management, including the Company's CEO, technical experts and sales personnel. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Company's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition.

Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Company, results of operations of the business and could limit the Company's ability to develop and market its cannabis-related products. The loss of any of the Company's senior management or key employees could materially adversely affect the Company's ability to execute its business plan and strategy, and the Company may not be able to find adequate replacements on a timely basis, or at all. The Company does not maintain key person life insurance policies on any of our employees.

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

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

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

The cannabis industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Company in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing the Company to expend greater resources to meet new or additional competitive threats, all of which could harm the Company's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Company's

industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability.

The Company continues to sell securities for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders

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

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

If you purchase Securities in the Offering, you will experience substantial and immediate dilution, because the price that you pay will be substantially greater than the net tangible book value per share of the Common Shares that you acquire. This dilution is due in large part to the fact that the Company's earlier investors will have paid substantially less than a public offering price when they purchased their Common Shares.

The Company currently has insurance coverage; however, because the Company operates within the cannabis industry, there are additional difficulties and complexities associated with such insurance coverage

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

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

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

The cultivation of cannabis involves a reliance on third party transportation which could result in supply delays, reliability of delivery and other related risks

In order for customers of the Company to receive their product, the Company will rely on third party transportation services. This can cause logistical problems with and delays in patients obtaining their orders and cannot be directly controlled by the Company. Any delay by third party transportation services may adversely affect the Company's financial performance.

Moreover, security of the product during transportation to and from the Company's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financials and prospects. Any such breach could impact the Company's future ability to continue operating under its licenses or the prospect of renewing its licenses.

The Company may be subject to product recalls for product defects self-imposed or imposed by regulators

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 labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its 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 Company significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

The Company is reliant on key inputs, such as water and utilities, and any interruption of these services could have a material adverse effect on the Company's finances and operational results

The Company'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 Company. 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 Company.

The expansion of the medical cannabis industry may require new clinical research into effective medical therapies, when such research has been restricted in the United States and is new to Canada

Research in Canada, the United States and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in its early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Company 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 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 Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition and results of operations.

Under Washington and Canadian regulations, a licensed producer of cannabis has restrictions on the type and form of marketing it can undertake which could materially impact sales performance

The development of the Company's future business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by Health Canada and United States regulatory authorities. The regulatory environment in Canada limits the Company's ability to compete for market share in a manner similar to other highly-regulated industries, including significant limitations on promotion. The Company has agreements for brand licensing, consulting and facilities leases with licensed processors and producers in Washington. The regulatory environment in Washington may in the future also restrict the type and form of marketing which could limit the Company's ability to compete for market share. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

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

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

The Company will be reliant on information technology systems and may be subject to damaging cyber-attacks

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

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

The Company may be subject to breaches of security at its facilities, or in respect of electronic documents and data storage and may face risks related to breaches of applicable privacy laws

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

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

The Company may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

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

Changes in the public's perception of medical and/or adult-use cannabis could increase future regulation

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. A negative shift in the public's perception of medical cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's expansion strategy may have a material adverse effect on the Company's business, financial condition and results of operations.

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

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

There can be no assurance that the Company will be able to execute cannabis supply agreements with the provincial regulators to distribute its cannabis products in Canada

The Company's ability to sell its cannabis products in Canada is dependent on its ability to execute cannabis supply agreements with the provincial regulators and distributors including the LDB, the AGLC, and OCS. There can be no assurance that the Company will be able to secure such supply agreements and failure to do would likely have a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

Necessary security clearances take time to obtain and may impact the Company's ability to attract and retain board members and officers

The *Cannabis Act* and Cannabis Regulations require several individuals to obtain and maintain a valid security clearance, including directors, officers, and large shareholders of the Company. A security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of the Company's existing directors and officers who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. Prospective qualified directors or officers may be deterred from accepting appointments to positions in the cannabis industry that require security clearances due to the onus of the lengthy application process and uncertainty that a security clearance will be granted at all. Inability to attract and retain such qualified directors and officers may result in a material adverse effect on the Company's business, operating results, financial condition or prospects.

