



MANIFESTSEVEN

MANIFESTSEVEN HOLDINGS CORPORATION

CSE FORM 2A AMENDED AND RESTATED LISTING STATEMENT

in connection with the listing of ManifestSeven Holdings Corporation,
the entity formed upon the reverse take-over of P&P Ventures Inc. by MJIC, Inc.

October 9, 2020

This Listing Statement relates to the securities of an entity that is expected to continue to directly derive a portion of its revenues from the Cannabis Industry in certain states of the United States, which industry is illegal under United States federal law. ManifestSeven Holdings Corporation (as the Issuer) will be directly involved (through its wholly-owned subsidiaries or Affiliates) in both the medical-use and adult-use cannabis marketplace in the State of California, which has regulated such activity.

The Issuer, through a wholly-owned subsidiary, M7 (as defined herein), is a company providing fully-licensed cannabis distribution, delivery and dispensary operations in the State of California. See Section 4 – *Narrative Description of the Business* hereof.

Although certain states and territories of the United States authorize medical or recreational cannabis production and distribution by licensed or registered entities, including the State of California, under United States federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under any and all circumstances under the *Controlled Substances Act of 1970* (the “Controlled Substances Act”). 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.

Well over half of the states of the United States have enacted legislation to legalize and regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol (“THC”) or cannabidiol (“CBD”), while other states have legalized and regulated the sale and use of medical cannabis with strict limits on the levels of THC and CBD. Notwithstanding the permissive regulatory environment of adult-use recreational and medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act in the United States and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Issuer of liability under the United States federal law, nor provide a defense to any federal proceeding which may be brought against the Issuer. Any such proceedings brought against the Issuer may adversely affect the Issuer’s operations and financial performance.

As a result of the conflicting views between states and the federal government of the United States regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. Unless and until the United States Congress amends the Controlled Substance Act with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, which may adversely affect the current and future business and investments of the Issuer in the United States. As such, there are a number of risks associated with the Issuer’s existing and future business and investments in the United States.

For the reasons set forth above, the Issuer’s interests in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. There are a number of risks associated with the business of the Issuer. See Section 17 – *Risk Factors* hereof.

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ABOUT THIS LISTING STATEMENT

1.1 General

Unless otherwise indicated all capitalized terms not otherwise defined in this listing statement (the “**Listing Statement**”) have the meanings ascribed thereto in Section 26 - *Glossary* hereof;

- “**P&P**” refers to P&P Ventures Inc. prior to the RTO Transaction, on a consolidated basis (for information on P&P immediately prior to the RTO Transaction, see Appendix “A” attached hereto);
- “**MJIC**” refers to MJIC, Inc. prior to the RTO Transaction, on a consolidated basis (for information on MJIC immediately prior to the RTO Transaction, see Appendix “B” attached hereto);
- “**SubCo**” means ManifestSeven, Inc., a wholly-owned subsidiary of P&P incorporated for the purpose of completing the RTO Transaction;
- “**M7**” refers to MJIC, following the RTO Transaction and the surviving entity of the MJIC Merger;
- “**Issuer**” refers to P&P (following its name change to ManifestSeven Holdings Corporation) and its wholly-owned subsidiary, M7 (and its subsidiaries and Affiliates), following the RTO Transaction, on a consolidated basis, and, in the case of references to matters undertaken by a predecessor in interest to the Issuer or its subsidiaries, includes each such predecessor in interest, unless the context otherwise requires;

Except where otherwise indicated, all references to dollar amounts and “\$” are to United States dollars and all references to “C\$” are to Canadian dollars.

Any statements in this Listing Statement made by or on behalf of management are made in such persons’ capacities as officers of the Issuer, MJIC or P&P, as applicable, and not in their personal capacities.

All information in this Listing Statement is stated as at October 9, 2020, unless otherwise indicated.

1.2 Cautionary Statement Regarding Forward-Looking Statements

The information provided in this Listing Statement, including schedules and information incorporated by reference, may contain “forward-looking statements” or “forward-looking information” (as defined in applicable securities laws) about P&P, MJIC or the Issuer. In addition, the Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Issuer that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Issuer that address activities, events or developments that the Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words. These

statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, milestones, strategies and outlook of the Issuer, including but not limited to those statements under the headings "*General Development of the Business*", "*Narrative Description of the Business*", and "*Risk Factors*", and statements relating to:

- our expectations regarding our revenue, expenses and operations;
- our anticipated cash needs and our needs for additional financing;
- our intention to grow our business and operations;
- expectations with respect to future production costs and capacity;
- expectations with respect to the approval of our licenses;
- expectations with respect to the future growth of our cannabis distribution, delivery, and dispensary operations;
- our competitive position and the regulatory environment in which we operate;
- any commentary related to the legalization of medical and medical cannabis under United States federal law and the timing related to such legalization;
- our intention to exploit opportunities for cannabis distribution, delivery, and dispensary operations in the United States;
- our expected business objectives for the next twelve months; and
- our ability to obtain additional funds through the sale of equity or debt commitments.

Forward-looking statements include statements that are predictive in nature and depend upon or refer to future events or conditions. Examples of the assumptions underlying the forward-looking statements contained herein include, but are not limited to those related to: the receipt of all necessary consents and approvals (including, without limitation, CSE and regulatory), the ability of the Issuer to obtain necessary financing to pursue its business plans, the achievement of goals, the obtaining of all necessary permits and governmental approvals, as well as expectations regarding availability of equipment, skilled labour and services needed for the Issuer's operations, intellectual property rights, development, operating or regulatory risks, trends and developments in the Cannabis Industry, business strategy and outlook, expansion and growth of business and operations:

- the timing and amount of capital expenditures;
- future exchange rates;
- the impact of increasing competition;
- conditions in general economic and financial markets;
- access to capital;

- future operating costs;
- our ability to successfully execute our plans and intentions;
- our ability to attract and retain skilled staff;
- market competition;
- the products and technology offered by our competitors;
- that our current good relationships with our suppliers, service providers and other third parties will be maintained;
- government regulations, including future legislative and regulatory developments involving medical and recreational marijuana and the timing thereto;
- obtaining the necessary regulatory approvals;
- the effects of regulation by governmental agencies;
- the anticipated changes to laws regarding the recreational use of cannabis;
- the demand for Cannabis Products and corresponding forecasted increase in revenues; and
- the size of the medical marijuana market and the recreational marijuana market.

Other assumptions on which the forward-looking information contained herein is predicated are set out in this Listing Statement and the documents incorporated by reference herein.

By its nature, forward-looking information is subject to risks and uncertainties, and there are a variety of material factors, many of which are beyond the control of P&P, MJIC and the Issuer, that may cause actual outcomes to differ materially from those discussed in the forward-looking statements. These factors include, but are not limited to: limited operating history; reliance on management; additional financing; profitability of the Issuer; ongoing costs and obligations; competition; future acquisition or disposition; product liability; product recalls; product approvals; promotion and maintenance of brands; dependence on suppliers and skilled labour; management of growth; intellectual property risks; security breaches; client acquisitions; changes in laws, regulations and guidelines; constraints on marketing products; uncertainty surrounding existing protection from U.S. federal prosecution; cannabis continues to be illegal under U.S. federal law; volatility in the market price of the Issuer Shares; and management's success in anticipating and managing the foregoing factors, as well as the risks described under "*Risk Factors*" and other risks set out in this Listing Statement and the documents incorporated by reference herein.

These risk factors are not intended to represent a complete list of the risk factors that could affect the Issuer. Although the Issuer has attempted to identify in this Listing Statement important factors that could cause actual actions, events or results to differ materially from those described in the forward looking statements included herein, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended, and there can be no assurance that the forward-looking statements in this Listing Statement will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements in this Listing Statement. All of the

forward-looking statements made in this Listing Statement are qualified by these cautionary statements.

These forward-looking statements are made as of the date of this Listing Statement and, other than as specifically required by law, P&P, MJIC and the Issuer do not assume any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

1.3 Market and Industry Data

This Listing Statement includes market and industry data relevant to the Issuer's business that has been obtained from third party sources, including industry publications. The Issuer believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, none of P&P, the Issuer or MJIC have independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

1.4 Trademarks and Trade Names

This Listing Statement includes trademarks and trade names, which are protected under applicable federal and state intellectual property laws and are the property of the Issuer, MJIC or their respective subsidiaries. Solely for convenience, our trade-marks and trade names referred to in this Listing Statement may appear without the ® symbol, 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.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

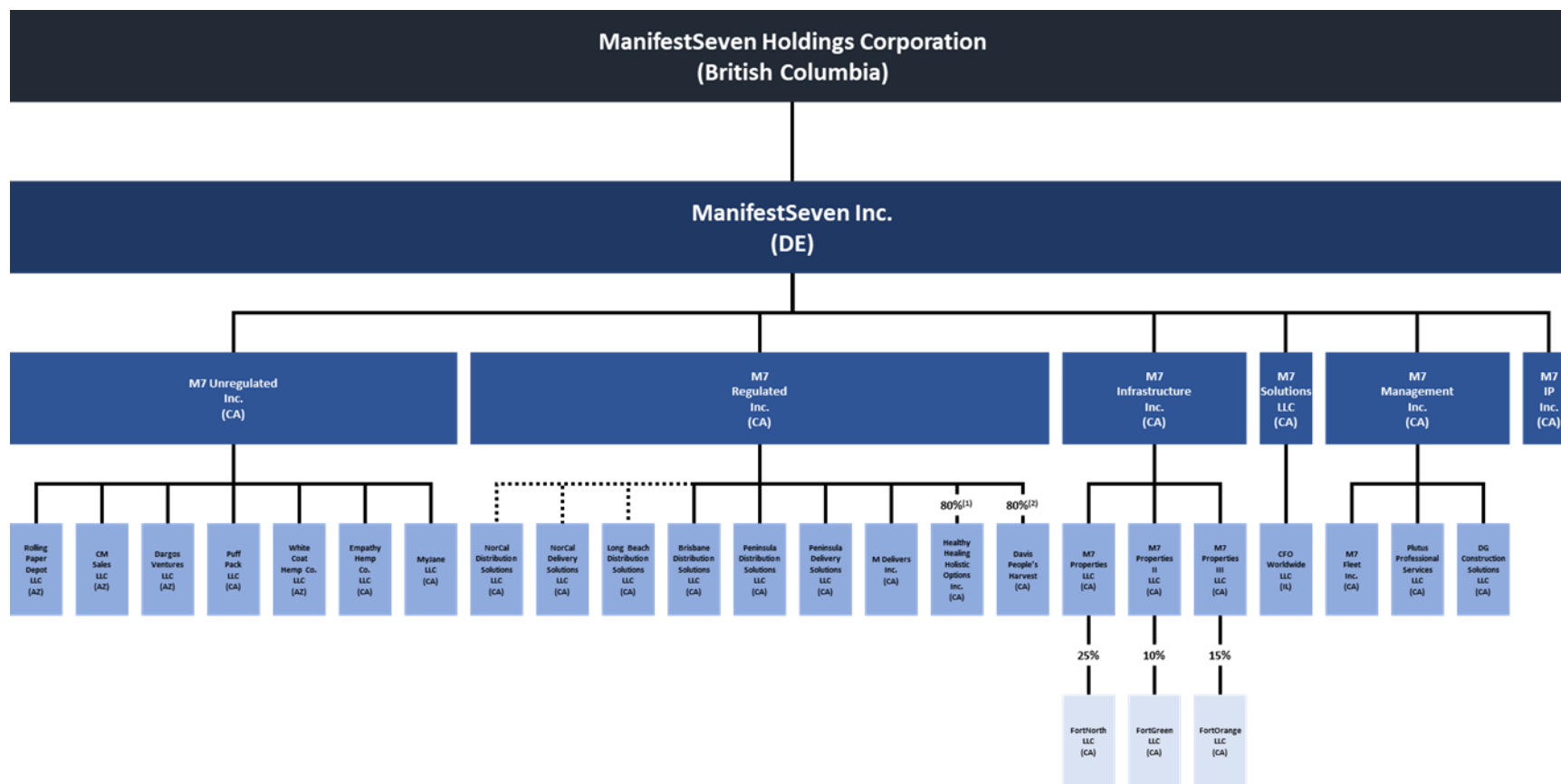
The Issuer was incorporated pursuant to the provisions of the BCBCA on March 31, 2007 under the name "Amicus Capital Corp.". On November 21, 2008, the Issuer changed its name to "Polo Biology Global Group Corporation". The Issuer changed its name to "P&P Ventures Inc." on November 23, 2012 and to "ManifestSeven Holdings Corporation" on September 25, 2020, upon completion of the RTO Transaction (the "**Closing**"). The Issuer's head office is located at 111 Pacifica, Suite 100, Irvine, California, 92618, USA and its registered office is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada V6E 0B6.

