

## FORM 8

### NOTICE OF PROPOSED PROSPECTUS OFFERING

Please complete the following:

Name of Listed Issuer: Friday Night Inc. (the "Issuer").

Trading Symbol: TGIF

Date: August 3, 2018

Is this an updating or amending Notice: ☐ Yes ☒ No

If yes provide date(s) of prior Notices: N/A.

Issued and Outstanding Securities of Issuer Prior to Proposed Prospectus Offering:  
229,027,060.

Date of News Release Announcing Proposed Prospectus Offering: August 3, 2018.  
(or provide explanation if news release not disseminated yet and expected date or circumstances that are expected to trigger news release dissemination)

#### **1. Prospectus Offering**

1. Description of securities to be issued:

- (a) Class 10% unsecured convertible debentures units.
- (b) Number up to 15,000 plus an additional 2,250 pursuant to an over-allotment option.
- (c) Price per security \$1,000 per convertible debenture unit.
- (d) Voting rights No voting rights unless converted to common shares.

2. Provide details of the net proceeds to the Issuer as follows:

- (a) Per security: \$917 (following deduction of 8% agent's commission and corporate finance fee).
- (b) Aggregate proceeds: \$13,500,000 (\$15,570,000 if over-allotment is exercised), both following deduction of agent's commission, fees and offering expenses.

3. Provide description of any Warrants (or options) including:
- (a) Number 2,222 per convertible debenture unit issued .
  - (b) Number of securities eligible to be purchased on exercise of Warrants (or options) 2,222 (one share per warrant held) .
  - (c) Exercise price \$0.65 per share .
  - (d) Expiry date 36 months from debt of issue .
  - (e) Other significant terms N/A .
4. Provide the following information if debt securities are to be issued:
- (a) Aggregate principal amount \$15,000,000 .
  - (b) Maturity date Three years from date of issuance .
  - (c) Interest rate 10% per annum .
  - (d) Conversion terms At the option of the holder at any time prior to the earlier of (i) the last business day immediately preceding maturity or the date fixed for redemption of the debentures upon a change in control event, at a price of \$0.45 per share. Additionally, the Issuer may force the conversion of the principal amount of the then outstanding debentures at a price of \$0.45 per share on not less than 30 days notice should the daily VWAP of the common shares on the CSE be greater than \$0.70 per share for any 10 consecutive trading days. .
  - (e) Default provisions: The events of default pursuant to the debenture indenture are expected to be: (i) default in payment of principal of (and premium, if any) on any Convertible Debentures when due, whether at maturity, upon redemption, by declaration, a Change of Control or otherwise (whether such payment is due in cash, Shares or other securities or property or a combination thereof); (ii) default in payment of interest on any Convertible Debentures when due and payable and the continuance of any such default for ten (10) days; (iii) default in performing or observing any material covenant, condition, agreement or obligation of the Company and the continuance of such default for thirty (30) days after the date on which written notice of such default has been given to the Company by the Debenture Agent or by the holders of Convertible Debentures holding not less than 25% in principal amount of the outstanding Convertible Debentures specifying such default and

requiring the Company to rectify the same; (iv) certain events of bankruptcy, insolvency or reorganization of the Company under applicable bankruptcy or insolvency laws; (v) default in the delivery, when due, of all cash and any Shares or other consideration payable on conversion with respect to the Convertible Debentures, which default continues for fifteen (15) days; (vi) a resolution is passed for the winding-up or liquidation of the Company or any material subsidiary or (vii) any proceedings with respect to the Company or any material subsidiary are taken with respect to a compromise or arrangement with respect to creditors of the Company or any material subsidiary generally, under the applicable legislation of any jurisdiction .

5. Details of currently issued and outstanding shares of each class of shares of the Issuer: 229,027,060 common shares are currently outstanding. No other classes of shares are outstanding .
6. Describe any unusual particulars of the offering (i.e. tax “flow through” shares, special warrants, etc.).  
N/A .
7. Provide details of the use of the proceeds: see below

<b>Use of Proceeds</b>	<b>Approximate Amount</b>
Completion of construction of Cultivation Facility	\$7,000,000
Expansion into new U.S. markets:	
(a) California;	\$2,660,000
(b) Colorado;	\$665,000
(c) Washington;	\$665,000
(d) Arizona	\$1,500,000
Expansion of Infused into Canadian markets	\$1,000,000
Unallocated Working Capital <sup>(1)</sup>	<u>\$10,000</u>
<b>Total</b>	<b><u>\$13,500,000</u></b>