The Company has not yet received payment for the rent owed by the Washington Tenant

The Washington Tenant leases the Washington Facility from the Company pursuant to a lease agreement whereby the Washington Tenant agreed to pay US$160,000 per month to the Company. In April 2019, the Washington Tenant completed the first commercial scale harvest of super-premium organic cannabis at the facility and the Washington Facility is now fully planted out and bi-weekly crop harvesting has begun. As of the date of this Prospectus, however, per an agreement with the Company to defer payment of rent, the Washington Tenant has not made any lease payments to the Company and there can be no assurance that the Washington Tenant will be able to make past or future lease payments to the Company. Under the lease agreement the Washington Tenant may terminate the lease upon thirty days written notice to the Company. If the Washington Tenant terminates the lease early, it may make it more difficult for the Company to collect on past lease payments. Failure by the Washington Tenant to make lease payments on the Washington Facility or early termination of the lease agreement may result in a material adverse effect on the Company's business, operating results, financial condition or prospects. The Company is in discussions with the Washington Tenant regarding the commencement of lease payments.

Inability to Enforce Legal Rights

One director of the Company, David Donnan, resides outside of Canada, in the United States. Although he has appointed Borden Ladner Gervais LLP as his agent for service of process in Canada, it may not be possible for investors to enforce judgments in Canada against him. The Company has subsidiaries which are organized under the laws of foreign jurisdictions. Given that the Company has and plans to own certain assets that are or will be located outside of Canada, investors may have difficulty in enforcing against foreign assets of the Company, any judgments obtained by the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation or otherwise. Similarly, in the event a dispute arises from the Company's foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada.

Risk Factors Specifically Related to the United States Regulatory System

Cannabis is Illegal under Federal Law

The Company has agreements for brand licensing, consulting services and facilities leasing with licensed processors and producers in Washington (and previously in California). Similar business transactions are expected in other states that have legalized cannabis for medical and adult use. The Company also expects to directly engage in the licensed production, processing and sale of marijuana where permitted by state law. Although these activities are permitted by state law in the states where the Company is currently engaged and intends to engage in business, directly or with agreements with licensed entities, these activities remain illegal under federal law. Marijuana remains a Schedule I controlled substance under the federal CSA, and the penalties for violating the federal CSA are very serious and, depending on the quantity of marijuana involved, may include criminal penalties of up to life in prison and a fine of up to U.S.$50,000,000. In addition, the federal government can seize and seek the civil forfeiture of the real or personal property used to facilitate the sale of marijuana as well as the money or other proceeds received in connection with such sale.

Some of the Company's current and planned business activities are illegal under United States federal law

Although certain states and territories of the United States authorize medical or recreational cannabis production and distribution by licensed or registered entities, under United States federal law, the possession, use, cultivation, and transfer of cannabis and drug paraphernalia is illegal. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment.

Because the possession and use of cannabis and drug paraphernalia is illegal under United States federal law, the Company may be deemed to be aiding and abetting illegal activities through the contracts it has entered into and the products and services that it intends to provide. As a result, United States law enforcement authorities, in their attempt to regulate the illegal use of cannabis and drug paraphernalia, may seek to bring an action or actions against the Company, including, but not limited to, a claim regarding the Company aiding and abetting another's criminal activities. The federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result of such an action, the Company may be forced to cease operations and its investors could lose their entire investment. Such an action would have a material negative effect on the Company's business and operations. The enforcement of relevant United States federal laws is a significant risk.

Changes to state or local laws and regulations could affect the Company's business

Cannabis is a new industry subject to extensive regulation at every level of government. In particular, state and local regulatory regimes with respect to cannabis are frequently changed, amended, adjusted, or otherwise modified to respond to varied pressures from stakeholders, regulators and the public. Such changes may require the Company to incur substantial legal and compliance costs and/or materially alter the Company's business plan.

Therefore, although the Company believes that its United States operations are currently carried out in accordance with all applicable rules and regulations of the states in which it does business, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to produce, process or sell cannabis. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of cannabis, or more stringent implementation thereof could have a substantially adverse impact on the Company.