2.2 Jurisdiction of Incorporation

The Issuer was incorporated under the BCBCA. In connection with the RTO Transaction, and pursuant to the P&P RTO Transaction Resolutions, P&P altered its notice of articles to create P&P Subordinate Voting Shares, P&P Subordinate Non-Voting Shares and P&P Proportionate Voting Shares (which became Issuer Subordinate Voting Shares, Issuer Subordinate Non-Voting Shares and Issuer Proportionate Voting Shares, respectively, upon the Closing) and to remove the P&P Common Shares and P&P Preferred Shares as authorized share classes. The Issuer Proportionate Voting Shares and Issuer Subordinate Non-Voting Shares will not be listed on the CSE and, with respect to the Issuer Proportionate Voting Shares, are held by certain U.S. security holders.

2.3 Intercorporate Relationships

The following diagram presents the organizational chart of the Issuer following the RTO Transaction. Unless otherwise noted in such diagram, the Issuer owns 100% of the issued securities of the applicable subsidiary included therein.



Notes:

Dotted lines designate entities owned by Sturges Karban, CEO and director of the Issuer, and controlled by M7R (as defined herein) by way of a management agreement.

- (1) The Issuer owns 80% of the issued and outstanding equity securities of H3O (as defined herein) and has agreed to acquire the remaining 20% of equity securities of H3O upon repayment or conversion of the H3O Note (as defined herein). See Section 4.1 – *Narrative Description of the Business – H3O Acquisition*.
- (2) The Issuer owns 80% of the issued and outstanding equity securities of DPH (as defined herein) and has agreed to acquire the remaining 20% of the equity securities of DPH at a future date to be determined at the Issuer's discretion. See Section 4.1 – *Narrative Description of the Business – DPH Acquisition*.

2.4 Requalification following a Fundamental Change

This section is not applicable to the Issuer.

2.5 Non-Corporate Issuers or Issuers Incorporated Outside of Canada

This section is not applicable to the Issuer.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

P&P

P&P was incorporated pursuant to the provisions of the BCBCA on March 31, 2007 under the name "Amicus Capital Corp.". On November 21, 2008, P&P changed its name to "Polo Biology Global Group Corporation" and, on November 23, 2012, P&P changed its name to "P&P Ventures Inc."

On December 14, 2007, P&P completed its initial public offering and the P&P Common Shares commenced trading on the TSXV on December 17, 2007 under the symbol "AIC.P". P&P was designated as a Capital Pool Company by the TSXV.

On November 5, 2008, P&P acquired 100% of the issued and outstanding common shares of Rainbow Trend Limited ("**Rainbow**"). At the time, Rainbow held a 55.6% equity interest in Sino-Canada Beijing Polo Biotech Co Ltd. The acquisition of Rainbow was P&P's "qualifying transaction" pursuant to the policies of the TSXV. On October 2, 2012, P&P completed the sale of Rainbow to Mark Vantage Limited for cash consideration of C\$760,000. As a result of such sale, P&P was moved to the NEX Board of the TSXV (ticker symbol "PPV.H") as it ceased to have an active business.

Immediately prior to the RTO Transaction, P&P had no active business operations.

On July 5, 2018, P&P consolidated its issued and outstanding shares on a 1:2 basis.

On January 4, 2019, P&P closed a private placement of C\$1,000,000 of convertible promissory notes (the "**P&P Convertible Notes**"). The P&P Convertible Notes are convertible into 20,000,000 P&P Units at C\$0.05 per P&P Unit (on a pre-Consolidation basis).

On September 25, 2020 in connection with the RTO Transaction, P&P consolidated its issued and outstanding shares on a one (1) new for 1.33333225 old basis (the "**Consolidation**").

P&P entered into a merger agreement dated March 28, 2019, with MJIC and SubCo, as amended by agreements dated July 31, 2019, October 31, 2019, February 28, 2020, March 30, 2020, June 5, 2020, July 17, 2020, August 14, 2020 and August 31, 2020 (as so amended, the "**Merger Agreement**"), a copy of which is attached hereto as Appendix "L", to effect a merger under the *General Corporation Law* (Delaware), pursuant to which MJIC was merged with and into SubCo, with SubCo as the surviving entity named "ManifestSeven, Inc." ("**M7**"), and a wholly-owned subsidiary of P&P (the "**MJIC Merger**"). At the Effective Time, holders of MJIC Securities, in exchange for their MJIC Securities, received Issuer Securities as follows:

- Each MJIC Class A Common Share issued and outstanding immediately prior to the Effective Time was exchanged by each holder thereof, other than the Applicable U.S. Shareholders, for three (3) fully paid non-assessable Issuer Subordinate Voting Shares;
- Each MJIC Class A Common Share issued and outstanding immediately prior to the Effective Time and held by an Applicable U.S. Shareholder was exchanged by each holder thereof for three tenths (0.3) of a fully paid and non-assessable Issuer Proportionate Voting Share;

- The 250,000 MJIC Preferred Shares issued and outstanding immediately prior to the Effective Time were converted into 250,000 Issuer Subordinate Voting Shares and issued to MJIC Shareholders pro rata in proportion to their holdings of MJIC Preferred Shares;
- Each MJIC Class B Common Share issued and outstanding immediately prior to the Effective Time was exchanged by each holder thereof for three (3) fully paid non-assessable Issuer Subordinate Non-Voting Shares;
- Each MJIC Option outstanding immediately prior to the Effective Time was assumed as an obligation of the Issuer to issue three (3) Issuer Subordinate Voting Shares upon exercise, on economically equivalent terms; and
- Each MJIC Warrant and MJIC Brokers' Warrant outstanding immediately prior to the Effective Time was assumed as an obligation of the Issuer to issue three (3) Issuer Subordinate Voting Shares upon exercise, on economically equivalent terms.

On March 31, 2020, P&P, MJIC and an arm's length third party (the "**P&P Warrant Purchaser**") entered into an agreement (the "**P&P Warrant Purchase Agreement**"), pursuant to which, among other things, the P&P Warrant Purchaser agreed to purchase the P&P Warrants from the holders of the P&P Convertible Notes upon conversion of the P&P Convertible Notes. Pursuant to the P&P Warrant Purchase Agreement, concurrently with Closing, the holders of the P&P Convertible Notes assigned to the P&P Warrant Purchaser and its respective assignee, the P&P Warrants, in exchange for C\$0.17 per P&P Warrant (the "**P&P Warrant Purchase**"). Immediately following the P&P Warrant Purchase, the exercise price of the P&P Warrants was amended to \$7,500,000 multiplied by X (where X equals the USD/CAD foreign exchange rate on the Closing Date as reported by the Royal Bank of Canada) minus \$2,550,000 CAD divided by 15,000,003 (the "**P&P Warrant Exercise Price**"), which shall not be less than C\$0.50 per Issuer Subordinate Voting Share. Additionally, the P&P Warrant Purchaser agreed that 100% of the P&P Warrants shall be exercised within 30 days following the date of Closing, including any P&P Warrants transferred by the P&P Warrant Purchaser to third parties.

In connection with the MJIC Merger, P&P was delisted from the TSXV and will be listed for trading on the CSE (the "**RTO**", and the MJIC Merger and the RTO together being the "**RTO Transaction**"). Upon the Closing, P&P, as the Issuer, changed its name to "ManifestSeven Holdings Corporation". In connection with the RTO Transaction, P&P Shareholders passed the P&P RTO Transaction Resolution. Upon completion of the RTO Transaction, former holders of MJIC Securities received 86.3% of the Issuer Shares on a non-diluted basis (83.5% on a fully-diluted basis).

MJIC

MJIC was incorporated pursuant to the laws in the State of California on April 29, 2014 under the name "MJX Acquisition Corp." On July 20, 2014, MJIC changed its name to "MJX Ventures, Inc." and on June 5, 2017, it changed its name to "MJIC, Inc."

MJIC is a leading United States-based company operating in the wholesale and retail segments of the Cannabis Products (as defined herein) industry ("**Cannabis Industry**") and the Ancillary Products (as defined herein) industry ("**Ancillary Industry**"). MJIC's principal business strategy is to act as a singular access point across all available commercial channels to provide businesses and consumers universalized access to Cannabis Products and Ancillary Products.

MJIC engages in the wholesaling, distribution, and transportation of Cannabis Products on behalf of licensed businesses operating in the Cannabis Industry ("**Cannabis Operators**"), as well as the retail sale of Cannabis Products directly to consumers through brick-and-mortar dispensaries and local on-demand delivery and subscription services. MJIC is also engaged in the wholesaling, distribution, and transportation of Ancillary Products on behalf of licensed Cannabis Operators and applicable businesses operating in the Ancillary Industry ("**Ancillary Operators**"), as well as the retail sale of Ancillary Products directly to consumers through transactional and subscription-based e-commerce platforms. MJIC was founded upon the cornerstone principle of legal and regulatory compliance. MJIC's internal compliance division monitors all of MJIC's operations on an ongoing basis.

Capital Raising

In June 2014, MJIC completed a private placement offering (the "**MJIC Tranche A Offering**") of MJIC Class A Common Shares pursuant to Rule 506(b) under Regulation D of the U.S. Securities Act. Each investor who participated in the offering was entitled to invest a minimum of \$25,000 or more in additional \$5,000 increments. Under the offering, the MJIC issued 381,250 MJIC Class A Common Shares at a price of \$0.80 per MJIC Class A Common Share for aggregate gross proceeds of \$305,000.

In July 2014, MJIC initiated a private placement offering (the "**MJIC Tranche B Offering**") of MJIC Class A Common Shares at a price of \$2.00 per MJIC Class A Common Share. Under this offering, MJIC issued 830,000 MJIC Class A Common Shares for aggregate gross proceeds of \$1,660,000. The offering closed on February 11, 2016.

In September 2014, MJIC initiated a private placement offering (the "**MJIC Tranche C Offering**") pursuant to Rule 506(c) under Regulation D of U.S. Securities Act of 2,500,000 units of MJIC (each, a "**MJIC Unit**") at a purchase price of \$2.25 per MJIC Unit, with each MJIC Unit consisting of one MJIC Class A Common Share and one MJIC Warrant exercisable to acquire one MJIC Class A Common Share at an exercise price of \$3.00 per share. This offering closed on February 15, 2017. Under the offering, MJIC issued 1,214,544 MJIC Units for aggregate gross proceeds of \$2,732,725.