8. Provide particulars of any proceeds of the offering which are to be paid to Related Persons of the Issuer: N/A
9. Provide details of the amounts and sources of any other funds that will be available to the Issuer prior to or concurrently with the completion of the offering: The Issuer's existing approximate cash position as at July 31, 2018 is \$8.9 million and working capital position approximately \$4.3 million.
10. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the offering (including warrants, options, etc.):
- (a) Details of any dealer, agent, broker, finder or other person receiving compensation in connection with the offering (name, address, beneficial ownership where applicable) Canaccord Genuity Corp. (the "Agent"), Centennial Place – East Tower, Suite 2400, 520 3rd Ave. SW, Calgary, AB, Canada T2P 0R3 and Beacon Securities Limited, 2030-355 4th Ave SW, 8 Ave SW, Calgary, AB T2P 3R5
  - (b) Cash 8% of the proceeds raised
  - (c) Securities non-transferable warrants (the "Agents' Warrants") to acquire units of the Issuer ("Agents' Units") in an amount equal to 8% of the number of common shares that would be issued assuming a conversion of 100% of the debentures (including any common shares issuable on the conversion of any debentures issued on the exercise of the over-allotment option). Each Agents' Unit consists of one Share (each an "Agents' Unit Share") and one whole Share purchase warrant (each, an "Agents' Unit Warrant"), having the same terms as the Warrants
  - (d) Other a corporate finance fee of \$50,000 plus reimbursement of the Agent's expenses
  - (e) Expiry date of any options, warrants etc. 36 months from date of issue
  - (f) Exercise price of any options, warrants etc. \$0.45 per Agents' Unit, provided that the underlying warrants in the Agents' Units are exercisable at \$0.65 per share
11. State whether the sales agent, broker, dealer, finder, or other person receiving compensation in connection with the offering is a Related Person of the Issuer with details of the relationship: N/A

12. Provide details of the manner in which the securities being offered are to be distributed. Include details of agency agreements and sub-agency agreements outstanding or proposed to be made including any assignments or proposed assignments of any such agreements and any rights of first refusal on future offerings: Pursuant to an engagement letter dated for reference July 26, 2018 and an agency agreement to be executed on the date of the filing of the final prospectus, the Issuer appointed the Agent as its exclusive agent for the purposes of the offering, and the Agents have agreed to conditionally offer the convertible debenture units for sale on a commercially reasonable efforts basis. The Agents have the right to offer selling group participation in the normal course to selling groups or other licensed dealers and investment dealers.
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Provided the offering has completed, for a period of one year from following the first to occur of the closing date of the exercise of the over-allotment option and the expiry of the over-allotment option, the Issuer shall provide the Agents with the exclusive right and opportunity to act as agents for any offering of securities of the Issuer to be issued and sold in Canada by private placement or public offering with the participation of an agent or to provide professional, sponsorship or advisory services performed (or normally performed) by a broker or investment dealer. If the Issuer is intending to proceed with any such issuance or has received a proposal for any such issuance, the Issuer shall provide to the Agents notice of the proposed terms thereof (including the commission payable to that agent) and the Agents shall have an opportunity to respond to the Issuer within three business days thereof that they are desirous of acting as agent, or participating as the case may be, in such offering on behalf of the Issuer on the terms and conditions contained therein. If the Agents decline, in writing, the Issuer may proceed with such offering through another agent or underwriter, provided the arrangements with such agent or underwriter are entered into within 30 days thereafter (it being acknowledged and agreed by the Agents that if the Issuer issues any securities to which the foregoing would apply, but does not retain or utilize a registered dealer as agent therefore, the foregoing right shall not apply to such issuance, unless any of the subscribers to the issuance of such securities is a subscriber or beneficial purchaser of convertible debenture units pursuant to the offering.

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In the event that the Issuer does not complete the offering, but, the Issuer or any affiliate or subsidiary thereof completes an 'alternative transaction' within 180 days following the termination of the engagement letter, the Issuer is obligated to pay to the Agents promptly upon the closing of such alternative transaction, a fee equal to the lesser (i) the amount of compensation assuming completion of the maximum offering, and (ii) the commissions (including the agents' cash commission and the corporate finance fee) and

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the Agents' Warrants calculated based on the amount raised pursuant to the 'alternative transaction' , provided that the Agents shall not be entitled to any amount in the event that the Agents voluntarily terminate the engagement letter or agency agreement (other than as a result of a material breach by the Issuer of its obligations thereunder) or where the Issuer voluntarily terminates the engagement letter or agency agreement as a result of the material breach by the Agents of its obligations thereunder. An 'alternative transaction' constitutes for this purpose, any debt or equity financing (excluding a bank loan from commercial bank lenders), in respect of which the Agents are not (or one of them is not) the sole underwriter, placement agent, arranger or initial purchaser, or in respect of which the Agents do not receive at least the same amount of compensation as to which they would have been entitled under the offering.

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13. Attach any term sheet, engagement letter or other document setting out terms, conditions or features of the proposed offering. Attached template version of the term sheet.

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance on behalf of the Issuer.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 8 Notice of Proposed Prospectus Offering is true.

Dated August 3, 2018 .

Brayden Sutton  
Name of Director or Senior  
Officer

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Signature

President and CEO  
Official Capacity