Investors in the Company and the Company's directors, officers and employees may be subject to entry bans into the United States

Because cannabis remains illegal under United States federal law, those employed at or investing in state licensed U.S. cannabis companies could face detention, denial of entry or lifetime bans from the United States for their business associations with cannabis U.S. businesses. Entry happens at the sole discretion of U.S. Customs and Board Protection ("**CBP**") officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a

foreign national. The government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by United States federal laws, could mean denial of entry to the United States. Business or financial involvement in the legal cannabis industry in Canada or in the United States could also be reason enough for United States border guards to deny entry. On September 21, 2018, CBP released a statement outlining its current position with respect to enforcement of the laws of the United States. It stated that Canada's legalization of cannabis will not change CBP enforcement of United States laws regarding controlled substances and because cannabis continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal marijuana industry in U.S. states where it is deemed legal or Canada may affect admissibility to the United States. As a result, CBP has affirmed that, employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in the United States or Canada (such as the Company), who are not United States citizens face the risk of being barred from entry into the United States for life. On October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the United States for reasons unrelated to the cannabis industry will generally be admissible to the United States; however, if such person is found to be coming into the United States for reasons related to the cannabis industry, such person may be deemed inadmissible.

News media have reported that United States immigration authorities have increased scrutiny of Canadian citizens who are crossing the United States–Canada border with respect to persons involved in cannabis businesses in the United States. There have been a number of Canadians banned for life from entering the United States as a result of an investment in or act related to United States cannabis businesses. Company employees traveling from Canada to the United States for the benefit of the Company may encounter enhanced scrutiny by United States immigration authorities that may result in the employee not being permitted to enter the United States for a specified period of time. If this happens to Company employees, then this may reduce our ability to effectively manage our business in the United States. The Company has mitigated the impact of this risk by employing Canadian citizens to work in Canada and United States citizens to work the United States, minimizing the need for cross border travel. In addition, the Company's CEO is a dual citizen of Canada and United States, which reduces the risk of being barred from entering the country.

There is uncertainty of existing protection from United States federal prosecution

While the RBA was renewed in February 2019 as part of an omnibus spending bill and is in effect through September 30, 2019, the rider applies only to medical marijuana, and does not prohibit the DOJ from investigating or prosecuting conduct and commerce involving adult-use marijuana. Moreover, there can be no certainty that Congressional support for the RBA amendment will continue after the September 30, 2019 expiration. If the RBA or an equivalent thereof is not successfully amended to the next or any subsequent federal omnibus spending bill, the protection afforded thereby to U.S. medical cannabis businesses would lapse, and such businesses would be more at risk to prosecution under federal law. There is a possibility that all amendments may be banned from federal omnibus spending bills, and if this occurs and the substantive provisions of the RBA are not included in the base federal omnibus spending bill or other law, these protections would lapse. The Company regularly monitors the regulatory activities of Congress.

There is uncertainty surrounding the current U.S. presidential administration and its influence and policies in opposition to the cannabis industry as a whole

There is significant uncertainty surrounding the policies of President Donald Trump and the Trump Administration or the policies of any future presidential administration about recreational and medical cannabis.

On January 4, 2018, then Attorney General Jeff Sessions and the DOJ issued the Sessions Memo. The effect of the Sessions Memo has been to rescind the guidance issued on August 29, 2013 relative to medical marijuana enforcement under the Cole Memo. The effect of the Cole Memo's rescission remains to be seen. On the same day of the Sessions Memo's release, numerous government officials, legislators and federal prosecutors in states with medical and recreational marijuana statutes announced their intention to continue the Cole-Memo-era status quo despite the DOJ's decision to rescind it. Although Attorney General William Barr has stated publicly that he does not intend to "go after parties who have complied with the state law in reliance on the Cole Memorandum," his position could change. The impact that this lack of uniformity between state and federal authorities could have on individual state cannabis

markets and the businesses that operate within them is unclear and the enforcement of relevant federal laws is a significant risk.

There is no certainty as to how Attorney General William Barr, Federal Bureau of Investigation, the Drug Enforcement Agency and other federal government agencies will handle cannabis matters in the future. There can be no assurances that the Trump administration would not change the current enforcement policy and decide to enforce strongly the federal laws. The Company regularly monitors the activities of the current administration for evidence that it will change its current approach to state-legal cannabis industry.