In August 2017, MJIC initiated a private placement offering pursuant to Rule 506(b) under Regulation D of the U.S. Securities Act of senior convertible promissory notes (the "**Senior MJIC 10% Convertible Notes**") and subordinated convertible promissory notes (the "**Subordinate MJIC 10% Convertible Notes**"), and together with the Senior MJIC 10% Convertible Notes, the "**MJIC 10% Convertible Notes**") and corresponding MJIC Warrants. MJIC issued (i) an aggregate principal amount of \$4,380,101 of MJIC 10% Convertible Notes, which carry compounded monthly interest at a rate of 10% per annum over a twelve-month term, with the outstanding balance of principal and accrued interest convertible into MJIC Class A Common Shares at an adjustable conversion price per MJIC Class A Common Share subject to a floor of \$2.25 and a ceiling of \$2.75 (subject to certain circumstances referenced therein that may result in such floor and ceiling conversion prices being adjusted), and (ii) warrants to purchase the number of MJIC Class A Common Shares equal to twice the number of MJIC Class A Common Shares such holder of MJIC 10% Convertible Notes is entitled to receive on conversion of such MJIC 10% Convertible Notes, exercisable at an adjustable exercise price per MJIC Class A Common Share subject to a floor of \$2.25 and a ceiling of \$2.75 (subject to certain circumstances referenced in the warrants that may result in such floor and ceiling exercise prices being adjusted). All Subordinate MJIC 10% Convertible Notes converted on or prior to August 31, 2018. In connection with the RTO

Transaction, MJIC and certain holders of outstanding Senior MJIC 10% Convertible Notes, amended and restated the Senior MJIC 10% Convertible Notes on July 1, 2020 (as amended and restated, the **"Amended and Restated Notes"**), pursuant to which: (i) from July 1, 2020, the Amended and Restated Notes will carry compounded monthly interest at a rate of 12% per annum, (ii) 2,502,222 MJIC Class A Common Shares were issued to the holders of the Amended and Restated Notes, (the **"Amendment and Restatement Issuance"**), (iii) the maturity date of the Senior MJIC 10% Convertible Notes so amended and restated was extended to October 31, 2021 (the **"Senior MJIC 10% Convertible Note Maturity Date"**), (iii) holders of the Amended and Restated Notes may elect to convert the principal amount of the Amended and Restated Notes (plus accrued interest) at any time prior to the Senior MJIC 10% Convertible Note Maturity Date, a conversion price equal to the lower of: (a) \$2.25 per MJIC Class A Common Share (\$0.75 per Issuer Subordinate Voting Share) (the **"Senior MJIC 10% Note Fixed Conversion Price"**), and (b), if converted prior to the CSE Listing, a 20% discount to the price of the MJIC Class A Common Shares issued in connection with the most recent private placement offering of MJIC Class A Common Shares, or, if the conversion occurs following the CSE Listing, a 20% discount to the volume weighted average price of the Issuer Subordinate Voting Shares for the 20 trading days immediately preceding the conversion date (the **"Senior MJIC 10% Note Floating Conversion Price"**), (iv) the terms of the MJIC Warrants were adjusted and unified to provide for an exercise price of the lower of the Senior MJIC 10% Note Fixed Conversion Price and Senior MJIC 10% Note Floating Conversion Price, until the date that is 24 months from the Senior MJIC 10% Convertible Note Maturity Date, and (v) if at any time after July 1, 2020, MJIC raises over \$20,000,000 in gross aggregate proceeds pursuant to one or more capital raises, including the funds received pursuant to the exercise of P&P Warrants, MJIC shall issue an offer to the holders of the Amended and Restated Notes a prepayment option equal to no less than 10% of the capital raise amount in excess of \$20,000,000, pro rata. In connection with the execution of the Amended and Restated Notes, the holders of the Amended and Restated Notes were granted the right to nominate one member of the board of directors of MJIC, and the Resulting Issuer following the completion of the Transaction (the **"Senior Noteholders Nominee"**).

In September 2018, MJIC completed a private placement offering pursuant to Rule 506(b) under Regulation D of the U.S. Securities Act of an aggregate principal amount of \$500,000 senior convertible promissory notes (the **"MJIC 14% Convertible Notes"**) which carried compounded interest semi-annually at a rate of 14% per annum over a twenty-four-month term. On September 7, 2020, the outstanding balance of principal and accrued interest on the MJIC 14% Convertible Notes converted into MJIC Class A Common Shares at a conversion price of \$1.50 per MJIC Class A Common Share (subject to adjustment as set forth therein). In connection with the issuance of the MJIC 14% Convertible Notes, MJIC issued the MJIC 14% Convertible Note holders warrants to purchase the number of MJIC Class A Common Shares equal to the number of MJIC Class A Common Shares issuable upon conversion of such holder's MJIC 14% Convertible Note (subject to adjustment as set forth thereof) at an exercise price per MJIC Class A Common Share of \$3.00 (subject to adjustment as set forth thereof), until the date that is 3 years from the date of the CSE Listing.

In December 2019, MJIC completed a private placement offering (the **"MJIC \$2.25 Private Placement"**) of MJIC Class A Common Shares at a price of \$2.25 per MJIC Class A Common Share, for gross proceeds of approximately \$26,500,000. In connection with the MJIC \$2.25 Private Placement, MJIC paid to certain finders a finders' fee consisting of (i) cash, in the amount of up to 6% of the proceeds resulting from certain subscriptions for which each such finder was responsible

for, and (ii) 124,216 MJIC Brokers' Warrants convertible into MJIC Class A Common Shares at an exercise price of \$2.25 per MJIC Class A Common Share.

In January 2020, MJIC completed a private placement offering (the "**MJIC \$4.50 Private Placement**") of units of MJIC (the "**MJIC \$4.50 Units**") at a purchase price of \$4.50 per MJIC Unit, with each MJIC Unit consisting of one MJIC Class A Common Share and one half of one MJIC Warrant exercisable to acquire one MJIC Class A Common Share at an exercise price of \$6.75 per share. Pursuant to the MJIC \$4.50 Private Placement MJIC has issued 518,997 MJIC \$4.50 Units for aggregate gross proceeds of \$2,335,487.

On August 17, 2020, MJIC completed a private placement offering (the "**MJIC 15% Convertible Note Private Placement**") of an aggregate principal amount of \$2,483,055 subordinated secured convertible promissory notes (the "**MJIC 15% Convertible Notes**"), which carry non-compounding interest at a rate of 15% per annum over an 18 month term, with the outstanding balance of principal and accrued interest convertible at a minimum conversion price (the "**MJIC 15% Note Conversion Price**") at the lower of: (i) if converted prior to the CSE Listing, a 20% discount to the price of the MJIC Class A Common Shares issued in connection with the most recent private placement offering of MJIC Class A Common Shares, or (ii) if the converted following the CSE Listing, but prior to the date which is twenty (20) days following the CSE Listing Date, the greater of (a) \$2.25 per 3 Issuer Subordinate Voting Shares, or (b) a 20% discount (or less, if a maximum is set under securities laws or CSE rules) to the volume weighted average price of the Issuer Subordinate Shares on the CSE for all trading days immediately preceding the conversion date, in each case, adjusted as provided in the MJIC 15% Convertible Notes; or (iii) if the conversion is upon or following the date which is twenty (20) days following the CSE Listing, the greater of (a) \$2.25 per 3 Issuer Subordinate Voting Shares or (b) a 20% discount (or less, if a maximum is set under securities laws or CSE rules) to the volume weighted average price of the Issuer Subordinate Voting Shares on the CSE for the twenty (20) trading days immediately preceding the conversion date, in each case, adjusted as provided in the MJIC 15% Convertible Notes. The holders of the MJIC 15% Convertible Notes were also issued non-transferable warrants exercisable to acquire the number of MJIC Class A Common Shares or Issuer Subordinate Voting Shares that such holder is entitled to upon the conversion of the MJIC 15% Convertible Notes at an exercise price equal to the MJIC 15% Note Conversion Price until the date that is three years from the date of the CSE Listing.

On September 10, 2020 MJIC completed a private placement offering (the "**MJIC 17.5% Convertible Note Private Placement**") of an aggregate principal amount of \$5,410,000 subordinated secured convertible promissory notes (the "**MJIC 17.5% Convertible Notes**"), which carry non-compounding interest at a rate of 17.5% per annum over an 18 month term, with the outstanding balance of principal and accrued interest convertible at a minimum conversion price (the "**MJIC 17.5% Note Conversion Price**") of: (i) if converted prior to the CSE Listing, US\$3.50 per MJIC Class "A" Common Share , or (ii) if the converted following the CSE Listing, \$1.17 per Issuer Subordinate Voting Share. \$3,100,000 of the funds received pursuant to the MJIC 17.5% Convertible Note Private Placement was settled in cash and \$2,310,000 was settled in subscriptions receivable. The holders of the MJIC 17.5% Convertible Notes were also issued warrants exercisable to acquire the number of MJIC Class A Common Shares or Issuer Subordinate Voting Shares that such holder is entitled to upon the conversion of the MJIC 17.5% Convertible Notes at an exercise price equal to the MJIC 17.5% Note Conversion Price until the date that is three years from the date of the CSE Listing ("**17.5% MJIC Convertible Note Warrants**"). In connection with the MJIC

17.5% Convertible Note Private Placement, an investor was issued an additional 300,000 17.5% MJIC Convertible Note Warrants.

The RTO Transaction

MJIC entered into a merger agreement dated March 28, 2019, with P&P and SubCo, as amended by agreements dated July 31, 2019 and October 31, 2019, February 28, 2019 and March 30, 2019 (as amended, the “**Merger Agreement**”), a copy of which is attached hereto as Appendix “L”, to effect a merger under the *General Corporation Law* (Delaware), pursuant to which MJIC was merged with and into SubCo, with SubCo as the surviving entity and a wholly-owned subsidiary of P&P (the “**MJIC Merger**”). At the Effective Time, holders of MJIC Securities, in exchange for their MJIC Securities, received Issuer Securities as follows:

- Each MJIC Class A Common Share issued and outstanding immediately prior to the Effective Time was exchanged by each holder thereof, other than the Applicable U.S. Shareholders, for three (3) fully paid non-assessable Issuer Subordinate Voting Shares;
- Each MJIC Class A Common Share issued and outstanding immediately prior to the Effective Time and held by an Applicable U.S. Shareholder was exchanged by each holder thereof for three tenths (0.3) of a fully paid and non-assessable Issuer Proportionate Voting Share;
- The 250,000 MJIC Preferred Shares issued and outstanding immediately prior to the Effective Time were converted into 250,000 Issuer Subordinate Voting Shares and issued to MJIC Shareholders pro rata in proportion to their holdings of MJIC Preferred Shares;
- Each MJIC Class B Common Share issued and outstanding immediately prior to the Effective Time was exchanged by each holder thereof for three (3) fully paid non-assessable Issuer Subordinate Non-Voting Shares;
- Each MJIC Option outstanding immediately prior to the Effective Time was assumed as an obligation of the Issuer to issue three (3) Issuer Subordinate Voting Shares upon exercise, on economically equivalent terms; and
- Each MJIC Warrant and MJIC Brokers’ Warrant outstanding immediately prior to the Effective Time was assumed as an obligation of the Issuer to issue three (3) Issuer Subordinate Voting Shares upon exercise, on economically equivalent terms.

Concurrently with the RTO Transaction, P&P was delisted from the TSXV and will be listed for trading on the CSE. On the Effective Date, P&P, as the Issuer, changed its name to “ManifestSeven Holdings Corporation”

In connection with the RTO Transaction, MJIC Shareholders passed the MJIC RTO Transaction Resolution. Upon completion of the RTO Transaction, former holders of MJIC Securities received 86.3% of the Issuer Shares on a non-diluted basis (83.5% on a fully-diluted basis).

Facilities

The Issuer has acquired various legal rights, permits, licenses, leasing contracts, and assets in the following properties:

Property Name	Interest	Description	Use
Oakland Property	Minority Interest in FortNorth, LLC ⁽¹⁾ Leased by NCDIS ⁽²⁾ and NCDES ⁽³⁾	1,640 square foot industrial warehouse property in Oakland, California.	Cannabis distribution and delivery operations
Long Beach Property	Minority Interest in FortGreen, LLC ⁽⁴⁾ Leased by LBDS ⁽⁵⁾	2,950 square foot industrial warehouse property in Long Beach, California.	Cannabis distribution operations
Santa Ana Property	Minority Interest in FortOrange, LLC ⁽⁶⁾ Leased by H3O	7,200 square foot industrial warehouse property in Santa Ana, California.	Cannabis dispensary and delivery operations
Brisbane Property	Leased by BDS Subleased by PDIS and PDES	15,885 square foot industrial warehouse property in Brisbane, California.	Cannabis distribution, manufacturing, and delivery operations
Davis Property	Leased by DPH	595 square foot space within a commercial property in Davis, California.	Cannabis delivery operations
Sacramento Property	Leased by MD	1,500 square foot space within an industrial warehouse property in Sacramento, California.	Cannabis delivery operations
Tempe Property	Leased by M7U	11,409 square foot industrial warehouse property in Tempe, Arizona.	Ancillary e-commerce and distribution operations

Notes:

- (1) A wholly-owned subsidiary of M7I owns 25% of the equity securities of FortNorth, LLC.
- (2) Sturges Karban, CEO and director of the Issuer, owns 100% of the equity securities of NCDIS.
- (3) Sturges Karban, CEO and director of the Issuer, owns 50% of the equity securities and 100% of the voting securities of NCDES. An unrelated third party owns 50% of the equity securities and 100% of the non-voting securities of NCDES.
- (4) A wholly-owned subsidiary of M7I owns 10% of the equity securities of FortGreen, LLC.
- (5) Sturges Karban, CEO and director of the Issuer, owns 100% of the equity securities of LBDS.
- (6) A wholly-owned subsidiary of M7I owns 15% of the equity securities of FortOrange, LLC.

Licenses

The Issuer operates in compliance with all applicable licensing and permit requirements in all jurisdictions in which we operate. The table below lists the licenses issued to the subsidiaries and Affiliates of MJIC in accordance with which it operates its business or has an equity or commercial interest.

Entity	City, State	Permit/License Number	Description	Status	Expiration/Renewal Date
NCDIS	Oakland, California	CP18-012	Municipal Distribution License (Medicinal & Adult-Use)	Issued	November 20, 2020
NCDIS	Oakland, California	C11-0000706-LIC	State Provisional Distribution License (Medicinal & Adult-Use)	Issued	July 7, 2021
NCDES	Oakland, California	CP18-015	Municipal Delivery License (Medicinal & Adult-Use)	Issued	November 20, 2020
NCDES	Oakland, California	C9-0000083-LIC	State Provisional Delivery License (Medicinal & Adult-Use)	Issued	June 10, 2021
LBDS	Long Beach, California	MJ21801303	Municipal Distribution License (Medicinal)	Issued	June 20, 2024
LBDS	Long Beach, California	MJ21808050	Municipal Distribution License (Adult-Use)	Issued	June 20, 2024
LBDS	Long Beach, California	C11-0000319-LIC	State Provisional Distribution License (Medicinal & Adult-Use)	Issued	June 10, 2021
PDIS	Brisbane, California	UP-8-18	Municipal Distribution License (Medicinal & Adult-Use)	Issued	N/A
PDIS	Brisbane, California	C11-0000343-LIC	State Provisional Distribution License (Medicinal & Adult-Use)	Inactive ⁽¹⁾	June 12, 2021
PDIS	Brisbane, California	UP-8-18	Municipal Manufacturing License (Medicinal & Adult-Use)	Issued	N/A
PDIS	Brisbane, California	CDPH-10002916	State Annual Manufacturing License (Medicinal & Adult-Use)	Issued	April 26, 2021
PDES	Brisbane, California	UP-8-18	Municipal Delivery License (Medicinal & Adult-Use)	Issued	N/A

Entity	City, State	Permit/License Number	Description	Status	Expiration/ Renewal Date
PDES	Brisbane, California	C9-0000095-LIC	State Provisional Delivery License (Medicinal & Adult-Use)	Inactive ⁽¹⁾	June 12, 2021
H3O	Santa Ana, California	RSP-2019-30	Municipal Dispensary License (Medicinal & Adult-Use)	Issued	May 5, 2021
H3O	Santa Ana, California	C10-0000151-LIC	State Provisional Dispensary License (Medicinal & Adult-Use)	Issued	June 9, 2021
DPH	Davis, California	0041459/20-00047585	Municipal Delivery License (Medicinal & Adult-Use)	Issued	August 9, 2020
DPH	Davis, California	C9-0000142-LIC	State Provisional Delivery License (Medicinal & Adult-Use)	Issued	June 26, 2021
MD	Sacramento, California	OP-00182	Municipal Delivery License (Medicinal & Adult-Use)	Pending	N/A

Notes:

(1) License placed in "Inactive" status pending completion of build-out and commencement of operations, at which point license will revert to "Active" status.

3.2 Significant Acquisition or Disposition

See Section 3.1 – *General Development of the Business – The RTO Transaction* and Section 4.1 – *Description of the Business – General – Recent Developments* hereof.

3.3 Trends, Commitments, Events or Uncertainties

The most significant trends and uncertainties which management expects could impact its business and financial condition are: (i) the changing legal and regulatory regime which regulates the production and sale of cannabis and cannabis related products; (ii) the ability of companies who may receive funds from the sale of cannabis and cannabis related products to adequately track and legally transfer such funds; and (iii) the ability of companies to raise adequate capital to carry out their business objectives.

The Company is monitoring the potential impact of the global outbreak of the COVID-19 pandemic on its operations. As the Company's business (cannabis distribution, delivery, and dispensary operations) was deemed an essential service, the Company has not observed a significant impact of COVID-19 on the Company's operations, other than the increased health, safety and social distancing precautions undertaken by the Company as per state and federal guidelines in the applicable jurisdictions.

See Section 17 - *Risk Factors* and Section 4.1 – *Description of the Business – Market Information, Trends, Commitments, Events and Uncertainties*.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

Immediately prior to the RTO Transaction, P&P had no active business operations. Upon effecting the RTO Transaction, the business of MJIC became the Issuer's business.

4.1 Description of the Business

General

The Issuer is a leading United States-based company operating in the wholesale and retail segments of the Cannabis Industry and the Ancillary Industry. The Issuer characterizes its principal business strategy with the term "omnichannel", with the goal of acting as a singular access point across all available commercial channels to provide businesses and consumers universalized access to Cannabis Products and Ancillary Products.

The Issuer's cannabis operations are primarily focused on California, which is estimated to be the world's largest cannabis market. The Issuer has built, and continues to expand, an integrated infrastructure comprised of industrial warehouse and retail storefront properties, and holds applicable licenses required to conduct cannabis operations in major metropolitan markets throughout California. This licensed infrastructure allows the Issuer to engage in the wholesaling, distribution, and transportation of Cannabis Products on behalf of licensed Cannabis Operators throughout the Cannabis Industry supply chain, from cultivators to retailers, as well as the retail sale of Cannabis Products directly to consumers by way of all available legal retail channels, including proprietary brick-and-mortar dispensaries and local on-demand delivery and subscription services. The Issuer believes that successfully validating its business model in California will provide it with a significant competitive advantage should it expand its operations into additional states that have enacted legislation permitting cannabis operations.

The Issuer also engages in the wholesaling, distribution, and transportation of Ancillary Products to licensed Cannabis Operators and applicable Ancillary Operators, as well as the retail sale of Ancillary Products directly to consumers through proprietary transactional and subscription-based e-commerce platforms, as well as through third-party transactional e-commerce platforms, such as www.Amazon.com. Because the Ancillary Industry is not typically subject to the same geographic restrictions as the Cannabis Industry, the Issuer's ancillary operations are currently able to service customers legally throughout the United States and, in certain cases, around the world.

The Issuer is operated by an executive team with decades of collective experience in the regulated cannabis, wholesale, retail, and corporate finance industries, as well as a proven track record for scaling early-stage enterprises and exploiting the various opportunities typically afforded by dynamic, and often turbulent, emerging markets. On an enterprise-wide basis across all such locations, the Issuer employs a staff of approximately 155 people including 139 full-time and 16 part-time employees and consultants. Over the 12 months following the date of this Listing Statement, the Issuer expects to continue to develop, expand, and leverage its infrastructure and expertise to become a leading provider of Cannabis Products and Ancillary Products services to businesses and consumers in California and beyond.

Regulatory Environment

The United States Cannabis Industry can be described as highly-regulated and fragmented. In accordance with the Controlled Substances Act, cannabis is classified as a Schedule I substance and

is treated by the United States federal government as illegal in all forms, resulting in the separate regulation of medical and adult-use cannabis on a state-by-state basis. While certain states have followed the United States federal government's lead by prohibiting cannabis altogether and others permit solely medical cannabis, certain states (including, without limitation, California, Colorado, Washington, and Oregon) permit both medical and adult-use cannabis. In California, cities determine the scope and circumstance under which cannabis is permitted. The Cannabis Industry is therefore fragmented not only on a state-by-state basis, but within states like California on a municipality-by-municipality basis, creating significant barriers to entry.

With respect to the regulatory regime governing the Cannabis Industry in California, the state's government has developed precise license definitions and express guidelines concerning the scope of the activities that can be legally conducted. The Issuer expects to focus primarily on obtaining and operating in accordance with the following license types: (i) distribution, which authorizes the wholesaling, distribution, and transportation of Cannabis Products on behalf of licensed Cannabis Operators and related services; (ii) manufacturing, which authorizes activities that are complementary to our distribution services, including packaging, labeling, co-packing, infusion, and bottling; (iii) dispensary, which authorizes the retail sale of Cannabis Products directly to consumers through brick-and-mortar dispensaries (and, in certain territories, local on-demand delivery and subscription services); and (iv) delivery, which authorizes the retail sale of Cannabis Products directly to consumers by way of local on-demand delivery and subscription services. In territories where both medical and adult-use cannabis operations are permitted, the Issuer seeks to obtain both medical and adult-use licenses; in territories where only medical cannabis operations are permitted, the Issuer seeks to obtain medical licenses only.

The Issuer does not expect to engage in operations that face significant exposure to fluctuations in the price of cannabis, such as cultivation and extraction. Instead, the Issuer expects to focus primarily on cannabis distribution, delivery, and dispensary operations, which the Issuer believes will be better positioned to withstand similar fluctuations in the price of cannabis that were experienced in such regulated cannabis markets as Colorado and Oregon following their respective transitions from prohibition to their current laws permitting medical and adult-use.

By concurrently conducting operations in both the Cannabis Industry and the Ancillary Industry, the Issuer is executing business strategies that are respectively governed by separate and distinct regulations. Unlike the Cannabis Industry, the Ancillary Industry is subject to fewer and less onerous local, state, and federal laws that would otherwise restrict or encumber similar commercial activities involving Cannabis Products. For example, the commercialization of Ancillary Products does not require local and state licensure as mandated on the commercialization of Cannabis Products. As a result, unlike the Issuer's cannabis operations, which cannot be conducted across state lines, the Issuer's ancillary operations are currently able to service customers legally throughout the United States and, in certain cases, around the world.

Commitment to Regulatory Compliance

The Issuer was founded upon the cornerstone principle of legal and regulatory compliance. The Issuer's internal compliance division monitors all of the Issuer's operations on an ongoing basis. Whether in connection with its operations in the strictly-regulated Cannabis Industry, or the Ancillary Industry, in which regulation is not as pervasive, the Issuer conducts all of its operations in strict adherence with all applicable local ordinances, state laws, and other applicable regulations. The Issuer does not and will not knowingly transact with any clients, customers, partners, or service

providers that do not also verifiably commit themselves to the same high standards of compliant commerce.

The Issuer's operations are structured to facilitate ongoing compliance with all applicable laws and regulations. The Issuer's cannabis operations are conducted by certain licensed subsidiaries of the Issuer, as well as certain licensed Affiliates of the Issuer that are managed by M7R. By way of these subsidiaries and Affiliates, the Issuer currently owns or controls the licenses described at Section 3.1 – *General Development of the Business – Licenses*, which the Issuer believes satisfy the applicable regulatory demands imposed upon its applicable operations.

Overview of Operations

The Issuer's operations in the Cannabis Industry involve both business-to-business ("**B2B**") transactions involving the wholesaling, distribution, and transportation of Cannabis Products on behalf of licensed Cannabis Operators, and business-to-consumer ("**B2C**") transactions involving the retail sale of Cannabis Products directly to consumers. The other key component of the Issuer's consolidated enterprise is its operations in the Ancillary Industry, which are conducted out of the Tempe Property and involve the B2B and B2C commercialization of Ancillary Products, which can be produced, marketed, and sold with far fewer geographic restrictions and to a much broader customer base.