The cannabis industry is a new industry that may not succeed

Should the federal government in the United States begin prosecuting those dealing in medical or other cannabis under applicable law, there may not be any market for the Company's products and services in the United States.

Cannabis is a new industry subject to extensive regulation, and there can be no assurance that it will grow, flourish or continue to the extent necessary to permit the Company to succeed. The Company is treating the cannabis industry as a deregulating industry with significant unsatisfied demand for its proposed products and will adjust its future operations, product mix and market strategy as the industry develops and matures.

Due to the classification of cannabis as a Schedule I controlled substance under the CSA, the property of the Company may be seized and the operations of the Company shut down

The United States federal government, including, but not limited to, through both the DEA and United States Internal Revenue Service (the "**IRS**"), has the power to investigate, audit and shut-down marijuana growing facilities, processors and retailers. The United States federal government may also attempt to seize the Company's property. Any action taken by the federal government to interfere with, seize, or shut down the Company's operations will have a material adverse effect on the Company's business, operating results and financial condition.

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

The Company's business activities rely on newly established and/or developing laws and regulations in multiple jurisdictions, including in Washington. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes, including changes in the interpretation and/or administration of applicable regulatory requirements may adversely affect the Company's profitability or cause it to cease operations entirely. Any determination that the Company's business fails to comply with Washington's cannabis regulations would require the Company either to significantly change or terminate its business activities, which would have a material adverse effect on the Company's business. The cannabis industry may come under the scrutiny or further scrutiny by the United States Food and Drug Administration, Securities and Exchange Commission, the DOJ, the Financial Industry Regulatory Authority or other federal, California, Washington or other applicable state or non-governmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or non-medical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Company's industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, create a public trading market in the United States for securities of the Company or to find a suitable acquirer, which could reduce, delay or eliminate any return on investment in the Company.

There are fees associated with acquiring, and renewing, licenses. However, the specific amount of such fees has yet to be determined and may vary based on several factors

There are no assurances that, when the applicable time comes, the Company will have the capital necessary to acquire (or continue to renew) the licenses necessary to carry out its business plan. Given the necessity of such licenses, failure to possess the necessary licenses (regardless of the reason) would have a material impact on the financial condition of the Company.

The Company may incur significant tax liabilities if the IRS continues to determine that certain expenses of cannabis businesses are not permitted tax deductions under section 280E of the Tax Code

Section 280E of the Tax Code prohibits businesses from deducting certain expenses associated with trafficking controlled substances (including cannabis) which are prohibited by federal law. The IRS has invoked Section 280E in tax audits against various cannabis businesses in the United States that are authorized under state laws, seeking substantial sums in tax liabilities, interest and penalties resulting from under payment of taxes due to the lack of deductibility of otherwise ordinary business expenses the deduction of which is prohibited by Section 280E. Although the IRS issued a clarification allowing the deduction of certain expenses that can be categorized as cost of goods sold, the scope of such items is interpreted very narrowly and include the cost of seeds, plants and labor related to cultivation, while the bulk of operating costs and general administrative costs are not permitted to be deducted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses. The Company's current financial plans include federal tax payable on gross profit rather than is typical in other jurisdictions on earnings before tax.

State and local laws and regulations may heavily regulate brands and forms of cannabis products and there is no guarantee that the Company's proposed products and brands will be approved for sale and distribution in any state

States only allow the manufacture, sale and distribution of cannabis products that are grown in that state and may require advance approval of such products. Some states and local jurisdictions have promulgated requirements for approved cannabis products based on the form of the product and the concentration of the various cannabinoids in the product. While the Company intends to follow the guidelines and regulations of each applicable state and local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any state or local jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise.

The Company may have difficulty accessing the service of banks and processing credit card payments in the future, which may make it difficult for the Company to operate

In February 2014, the Financial Crimes Enforcement Network ("**FinCEN**") bureau of the United States Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Company may have limited or no access to banking or other financial services in the United States, and may have to operate the Company's United States business on an all-cash basis. The inability or limitation in the Company's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments, may make it difficult for the Company to operate and conduct its business as planned. The Company is actively pursuing alternatives that ensure its operations will continue to be compliant with the FinCEN guidance and existing disclosures around cash management and reporting to the IRS once it moves from development into production.