The Issuer believes that by assimilating its cannabis operations with its ancillary operations, while also integrating its B2B distribution strategy with its B2C retail channels, the Issuer will be able to create a platform that acts as a singular access point across all available commercial channels to provide businesses and consumers universalized access to Cannabis Products and Ancillary Products. Ancillary Products are often used by consumers of Cannabis Products, which the Issuer believes may result in overlap between the customer bases served by the Issuer's operations in the Cannabis Industry and Ancillary Industry and create opportunities for the Issuer drive revenue growth by cross-selling Cannabis Products and Ancillary Products.

B2B Operations

The Issuer engages in the wholesaling, distribution, and transportation of Cannabis Products on behalf of licensed Cannabis Operators and Ancillary Products on behalf of licensed Cannabis Operators and applicable Ancillary Operators by way of certain of the Issuer's existing and future subsidiaries and Affiliates, including, in connection with the Issuer's regulated operations, those that hold the applicable licenses required to conduct cannabis distribution operations. The Issuer's B2B service offering includes wholesale-to-retail distribution; bulk cannabis flower, biomass, and oil brokerage; secured logistics, transportation, and storage; collection and remittance of applicable fees and taxes; quality assurance and arranging for testing by licensed, certified laboratories; and sales and marketing support. The Issuer provides such services to licensed Cannabis Operators seeking assistance with long-haul transportation and local just-in-time fulfillment of Cannabis Products on an intrastate basis in California, as well as to applicable Ancillary Operators on a national and, in certain cases, global basis.

B2C Operations

The Issuer's B2C strategy encompasses the retail sale of Cannabis Products and Ancillary Products directly to consumers through all available legal retail channels, including brick-and-mortar dispensaries, local on-demand delivery and subscription services, and transactional and subscription-based e-commerce platforms. In each of the major metropolitan markets the Issuer is targeting for its cannabis operations, the Issuer is augmenting its B2B strategy by obtaining additional applicable licenses required to engage in the retail sale of Cannabis Products directly to consumers. The Issuer's B2C operations are currently conducted under the following trade names:

- The Issuer engages in the retail sale of Cannabis Products through brick-and-mortar dispensaries and local on-demand delivery services under the trade name "Weden" and by way of certain of the Issuer's existing and future subsidiaries and Affiliates that hold the applicable licenses required to conduct cannabis delivery and/or dispensary operations. Collectively, the operations of Weden sell to nearly 120,000 unique customers throughout California and are supported by a centralized customer service call center accessible through the telephone number 1-800-CANNABIS and associated domain names, as well as a proprietary transactional e-commerce platform (weden.com).
- The Issuer engages in the retail sale of Cannabis Products through subscription services under the trade name "MyJane" and by way of certain of the Issuer's existing and future subsidiaries and Affiliates that hold the applicable licenses required to conduct cannabis operations. The operations of MyJane are supported by a proprietary subscription-based e-commerce platform (myjane.com) and are currently focused primarily on female consumers.
- The Issuer engages in the retail sale of Ancillary Products through transactional and subscription-based e-commerce platforms under the trade names "Rolling Paper Depot", "Hippie Butler", "PuffPack", and "White Coat Hemp Co", and by way of certain of the Issuer's existing and future subsidiaries. The operations of Rolling Paper Depot are conducted through a proprietary e-commerce platform (rollingpaperdepot.com) and such third-party e-commerce platforms as amazon.com, jet.com, ebay.com, and groupon.com. The operations of Hippie Butler, Puff Pack, and White Coat Hemp Co are conducted through proprietary e-commerce platforms (hippiebutler.com, thepuffpack.com, and whitecoathempco.com). Collectively, Rolling Paper Depot, Hippie Butler, PuffPack, and White Coat Hemp Co sell to nearly 550,000 unique consumers throughout the United States and around the world and carry inventory consisting of over 3,000 unique products and product bundles, including products produced by some of the most recognized brand names in the Ancillary Industry, such as "RAW" and "Zig-Zag".

As part of its broader B2B value proposition to the Cannabis Industry and the Ancillary Industry, the Issuer's team of financial and accounting professionals provide a comprehensive suite of value-added financial services. These professional services are intended to assist Cannabis Operators develop and implement best practices, policies, and procedures to achieve and maintain ongoing financial oversight, planning, and reporting in a highly-regulated and rapidly-evolving regulatory environment. The Issuer operates under the trade name "CFO Worldwide" to provide such services as outsourced CFO, financial reporting and oversight, bookkeeping, business planning, financial modeling, transactional packaging, creation of transactional collateral and marketing materials, asset and enterprise valuations, and market research and analysis.

Growth Strategy

The Issuer plans to invest in expanding the scope of its B2B operations by way of certain of its existing and future subsidiaries and Affiliates that hold the applicable licenses required to conduct cannabis distribution operations, as well as integrating the business models of Weden and MyJane into the operations of the Issuer's existing and future subsidiaries and Affiliates that hold the applicable licenses required to conduct cannabis operations. By way of certain of its future subsidiaries, the Issuer plans to secure leasehold interests in additional industrial warehouse and retail storefront properties and obtaining the applicable licenses required to conduct cannabis operations in major metropolitan markets throughout California.

The Issuer carefully monitors its product inventory and transaction activity in real-time to determine which products are generating traction. This data-driven approach allows the Issuer to provide its B2B and B2C customers with a highly customized product offering, as well as to actively gather intelligence related to rapidly-evolving consumer preferences for both Cannabis Products and Ancillary Products. The Issuer plans to apply this intelligence to the development and production of certain proprietary branded Cannabis Products and Ancillary Products that will be distributed and sold through its existing B2B and B2C channels. Additionally, the Issuer plans to continue improving the user experience of its B2B and B2C customers by implementing enhancements to its existing technology platforms and expanding its product offering by purchasing products from a wider selection of vendors and expanding into new product categories.

The Issuer has previously acquired and plans to continue to target for acquisition certain businesses and assets that it believes can be complementary to its existing Cannabis Industry and Ancillary Industry operations. This includes compliant Cannabis Operators, historically non-compliant Cannabis Operators that the Issuer believes it can convert into full compliance, and Ancillary Operators. Furthermore, the Issuer believes that, over the following 12 months, market conditions impacting the Cannabis Industry and Ancillary Industry may create potential opportunities for the Issuer to acquire distressed public and private Cannabis Operators and Ancillary Operators, or key assets owned thereby, at attractive valuations relative to their intrinsic value.

Recent Developments

During the Issuer's three most recently completed financial years, the following material events have transpired:

(1) Completed Transactions

DPH Acquisition

Effective January 31, 2020, the Issuer, through its wholly-owned subsidiary, M7R, completed the acquisition ("**DPH Acquisition**") of 80% of the issued and outstanding equity securities of Davis People's Harvest ("**DPH**"), a California corporation, including 100% of the issued and outstanding voting equity securities of DPH and 25% of the issued and outstanding non-voting equity securities of DPH. The Issuer, through M7R, has agreed to acquire the remaining 20% of the outstanding equity securities of DPH at a future date to be determined at the Issuer's discretion for aggregate consideration of \$10,000 in cash. DPH conducts cannabis delivery operations out of the Davis Property under the trade name "The People's Kush" in accordance with a business license issued by the City of Davis allowing for medicinal and adult-use cannabis delivery operations and a provisional

medicinal and adult-use delivery license issued by the BCC. Subsequent to the closing of the DPH Acquisition, the Issuer rebranded the operations of DPH to operate under the trade name "Weden".

The consideration in connection with the DPH Acquisition consists of: (i) \$280,000 in cash; (ii) a senior secured convertible note ("**DPH Note**") issued to the sellers in connection with the DPH Acquisition ("**DPH Sellers**") in the principal amount of \$240,000; and (iii) \$250,000 of MJIC Class A Common Shares (or Issuer Subordinate Voting Shares following the Closing), subject to an earn-out based upon the achievement of certain financial milestones in connection with the operations of DPH following closing of the DPH Acquisition ("**DPH Earn-Out**"), at a price equal to the higher of (a) \$3.00 per MJIC Class A Common Share (\$1.00 per Issuer Subordinate Voting Share), (b) if the DPH Earn-Out is achieved prior to the Closing, a 20% discount to the price of the MJIC Class A Common Shares in connection with the most recent private placement offering of MJIC Class A Common Shares completed by MJIC prior to the issuance of such MJIC Class A Common Shares ("**DPH Private Price**"), or (c) if the DPH Earn-Out is achieved following the Closing, a 20% discount to the volume weighted average price of the Issuer Subordinate Voting Shares for the 10 trading days immediately preceding the issuance of such Issuer Subordinate Voting Shares ("**DPH Public Price**"). The DPH Note: (i) has a term of 12 months ("**DPH Note Term**"); (ii) accrues interest at an annual interest rate of 5%; (iii) is convertible at the discretion of the DPH Sellers during the DPH Note Term into MJIC Class A Common Shares (or Issuer Subordinate Voting Shares following the Closing) at a price equal to the higher of (a) \$3.00 per MJIC Class A Common Share (\$1.00 per Issuer Subordinate Voting Share), (b) if converted prior to the Closing, a 20% discount to the DPH Private Price, or (c) if converted following the Closing, a 20% discount to the DPH Public Price; and (iv) is secured by all assets of DPH and all equity securities of DPH owned by M7R. The DPH Acquisition is the subject of litigation between certain DPH Sellers and M7R (see *Legal Proceedings and Regulatory Actions*).

H3O Acquisition

Effective August 8, 2019, the Issuer, through its wholly-owned subsidiary, M7R, completed the acquisition (the "**H3O Acquisition**") of 80% of the issued and outstanding equity securities of Healthy Healing Holistic Options, Inc. ("**H3O**"), a California corporation. The Issuer, through M7R, has agreed to acquire the remaining 20% of the outstanding equity securities of H3O upon repayment or conversion of the H3O Note (as defined below) in accordance with the terms thereof. H3O conducts cannabis delivery and dispensary operations out of the Santa Ana Property in accordance with a regulatory safety permit issued by the City of Santa Ana allowing for medicinal and adult-use cannabis delivery and dispensary operations and a provisional medicinal and adult-use dispensary license issued by the BCC. H3O previously conducted operations under the trade names "ShowGrow" and "Haven". In August 2019, the Issuer rebranded the operations of H3O to operate under the trade name "Weden". In November 2019, Weden commenced conducting cannabis delivery operations out of the Santa Ana Property.

The consideration in connection with the H3O Acquisition consists of: (i) \$6,000,000 in cash; and (ii) a senior secured convertible note ("**H3O Note**") issued to the sellers in connection with the H3O Acquisition (collectively, "**H3O Sellers**") in the principal amount of \$6,000,000. The H3O Note was amended on July 28, 2020 and again on September 8, 2020. As amended, the H3O Note: (i) expires on October 1, 2021 ("**H3O Note Term**"); (ii) carries an annual interest rate of 12% until July 31, 2020, 20% between August 1, 2020 and October 15, 2020, and 15% for the remaining duration of the H3O Note Term, payable monthly on a current basis; (iii) is convertible at the discretion of the H3O Sellers during the H3O Note Term into MJIC Class A Common Shares (or Issuer Subordinate

Voting Shares following the Closing) at a price equal to the higher of (a) \$3.00 per MJIC Class A Common Share (\$1.00 per Issuer Subordinate Voting Share) or (b) a 20% discount to the volume weighted average price of the Issuer Subordinate Voting Shares for the 10 trading days immediately preceding the conversion date; and (iv) is secured by all assets of H3O and all equity securities of H3O owned by M7R. On August 1, 2020 MJIC repaid \$250,000 of the principal amount outstanding under the H3O Note, and an additional \$2,250,000 of the principal amount outstanding under the H3O Note will be due on October 15, 2020.

1-800 Acquisition

Effective June 13, 2019, the Issuer, through its wholly-owned subsidiary, M7IP, completed the acquisition ("**1-800 Acquisition**") of the right to serve as the subscriber of record for the telephone number 1-800-CANNABIS and several associated domain names (collectively, the "**1-800 Assets**"). The 1-800 Assets will serve as a focal point of the Issuer's marketing strategy, acting as a centralized portal providing businesses and consumers with convenient access to the Issuer's entire suite of products and services to facilitate a seamless and user-friendly experience.

The consideration in connection with the 1-800 Acquisition consists of: (i) \$300,000 in cash; and (ii) two unsecured convertible notes (collectively, the "**1-800 Note**") issued to the sellers in connection with the 1-800 Acquisition (collectively, "**1-800 Sellers**") in the aggregate principal amount of \$275,000. The 1-800 Notes: (i) had a term of 12 months; and (ii) accrued interest at an annual interest rate of 5%. On June 15, 2020, the 1-800 Note was amended so that 50% of the 1-800 Note was repaid on June 13, 2020, and the remaining outstanding principal and interest was repaid on July 13, 2020 (the "**1-800 Note Amendment**"). In consideration of the 1-800 Note Amendment, MJIC issued 100,000 MJIC Warrants to the 1-800 Sellers exercisable at a price of \$1.50 per MJIC Class A Common Share for a period of three years following the CSE Listing.

MD Acquisition

Effective April 25, 2019, the Issuer, through its wholly-owned subsidiary, M7R, completed the acquisition ("**MD Acquisition**") of 100% of the issued and outstanding equity securities of San Diego Delivery Solutions, LLC ("**SDDS**"), a California limited liability company; 100% of the voting membership interest in M Delivers ("**MD**"), a California mutual benefit corporation, which was converted to a California corporation subsequent to the closing of the MD Acquisition; and certain assets of Emerald Call Center, Inc., a California corporation, and an individual third-party seller in connection with a business conducting operations as a proprietary local-on demand cannabis delivery service under the trade name "M Delivers". In June 2019, the Issuer rebranded the operations of MD to operate under the trade name "Weden". Weden engages or expects to engage in the retail sale of Cannabis Products directly to consumers through local on-demand delivery services operating in metropolitan markets throughout California by way of certain of the Issuer's existing and future subsidiaries and Affiliates that hold or will hold the applicable licenses required to conduct cannabis dispensary and/or delivery operations. MD has a pending application for a business operating permit to be issued by the City of Sacramento that will allow for medicinal and adult-use cannabis delivery operations and expects to submit an application for an annual medicinal and adult-use delivery license to the BCC in Q4 2020. MD expects to commence conducting cannabis delivery operations out of the Sacramento Property in Q4 2020.

The consideration in connection with the MD Acquisition consists of: (i) 150,000 MJIC Class A Common Shares, and (ii) the cancellation, forgiveness, and release of a secured line of credit promissory note in the amount of approximately \$1,500,000 previously issued by M7R in connection with the operations of MD.

Additionally, in connection with the MD Acquisition, on October 8, 2018, MJIC issued a convertible note to VNR, LLC ("**VNR**"), a California limited liability company in the principal amount of \$150,000, which was amended on June 1, 2020 (as amended, "**MD Note**"). The MD Note: (i) shall be due and payable on the date that is the earlier of October 31, 2021 and 13 months following the CSE Listing ("**MD Note Term**"); (ii) accrues interest at an annual interest rate of 5%; (iii) is convertible at the discretion of VNR during the MD Note Term into MJIC Class A Common Shares (or Issuer Subordinate Voting Shares following the Closing) at a price equal to a 10% discount to the volume weighted average price of the Issuer Subordinate Voting Shares for the 20 trading days immediately preceding the conversion date.

Since the MD Acquisition, the MD's customer base has been absorbed into the Company's existing delivery operations in Santa Ana, so that the revenue attributable to MD has been significantly reduced. As a result, the Company recorded a \$2,352,158 impairment of goodwill attributable to MD on the Company's financial statements (see *Appendix "D" - MJIC Annual Financial Statements* and *Appendix "E" - MJIC Interim Financial Statements*).

MyJane Acquisition

Effective January 1, 2019, the Issuer, through its wholly-owned subsidiary, M7R, completed the acquisition ("**MyJane Acquisition**") of certain assets of MyJane, Inc., a California corporation, in connection with a business conducting operations as a proprietary local-on demand cannabis subscription service under the trade name "MyJane". MyJane engages or expects to engage in the retail sale of Cannabis Products directly to consumers through subscription services operating in metropolitan markets throughout California by way of certain of the Issuer's existing and future subsidiaries and Affiliates that hold or will hold the applicable licenses required to conduct cannabis operations.

The consideration in connection with the MyJane Acquisition consists of up to MJIC 1,500,000 Class B Common Shares, of which 666,667 MJIC Class B Common Shares were issued upon closing of the MyJane Acquisition and the remaining 833,333 MJIC Class B Common Shares were to vest upon the achievement of certain operational and financial milestones in connection with the operations of MyJane during the 18 months immediately following closing of the MyJane Acquisition. MyJane did not achieve the financial milestones occurring 18 months from the date of closing of the MyJane Acquisition, and as such, no additional MJIC Class B Common Shares have vested to date.

Since the MyJane Acquisition, the Company has noted that the customer base MyJane that the Company anticipated at that time of acquisition did not materialize. As a result, the Company recorded a \$1,675,483 impairment of goodwill attributable to MyJane on the Company's financial statements (see *Appendix "D" - MJIC Annual Financial Statements* and *Appendix "E" - MJIC Interim Financial Statements*). Management expects that it will restructure the business of MyJane to further integrate its assets into the Company's other e-commerce operations.

Since the MD Acquisition, customer base acquired in connection with the MD Acquisition has been absorbed into the cannabis delivery operations of Weden out of the Santa Ana Property, so that the revenue attributable to MD has been significantly reduced. As a result, MJIC recorded a \$2,352,158

impairment of goodwill attributable to the MD Acquisition on MJIC's financial statements (see *Appendix "D" - MJIC Annual Financial Statements* and *Appendix "E" - MJIC Interim Financial Statements*).

PP Acquisition

Effective August 23, 2018, the Issuer, through its wholly-owned subsidiary, M7U, completed the acquisition ("**PP Acquisition**") of 100% of the issued equity securities of Puff Pack LLC ("**PP**"), a California limited liability company. Conducting operations under the trade name "Puff Pack", PP markets and sells Ancillary Products through a proprietary subscription-based e-commerce platform.

The consideration in connection with the PP Acquisition consists of 183,334 MJIC Class A Common Shares, of which 91,667 MJIC Class A Common Shares vested were issued closing of the PP Acquisition and the remaining 91,667 MJIC Class A Common Shares will vest upon the achievement of certain financial milestones in connection with the operations of Puff Pack during the 36 months immediately following closing of the PP Acquisition.

Brisbane Property

In September 2018, Brisbane Distribution Solutions, LLC ("**BDS**"), a California limited liability company and wholly-owned subsidiary of M7R, entered into a lease agreement to lease the Brisbane Property. In September 2018, Peninsula Distribution Solutions, LLC ("**PDIS**"), a California limited liability company and wholly-owned subsidiary of M7R, entered into a sublease agreement with BDS for the purpose of conducting cannabis distribution and manufacturing operations and Peninsula Delivery Solutions, LLC ("**PDES**"), a California limited liability company and wholly-owned subsidiary of M7R, entered into a sublease agreement with BDS for the purpose of conducting cannabis delivery operations.

In December 2018, PDIS and PDES were issued a conditional use permit by the City of Brisbane allowing for medicinal and adult-use cannabis distribution, manufacturing, and delivery operations, PDIS was issued a temporary medicinal and adult-use distribution license by the BCC and a temporary medicinal and adult-use manufacturing license by the CDPH, and PDES was issued a temporary medicinal and adult-use delivery license by the BCC; in April 2019, PDIS was issued a provisional medicinal and adult-use manufacturing license by the CDPH; and, in June 2019, PDIS was issued a provisional medicinal and adult-use distribution license by the BCC and PDES was issued a provisional medicinal and adult-use delivery license by the BCC. The Issuer expects PDIS and PDES to commence conducting cannabis distribution and delivery operations, respectively, out of the Brisbane Property in Q4 2020.

Oakland Property

In May 2018, NorCal Distribution Solutions LLC ("**NCDIS**") and NorCal Delivery Solutions LLC ("**NCDES**"), both California limited liability companies and Affiliates of the Issuer, entered into lease agreements to lease the Oakland Property, in which a wholly-owned subsidiary of M7I holds a minority ownership interest, for the purpose of conducting cannabis distribution and delivery operations.

In November 2018, NCDIS was issued a special activity permit by the City of Oakland allowing for medicinal and adult-use cannabis distribution operations and a temporary medicinal and adult-use distribution license by the BCC, and NCDES was issued a special activity permit by the City of Oakland allowing for medicinal and adult-use cannabis delivery operations and a temporary

medicinal and adult-use delivery license by the BCC; in June 2019, NCDES was issued a provisional medicinal and adult-use delivery license by the BCC; and, in July 2019, NCDIS was issued a provisional medicinal and adult-use distribution license by the BCC. NCDIS commenced conducting cannabis distribution operations and NCDES commenced conducting cannabis delivery operations out of the Oakland Property in December 2018.

Long Beach Property

In December 2017, Long Beach Distribution Solutions LLC ("**LBDS**"), a California limited liability company and Affiliate of the Issuer, entered into a lease agreement to lease the Long Beach Property, in which a wholly-owned subsidiary of M7I holds a minority ownership interest, for the purpose of conducting cannabis distribution operations.

In December 2018, LBDS was issued a temporary medicinal and adult-use distribution license by the BCC; and, in June 2019, LBDS was issued business licenses by the City of Long Beach allowing for medicinal and adult-use cannabis distribution operations and a provisional medicinal and adult-use distribution license by the BCC. LBDS commenced conducting cannabis distribution operations out of the Long Beach Property in June 2019.

DV Acquisition

Effective May 15, 2017, the Issuer completed the acquisition (the "**DV Acquisition**") of 57% of the issued and outstanding securities of Dargos Ventures, LLC ("**DV**") an Arizona limited liability company. At the time of the DV Acquisition, the Issuer owned 43%, of the issued and outstanding securities of DV, so that it held 100% of the issued and outstanding securities of DV upon completion of the DV Acquisition. DV, along with Rolling Paper Depot, LLC ("**RPD**") and CM Sales, LLC ("**CMS**"), each an Arizona limited liability company and wholly owned subsidiary of the Issuer, engages in the retail sale of Ancillary Products through transactional and subscription-based e-commerce platforms, under the trade names "Rolling Paper Depot" and "Hippie Butler". The consideration in connection with the DV Acquisition consists of up to 89,750 MJIC Class B Common Shares, of which 53,500 MJIC Class B Common Shares vested upon closing of the DV Acquisition and 36,250 MJIC Class B Common Shares vested upon the achievement of certain financial milestones in connection with the operations of Hippie Butler following closing of the DV Acquisition.

SW Acquisition

On February 9, 2017, MJIC and M7U entered into an Asset Purchase Agreement (the "**SW Purchase Agreement**") with Space Brain, LLC ("**SB**") and Fleet Feet Delivery, LLC ("**FFD**"), each a California limited liability company, and the equity owners thereof ("**SW Principals**") to acquire ("**SW Acquisition**") certain assets of SB and FFD (collectively, "**SW Assets**") in connection with the operations of a proprietary local-on demand cannabis delivery service conducting operations under the trade name "Speed Weed". The consideration in connection with the SW Acquisition consists of: (i) \$100,000 in cash; (ii) 500,000 MJIC Class A Common Shares ("**SW Shares**"); (iii) warrants exercisable for up to an additional 1,300,000 MJIC Class A Common Shares, subject to an earn-out based upon the achievement of certain financial milestones in connection with the operations of Speed Weed during the 12 months immediately following the effective date of the SW Purchase Agreement, at an exercise price of \$3.00 per MJIC Class A Common Share ("**SW Warrants**"); and (iv) the provision of working capital in connection with the operations of Speed Weed following the effective date of the SW Purchase Agreement. On January 29, 2019, the SW Purchase Agreement was terminated, the SW Assets were returned to the SW Principals, and the

SW Shares and SW Warrants were cancelled. See Section 19 – *Legal Proceedings And Regulatory Actions* hereof.

Business Objectives & Milestones

In the 12 months following the date of this Listing Statement, the Issuer intends to:

- expand cannabis distribution operations;
- expand cannabis delivery operations; and
- expand cannabis and ancillary subscription operations.