The Company is reliant on third-party suppliers, manufacturers and contractors

The Company intends to maintain a full supply chain for the provision of products and services to the cannabis industry. Due to the uncertain regulatory landscape for regulating cannabis in Canada and the United States, the Company's third party suppliers, manufacturers and contractors may elect, at any time, to decline or withdraw services necessary for the Company's operations. Loss of these suppliers, manufacturers and contractors may have a material adverse effect on the Company's business and operational results.

Due to the classification of cannabis as a Schedule I controlled substance under the CSA, banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes

Because the manufacture, distribution, and dispensation of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the United States *Bank Secrecy Act*. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a "specified unlawful activity" such as distributing controlled substances that are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. The Company may also be exposed to the foregoing risks.

Any re-classification of cannabis or changes in United States controlled substance laws and regulations may affect the Company's business

If cannabis is re-categorized as a Schedule II or lower controlled substance, the ability to conduct research on the medical benefits of cannabis would most likely be simpler and more accessible. However, if cannabis is re-categorized as a Schedule II or other controlled substance, the resulting re-classification may result in the requirement for approval by the United States Food and Drug Administration (the "**U.S. FDA**") before medical claims could legally be made about the Company's products. As a result, the manufacture, importation, exportation, domestic distribution, storage, sale and use of such products may be subject to a significant degree of regulation by the U.S. FDA. In that case, the Company may be required to be registered (licensed) to perform these activities and have the security, control, recordkeeping, reporting and inventory mechanisms required by the DEA to prevent drug loss and diversion. Obtaining the necessary registrations may result in delay of the manufacturing or distribution of the Company's anticipated products. The DEA conducts periodic inspections of certain registered establishments that handle controlled substances. Failure to maintain compliance could have a material adverse effect on the Company's business, financial condition and results of operations. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to restrict, suspend or revoke those registrations. In certain circumstances, violations could lead to criminal proceedings. Furthermore, if the U.S. FDA, DEA, or any other regulatory authority determines that the Company's products may have potential for abuse, it may require the Company to generate more clinical or other data than the Company currently anticipates establishing whether or to what extent the substance has an abuse potential, which could increase the cost and/or delay the launch of that product.

United States federal trademark and patent protection may not be available for the intellectual property of the Company due to the current classification of cannabis as a Schedule I controlled substance

As long as cannabis remains illegal under United States federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a business, may not be available to the Company. As a result, the Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Company can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

U.S. federal or state franchise laws may apply to the Company's U.S. operations.

United States federal and state franchise laws have been broadly interpreted by courts or the applicable administrative agencies to apply to arrangements where a party licenses trademarks and business methods, provides facility designs and business and marketing plans to others. It is therefore possible that a federal or state agency or court might find that certain franchise laws do apply to our relationships with our licensees. If that happens or if any state's franchise regulatory requirements relating to the Company's method of business impose additional requirements on the Company, the Company may be required to modify its operations in that state in a manner that undermines the Company's attractiveness to licensees. The Company could also be subject to additional requirements to comply with these laws, such as franchise disclosure and registration requirements. If the Company becomes subject to fines or other penalties or if the Company determines that the franchise and related requirements in a jurisdiction are overly

burdensome, the Company may elect to terminate operations in that jurisdiction, which may adversely affect the business, results of operations and financial condition.

The Company's contracts may not be legally enforceable in the United States

Because the Company's contracts involve cannabis and other activities that are not legal under United States federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in United States federal and certain state courts.

Unsophisticated Individuals and Entities

The United States market for cannabis products is highly volatile. Many entities and persons operating in the industry were formerly involved in the illegal market. Some still are, and many operate in unconventional ways. Some of these unconventional ways, which represent challenges to the Company, include not keeping appropriate financial records, inexperience with business contracts, not having access to customary business banking relationships, not having quality manufacturing relationships, and not having customary distribution arrangements. They may not be accustomed to entering into written agreements or keeping financial records according to Generally Accepted Accounting Principles. These entities and persons may not pay attention to obligations to which they have agreed in written contracts. Therefore, it may become challenging for the Company to enter into more complex commercial transactions, which could limit the Company's growth or otherwise adversely affect the Company. Any one of these challenges, if not managed, could adversely impact the Company. These challenges may also increase the cost of the Company's operations in the near-term.

Greater Risk of Tax Audits

Based on anecdotal information, the Company believes that there is a greater likelihood that the Internal Revenue Service will audit cannabis-related businesses, including the Company. Any such audit could result in the Company's subsidiaries paying additional tax, interest and penalties, as well as incremental accounting and legal expenses.

Lack of Access to United States Bankruptcy Protections

Because cannabis is a Schedule I substance under the CSA, many courts have denied cannabis businesses federal bankruptcy protections, making it difficult for lenders to be made whole on their investments in the cannabis industry in the event of a bankruptcy. If the Company were to experience a bankruptcy, there is no guarantee that United States federal bankruptcy protections would be available to the Company, which would have a material adverse effect.

Limited number of tenants and customers

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

Risks Related to the Company's Securities and the Offering

Management has discretion concerning the use of proceeds

Management will have discretion concerning the use of the net proceeds of the Offering as well as the timing of their expenditure. As a result, an investor will be relying on the judgment of management for the application of the net proceeds of the Offering. The results and the effectiveness of the application of the proceeds are uncertain. If the net

proceeds are not applied effectively, the Company's results of operations may suffer. In addition, there is no minimum offering and proceeds may be materially less than estimated.

The Common Shares have not been registered under the U.S. Securities Act

The Common Shares have not been, and may never be, registered under the U.S. Securities Act or under applicable state or foreign securities laws. In addition, subscribers may be unable to deposit Rubicon securities with a United States brokerage house.

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

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

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of lock-up or other transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or the Company's competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies;
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets; and
- regulatory changes in the industry.

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

The Company does not anticipate paying dividends

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

Dilution to Common Shares

The increase in the number of Common Shares issued and outstanding as a result of the Offering, may have a depressive effect on the price of the Common Shares. In addition, as a result of such additional Common Shares, the voting power of the Company's existing shareholders will be diluted.

Loss on Dissolution or Termination of Company

Upon the dissolution and termination of the Company, the proceeds realized from the liquidation of assets, if any, will be distributed to the shareholders only after the claims of all creditors have been satisfied. Accordingly, the ability of a shareholder to recover all or any portion of its investment under such circumstances will depend on the amount of funds so realized and the claims to be satisfied from such funds.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contain a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. 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.

In an offering of Units, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the Units are offered to the public under the Offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the Warrants that underlie the Units, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

CORPORATE CEASE TRADE ORDERS AND BANKRUPTCIES

None of the directors or executive officers has, within the 10 years prior to the date of this Prospectus, been a director, chief executive officer or chief financial officer of any company (including us) that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity) was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days.

Corporate Bankruptcies

None of our directors or executive officers has, within the 10 years prior to the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted

any proceedings, arrangement or comprise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, been a director or executive officer of any company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or comprise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

PENALTIES OR SANCTIONS

None of our directors or executives officer or any shareholder holding sufficient securities of the Company to affect materially the control of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company and its subsidiaries may from time to time be involved in legal proceedings of a nature considered normal to its business. During the most recently completed financial year, the Company is not and was not a party to, and its property is not and was not the subject of, any legal proceedings and no such proceedings are known by the Company to be contemplated.

There have been no: (i) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the most recently completed financial year; (ii) penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; and (iii) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

CONFLICTS OF INTEREST

To the best of our knowledge, there are no known existing or potential material conflicts of interest among us and our directors, officers or other members of management of the Company as a result of their outside business interests except that certain of our directors and officers serve as directors, officers or advisors of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director, officer or advisor of such other companies.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contract entered into by the Company since the beginning of the last financial year, or before the beginning of the last financial year that is still in effect, which may be regarded as material, is the Agency Agreement and the board nomination agreement with Jesse McConnell (the "**Board Nomination Agreement**"). A copy of the Agency Agreement and Board Nomination Agreement will be available under our profile on SEDAR at http://www.sedar.com.