While there is no particular significant event or milestone that must occur for the Issuer's business objectives to be accomplished, the Issuer currently aims to achieve the following significant milestones in connection with the development of the Issuer's business:

Objective	Milestone	Target Date	Anticipated Cost (\$)
Expand Cannabis Distribution Operations	Expand cannabis distribution operations out of the Long Beach Property and launch cannabis distribution operations out of the Brisbane Property.	Q4 2020	660,000
Expand Cannabis Delivery Operations	Launch and/or expand cannabis delivery operations of Weden by way of certain of the Issuer's existing and future subsidiaries and Affiliates that hold or will hold the applicable licenses required to conduct cannabis delivery operations.	Q4 2020	55,000
Expand Cannabis & Ancillary Subscription Operations	Expand cannabis and ancillary subscription operations of MyJane by way of certain of the Issuer's existing and future subsidiaries and Affiliates, including those that hold or will hold the applicable licenses required to conduct cannabis distribution, dispensary, and delivery operations.	Q4 2020	35,000

While the Issuer intends to pursue these milestone events, there may be circumstances where, for valid business reasons, a re-allocation of efforts may be necessary or advisable.

Funds Available

Based on the information available as at the date of this Listing Statement (assuming the Closing and the exercise of the P&P Warrants pursuant to the P&P Warrant Purchase Agreement), the Issuer is expected to have approximately \$4,254,901 in working capital. The table below shows the breakdown of the estimated funds available:

Sources	Amount (\$)
Estimated P&P working capital as at August 31, 2020	129,082
Estimated MJIC working capital as at August 31, 2020	(4,512,642) ⁽¹⁾
Gross proceeds received pursuant to the MJIC 17.5% Convertible Note Private Placement.	3,100,000 ⁽²⁾
Estimated net proceeds received pursuant to the exercise of P&P Warrants ⁽³⁾	5,538,461 ⁽³⁾
Estimated funds available to the Issuer upon the Closing	4,254,901

Notes:

- (1) The pro forma balance sheet of the Issuer, which gives effect to the RTO Transaction as if it had been completed on June 30, 2020, is attached hereto as Appendix "C".
- (2) The gross proceeds received pursuant to the MJIC 17.5% Convertible Note Private Placement received in cash.
- (3) The P&P Warrants are to be exercised within 30 days of the Closing Date, pursuant to the P&P Warrant Purchase Agreement.
- (4) The gross proceeds received pursuant to the P&P Warrant Purchase Agreement is C\$7,800,000. This figure has been converted to USD based on the Bank of Canada exchange rate of US\$1.00 = C\$1.30 as of August 31, 2020.

The pro forma balance sheet of the Issuer, which gives effect to the RTO Transaction as if it had been completed on June 30, 2020, is attached hereto as Appendix "C".

Purpose of Funds

The Issuer's ability to continue operations is dependent upon successfully raising the necessary financing. The Issuer has in place planning and budgeting processes to help determine the funds required to support normal operating requirements on an ongoing basis as well as its planned development and capital expenditures.

Based on the information available as at the date of this Listing Statement, the pro forma working capital of the Issuer (assuming the Closing and the exercise of the P&P Warrants pursuant to the P&P Warrant Purchase Agreement) is \$4,254,901. The following table sets out information respecting the Issuer's intended uses of such cash over the next 12 months. The amounts shown in the table below are estimates only and are based on the information available to the Issuer as of the date of this Listing Statement.

Use of Funds	Amount (\$)
General and administrative expenses ⁽¹⁾	411,779
Acquisition consideration ⁽²⁾	2,502,279
Funds allocated to achievement of milestones	750,000
Unallocated working capital	590,843
Total	4,254,901

Notes:

- (1) Net general and administrative expenses after accounting for projected gross profit over the next 12 months. This assumes \$3,566,467 of general and administrative expenses and projected gross profit of \$3,154,689 for the next 12 months.
- (2) Acquisition consideration costs are broken down as follows: (i) repayment of the H3O Note (\$2,250,000) payable on October 15, 2020 and (ii) repayment of the DPH Note (\$252,279), payable on January 31, 2021.

Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Issuer to achieve its objectives. The Issuer's subsidiaries and Affiliates may require additional funds in order to fulfill all of its expenditure requirements to meet its business objectives and may either issue additional securities or incur debt. There can be no assurance that additional funding required by the Issuer will be available, if required. However, it is anticipated that the available funds will be sufficient to satisfy the Issuer's objectives over the next 12 months.

Ability to Access Public and Private Capital

MJIC has historically, and we believe the Issuer will continue to have, adequate access to equity from prospectus exempt (private placement) markets in Canada and internationally. While the Issuer is not able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, it plans to (i) continue to access equity financing through private markets, and (ii) access equity financing through public markets in Canada, once listed on the CSE. Further, the Issuer's executive team and board also have extensive relationships with sources of private capital (such as high net worth individuals), that could be investigated at a higher cost of capital. Current proceeds from the Issuer's financings will be used to finance the continued growth of the Issuer's business. In addition, from time to time, the Issuer may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed wholly or partially with debt, which may increase the Issuer's debt levels above industry standards, or through the issuance of shares which will be dilutive to the current shareholders.

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Issuer's projects. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to the Issuer when needed or on terms which are acceptable. The Issuer's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. See Section 17 – *Risk Factors*.

Principal Products or Services

See Section 4.1 – *Description of the Business – Overview of the Business*.

Research and Development

The Issuer's research and development activities involve a number of actions focusing upon asset-based expansion and revenue generating opportunities. These activities include:

- Search and identification of municipalities considering cannabis legalization focusing upon the location and structure of the proposed regulations and if they provide a strategic opportunity for the Issuer;
- Constant review of proposed and implemented regulatory changes at both the state and municipal levels while considering the strategic business implications of such changes;
- Search and identification of real estate locations within proposed or existing municipalities adopting cannabis legalization, again focusing upon strategic opportunities; and
- Developing manufacturing and packaging strategies which address market needs while maintaining regulatory compliance.

The constantly changing regulatory and business environment underlying cannabis operations requires constant review of internal, as well as vendor and customer operations to properly assess marketplace and regulatory compliance issues.

Intellectual Property

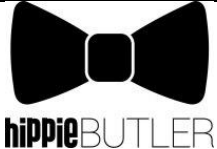
Patents

The Issuer does not currently have any patents.

Trademarks

The Issuer's products are marketed under several trademarks owned or licensed by the Issuer or one of its subsidiaries. The Issuer's major registered trademarks used in the United States are listed below.

Trademark	Goods/Services	Registrant	Registration Number	Registration Date
MJIC Marijuana Index	Providing financial indices based on selected groups of securities; Financial investment analysis and stock research; Providing an online non-downloadable Internet-based system application featuring technology enabling users to manage, discuss, report, share, and research marijuana, hemp, and cannabis industry stocks.	MJIC ⁽¹⁾	4869299	December 15, 2015
	Design plus words, letters, and/or numbers. Same use as above.	MJIC ⁽¹⁾	4743745	May 26, 2015
MJIC	Providing financial indices based on selected groups of securities; Financial investment analysis and stock research;	MJIC ⁽¹⁾	4743197	May 26, 2015
MJI NEWS MARIJUANA INVESTOR NEWS	Providing information and news in the field of current events relating to the cannabis industry; providing on-line newsletters in the field of the cannabis industry; providing on-line non-downloadable articles in the field of the cannabis industry.	M7IP	5076692	November 8, 2016
MARIJUANA INVESTOR SUMMIT	Arranging and conducting business conferences and seminars in the field of the cannabis industry; Conducting workshops and seminars in the cannabis industry.	M7IP	5278256	August 29, 2017

Trademark	Goods/Services	Registrant	Registration Number	Registration Date
	Design plus words, letters, and/or numbers. On-line retail store services featuring subscription boxes containing tobacco and herbal smoking accessories and lifestyle products; On-line wholesale and retail store services featuring tobacco and herbal smoking accessories and lifestyle products	M7U	87654423	January 22, 2019
HIPPIE BUTLER	On-line retail store services featuring subscription boxes containing tobacco and herbal smoking accessories and lifestyle products; On-line wholesale and retail store services featuring tobacco and herbal smoking accessories and lifestyle products	M7U	5659031	January 22, 2019
	Design plus words, letters, and/or numbers. Same description as above.	M7U	Serial Number 88149968	Filing Date October 10, 2018
RPD – ROLLING PAPER DEPOT – KEEP ONE ROLLED 	Design plus words, letters, and/or numbers. On-line retail store services featuring tobacco and herbal smoking accessories and lifestyle products; none of the foregoing containing cannabis or for use with cannabis.	RPD	5484407	May 6, 2018
ROLLING PAPER DEPOT	Standard character mark, same description as above.	RPD	5484404	May 6, 2018
COVER YOUR GLASS	Standard character mark. Providing warranties on goods manufactured by others, namely, glass tobacco pipes.	M7U	5722361	April 9, 2019
PIPE PROTECT	Standard character mark. Providing warranties on goods	M7U	5738968	April 30, 2019

Trademark	Goods/Services	Registrant	Registration Number	Registration Date
	manufactured by others, namely, glass tobacco pipes.			
PUFF PACK	Standard character mark. Providing warranties on goods manufactured by others, namely, glass tobacco pipes.	PP	5490384	June 12, 2018
GREEN PEAKS	Cigarette rolling papers.	M7U	5753465	May 14, 2019
WEDEN	Licensed retail store services featuring cannabis, cannabis goods, cannabis accessories, and branded merchandise; Licensed delivery of goods, namely, cannabis, cannabis goods, cannabis accessories, and branded merchandise.	MJIC ⁽¹⁾	CA SOS 02000709	May 15, 2019
MYJANE	Club services, namely, promoting the interests of active adults who use alternative medicines; collection of market research information; collection and analysis of quality metric data on alternative medicine use and the effects of alternative medicine on health and wellness for active adults for business purposes; Providing personalized healthcare and medical information regarding health, wellness and the potential health benefits of alternative medicine to address insomnia, anxiety, stress, aches and pains, and aging	M7R	Serial Number 88043511	Filing Date November 11, 2019
WEWEED	Licensed retail store services featuring cannabis, cannabis goods, cannabis accessories, and branded merchandise; Licensed delivery of goods, namely, cannabis, cannabis goods, cannabis accessories, and branded merchandise.	MJIC ⁽¹⁾	306255	February 19, 2019

Notes:

(1) M7 upon completion of the MJIC Merger.

The Issuer's major trademark applications in the United States and Canada are listed below.

Trademark	Goods/Services	Applicant	Application Number	Application Date
MANIFESTSEVEN (Canadian Trademark Application)	Business management of logistics for others; business management services, namely supply chain logistics; logistics management in the field of cannabis; providing information and news in the field of business. Providing news and information in the field of cannabis.	M7IP	2033856	June 11, 2020
MANIFESTSEVEN (United States Trademark Application)	Business management of logistics for others; business management services, namely supply chain logistics; logistics management in the field of cannabis; providing information and news in the field of business.	M7IP	90002585	June 15, 2020

While we create most of the intellectual property we use, we may also acquire rights to proprietary intellectual property in the future. We may also obtain rights to use intellectual property through licenses and service agreements with third parties. These licenses typically limit the use of intellectual property to specific uses and for specific time periods.

We protect our intellectual property rights by relying on United States federal, state and common law protections, as well as contractual restrictions. We control access to our proprietary technology by entering into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with third parties. We also actively engage in monitoring and enforcement activities with respect to infringing use of our trademarks, copyrights and domain names by third parties.

Circumstances outside our control could pose a threat to our intellectual property rights. Also, the efforts we have taken to protect our proprietary rights may not be sufficient or effective. Any significant impairment of our intellectual property rights could harm our business or our ability to compete. Also, protecting our intellectual property rights is costly and time-consuming. Any unauthorized disclosure or use of our intellectual property could make it more expensive to do business, thereby harming our operating results.

Branding and Marketing

A key component of the Issuer's success is its data-driven marketing strategy. The primary objective of the Issuer's marketing strategy is to establish the Issuer, as well as its subsidiaries and Affiliates, as a singular access point across all available commercial channels to provide businesses and consumers universalized access to Cannabis Products and Ancillary Products.