The Board Nomination Agreement provides that at any meeting of the shareholders of the Company at which the election or removal of directors to or from the Board is to be considered, Mr. McConnell is entitled, by providing more than 60 days written notice, to nominate one Board member for successive terms. Any nominee must be eligible to serve as a director of the Company pursuant to applicable corporate and securities laws, the rules and policies of any exchange on which the Company's Common Shares are listed or quoted and other regulatory provisions to which the Company is subject.

If a nominee shall be disqualified, be removed or resign or otherwise cease to be a director of the Company, Mr. McConnell will have the right to designate a further nominee to fill the vacancy so created. The Board Nomination Agreement will automatically terminate if Mr. McConnell's ownership of the Company's issued and outstanding Common Shares decreases to below 10%.

INTEREST OF EXPERTS

No person or company whose profession or business who is named as having prepared or certified a report, valuation, statement or opinion described or included in the Prospectus, or whose profession or business gives authority to a report, valuation, statement or opinion described or included in the Prospectus, holds any registered or beneficial interest, direct or indirect, in any of our securities or other property of our company or one of our associates or affiliates and no such person or company, or a director, officer or employee of such person or company, is expected to be elected, appointed or employed as one of our directors, officers or employees or as a director, officer or employee of any of our associates or affiliates and no such person is one of our promoters or the promoter of one of our associates or affiliates.

Deloitte LLP is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Certain legal matters will be passed upon on behalf of the Company by Borden Ladner Gervais LLP and on behalf of the Agents by Blake, Cassels & Graydon LLP. The partners and associates of each of Borden Ladner Gervais LLP and Blake, Cassels & Graydon LLP collectively beneficially own, directly and indirectly, less than 1% of the issued and outstanding securities of any class of the Company.

EXEMPTIONS

Section 2.2(d) of NI 44-101 requires that the Company have a "current AIF' (as defined in NI 44-101), in at least one jurisdiction in which the Company is a reporting issuer in order to qualify to file a Prospectus under NI 44-101 (the "**AIF Requirement**"). The Company is relying on the exemption provided in Subsection 2.7(1.1) of NI 44-101 to be relieved from the AIF Requirement. Subsection 2.7(1.1) of NI 44-101 provides that an issuer that has filed annual financial statements as required under the applicable CD rule (as defined in NI 44-101) and has filed and obtained a receipt for a final prospectus that included the issuer's or each predecessor entity's comparative annual financial statements for its most recently completed financial year or the financial year immediately preceding its most recently completed financial year (together with the auditor's report accompanying those financial statements), is exempt from the AIF Requirement. On October 2, 2018, the Company filed and received a receipt for the IPO Prospectus, and on April 26, 2019, the Company filed the Annual Financial Statements.

ENFORCEMENT OF JUDGEMENTS AGAINST FOREIGN PERSONS OR COMPANIES

David Donnan, a director of the Company, resides outside of Canada and has appointed Borden Ladner Gervais LLP, 1200 Waterfront Centre, 200 Burrard Street, P.O. Box 48600, Vancouver, British Columbia V7X 1T2, as agent for service of process in Canada. Purchasers are advised that it may not be possible for investors 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.

OTHER MATERIAL FACTS

There are no other material facts relating to the securities proposed to be offered under this Prospectus which are not previously disclosed above or in the documents incorporated by reference herein.

CERTIFICATE OF THE COMPANY

Dated: August 16, 2019

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, other than Québec.

(signed) Jesse McConnell
Jesse McConnell
Chief Executive Officer

(signed) Margaret Brodie
Margaret Brodie
Chief Financial Officer

On behalf of the Board of Directors

(signed) Bryan Disher
Bryan Disher
Director

(signed) John Pigott
John Pigott
Director

CERTIFICATE OF THE AGENTS

Dated: August 16, 2019

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, other than Québec.

DESJARDINS SECURITIES INC.

(signed) William Tebbutt
William Tebbutt
Managing Director, Investment Banking

CANACCORD GENUITY CORP.

(Signed) Jamie Brown
Jamie Brown
Vice Chairman, Managing Director, Investment Banking

PI FINANCIAL CORP.

(Signed) Blake Corbet
Blake Corbet
Managing Director, Investment Banking

MACKIE RESEARCH CAPITAL CORPORATION

(Signed) Jeff Reymer
Jeff Reymer
Managing Director, Investment Banking