The Issuer's marketing strategy consists of several primary components, including: (i) harnessing the power of digital content through search engine optimization, email, social media, and

experiential marketing for each business unit; (ii) creating customized marketing roadmaps for each business unit to establish name recognition, brand awareness, expertise, trustworthiness, and authority; and (iii) leveraging the Issuer's business units to support one another and capture and retain our best customers. Management of the Issuer believes that this marketing strategy will yield increased brand awareness, visits to the Issuer's proprietary e-commerce platforms, email sign-ups, customer spend, repeat business, brand loyalty and market share, revenue growth, and opportunity to monetize customers and clients across multiple verticals.

One of the Issuer's key marketing assets is the telephone number 1-800-CANNABIS and associated domain names. This asset serves as a focal point of the Issuer's marketing strategy, acting as a centralized portal providing businesses and consumers with convenient access to the Issuer's entire suite of products and services to facilitate a seamless and user-friendly experience. The Issuer's goal is for 1-800-CANNABIS to have similar recognition among our customers to prevailing global brands in more conventional industries, such as Coca Cola, Apple, and 1-800-Flowers.

The Issuer intends to carry out its marketing strategy by implementing robust data and technology systems; identifying, installing, and empowering talent; and constantly refining and improving known effective tactics. By developing a comprehensive internal marketing division, the Issuer's has achieved cost efficiencies relative to outsourcing marketing efforts to an external agency. Furthermore, the Issuer's marketing team creates synergies with its other business units, such as the Issuer's B2B operations, by offering its expertise to their clients in the form of value-added marketing and branding services, which we believe positions us as a leader in providing a truly end-to-end suite of services to Cannabis Operators and Ancillary Operators alike.

Each component of the Issuer's marketing platform was designed to be tailored and customized as changes in the Cannabis Industry and the Ancillary Industry arise, regulations become better defined, the needs of customers and clients shift. The Issuer's marketing division was intentionally developed as a platform that can be scaled to accommodate the Issuer's continued organic growth, as well as any future business the Issuer acquires and integrates into its operations.

Employees

The Issuer's staff consists of approximately 155 people including 139 full-time and 16 part-time employees and consultants, as follows:

Role	Full-Time Employees	Part-Time Employees
Executives	6	0
Corporate	23	0
Delivery	46	5
Dispensary	46	11
Distribution	18	0
Total	139	16

The Issuer's business will require specialized skills and knowledge of the cannabis industry. Management of the Issuer will be composed of certain individuals who have extensive expertise in this industry and are complemented by the board of directors of the Issuer (see Section 13 – *Directors and Officers*). The Issuer's future success will depend, in part, on its ability to continue to

attract, retain and motivate highly qualified technical and management personnel, for whom competition is intense.

Competitive Conditions and Position

General

The Issuer will face competition from larger companies that are, or may be, in the process of offering similar services. Many of the Issuer's current and potential competitors have longer operating histories, significantly greater financial, marketing and other resources than the Issuer will have or may be expected to have.

Competitors may include major pharmaceutical, biotechnology and cannabis companies as well as multinational beverage, alcohol and food companies. Management of the Issuer cannot be certain that the Issuer will be able to compete against current or future competitors or that competitive pressure will not seriously harm its business prospects. These competitors may be able to react to market changes, respond more rapidly to new regulations or allocate greater resources to the development and promotion of their products than the Issuer can.

The Company has identified certain current and potential competitors, listed in the table below:

Industry Competitors	Exchange	Symbol
4Front Ventures Corp.	CSE	FFNT
Ayr Strategies Inc. S.V.	CSE	AYR.A
Columbia Care Inc.	CSE	CCHW
Cresco Labs Inc.	CSE	CL
Curaleaf Holdings, Inc.	CSE	CURA
Harvest Health & Recreation Inc.	CSE	HARV
Jushi Holdings Inc.	CSE	JUSH
Planet 13 Holdings Inc.	CSE	PLTH
TILT Holdings Inc.	CSE	TILT

Furthermore, some of these competitors may make acquisitions or establish collaborative relationships among themselves to increase their ability to rapidly gain market share. Large pharmaceutical companies and multinational beverage, alcohol and food companies may eventually enter the market.

Given the rapid changes affecting the global, national, and regional economies in general and cannabis-related research and development, the Issuer may not be able to create and maintain a competitive advantage in the marketplace. Time-to-market is an important factor in the cannabis industry and the Issuer's success will depend on its ability to develop innovative products that will be accepted by customers as efficient and helpful to use.

The Issuer's success will also depend on its ability to respond quickly to, among other things, changes in the economy, market conditions, and competitive pressures. Any failure to anticipate or

respond adequately to such changes could have a material effect on the Issuer's financial condition, operating results, liquidity, cash flow and its operational performance.

There can be given no assurance that any of the Issuer's cannabis-based products will obtain regulatory approval in the United States or in other markets that the Issuer currently intends to market such products.

See also Section 17 – *Risk Factors*.

Material Restructuring

See Section 3 – *The RTO Transaction*.

Market Information, Trends, Commitments, Events and Uncertainties

The most significant trends and uncertainties which management expects could impact its business and financial condition are (i) the changing legal and regulatory regime which regulates the production and sale of cannabis and cannabis related product; (ii) the ability of companies who may receive funds from the sale of cannabis and cannabis related products to adequately track and legally transfer such funds; and (iii) the ability of companies to raise adequate capital to carry out their business objectives. See Section 17 – *Risk Factors*.

U.S. Cannabis Market

Development of the U.S. Cannabis Market

In the United States, the possession, use, cultivation, and transfer of cannabis remains illegal under U.S. federal laws. Federal law enforcement authorities have frequently closed down retail dispensaries, growers, and producers of Cannabis Products and have investigated or closed physician offices that provide medicinal cannabis recommendations. However, certain states in the United States have legalized cannabis for medicinal use while others have done so for adult recreational use.

The emergence of the legal cannabis sector in the United States, both for medical and recreational use, has been rapid as more states adopt regulations for its production and sale. Today 60% of Americans live in a state where cannabis is legal in some form and almost a quarter of the population lives in states where it is fully legalized for adult use.¹

The use of cannabis and cannabis derivatives to treat or alleviate the symptoms of a wide variety of chronic conditions has been generally accepted by a majority of citizens with a growing acceptance by the medical community as well. A review of research, published in 2015 in the Journal of the American Medical Association, found evidence supporting the use of cannabis to treat pain and muscle spasms.² The pain component is particularly important because other studies have

¹ Ripley, Eve. (2016 November 30). Nearly 60 percent of US. Population now lives in states with marijuana legalization". Retrieved from <https://news.medicalmarijuana.com/nearly-60-percent-u-s-population-now-lives-states-marijuana-legalization/>.

² Grant, Igor MD (2015). Medical Use of Cannabinoids. Journal of American Medical Association, 314: 16, 1750-1751. doi: 0.1001/jama.2015.11429.

suggested that cannabis may serve as an alternative to opiates, which are highly addictive and potentially deadly.³

Polls throughout the United States consistently show overwhelming support for the legalization of medical cannabis. There is also strong support for full legalization of recreational adult-use cannabis. It is estimated that 94% of U.S. voters support legalizing cannabis for medical use.⁴ In addition, 64% of the U.S. public supports legalizing cannabis for adult recreational use.⁵ These values represent a strong shift in public support towards favoring legal cannabis use.

Notwithstanding that 33 states have now legalized adult-use and/or medical cannabis, cannabis remains illegal under U.S. federal law with marijuana listed as a Schedule I drug under the Controlled Substances Act.

Currently, the Issuer operates only in the State of California with respect to Cannabis Products.

While certain regulatory changes have paved the way for wide-ranging entrepreneurship in the cannabis industry, the possession, use, cultivation, and transfer of cannabis remains illegal under U.S. federal law and represents a significant risk factor to the Issuer to the extent it seeks to carry on business in or otherwise distribute products to the United States (see Section 17 – *Risk Factors*).

Current U.S. Cannabis Market

According to Arcview Market Research, the leading industry data researcher for the burgeoning regulated cannabis market in the United States, the cannabis industry in the United States is growing faster than the growth during the dot-com era. Legal cannabis sales in the United States and Canada grew by a meteoric 30% in 2016 to \$6.7 billion, 33% in 2017 and are projected to top \$24 billion by 2021 - in just five years.⁶ To put that in perspective, the entire United States GDP grew by 22% during the dot-com era⁷, which was considered unprecedented economic growth at the time.

The number of medical cannabis patients in states with existing comprehensive medical cannabis programs was approximately 1.5 million by the end of 2017, served by approximately 1,500-2,000 medical dispensaries nationwide, a disproportionate number of those in California. It is currently

³ Bachhuber, MA, Saloner B, Cunningham CO, Barry CL. (2014). Medical Cannabis Laws and Opioid Analgesic Overdose Mortality in the United States, 1999-2010. *JAMA Intern Med.* 174(10):1668-1673. doi: 10.1001/jamainternmed.2014.4005.

⁴ Quinnipiac University. (2017 April 20). U.S. Voter Support For Marijuana Hits New High; Quinnipiac University National Poll Finds; 76 Percent Say Their Finances Are Excellent Or Good. Retrieved from <https://poll.qu.edu/national/release-detail?ReleaseID=2453>.

⁵ Gallup. (2017 October 25). Record-High Support for Legalizing Marijuana Use in U.S. Retrieved from <http://news.gallup.com/poll/221018/record-high-support-legalizing-marijuana.aspx>.

⁶ Messamore, W.E. (January 6, 2017). *Forbes: Legal Marijuana Sales In US Bigger Than Dot-Com Boom*. Retrieved from <https://ivn.us/2017/01/06/legal-marijuana-sales-bigger-dot-com-boom/>.

⁷ Berke, Jeremy (December 8, 2017). *Business Insider, The legal marijuana market is exploding - it'll hit almost \$10 billion sales in this year*. Retrieved from <https://nordic.businessinsider.com/legal-weed-market-to-hit-10-billion-in-sales-report-says-2017-12>.

estimated that each patient spends about \$2,000 annually⁸, and that the total number of medical cannabis patients nationwide is expected to grow to 2.5 million by 2021.⁹

California Cannabis Market

With nearly 40 million residents and more than a million medical cannabis patients, California's market represents about a third of the North American cannabis market.¹⁰ The California cannabis market is expected to be one of the fastest growing industries in California over the next five years. Months after California legalized recreational cannabis, sales were estimated to reach \$3.7 billion by the end of 2018 and BDS Analytics predicts that number will reach \$5.1 billion by 2019. According to CFN Media Group, analysts at Cowen & Co. believe the nation's legal cannabis industry could reach \$50 billion by 2026, with California accounting for about \$25 billion of that market.

In 2016, California recorded approximately \$850 million in medical cannabis retail sales from operated dispensaries statewide; however, it is estimated approximately 85% of total transactions are not reported to the State and are carried out through illegal transactions. The University of California Agricultural Issues Center predicts the illegal market to shrink to less than 30%, legal adult recreational sales to increase to approximately 62%, and legal medical sales to decrease from approximately 15% to less than 10% as patients gain an alternative to obtaining medical cannabis physician recommendations for a fee.¹¹

Trends in the North American Cannabis Market

The Issuer estimates that the global size of the cannabis industry could reach \$180 billion over the next 10 to 15 years as recreational cannabis use is legalized and as a result of expected market growth. Although the current regulatory market in the United States remains challenging, the U.S. cannabis market has the potential to be significantly larger than the Canadian market and is expected to drive growth in the industry.

Support for cannabis legalization reached new highs in 2017.¹² According to a report from Arcview Market Research and BDS Analytics, legal marijuana sales increased to \$9.7 billion in North America in 2017. This value represents a 33% increase from 2016, shattering previous expectations about how quickly the cannabis industry could grow in the face of federal prohibition.¹³ The Arcview report also predicted the legal cannabis market to reach \$24.5 billion in sales - a 28% annual compound growth rate - by 2021, as more state-legal markets come online.

Notwithstanding the foregoing, the growing number of states in the United States allowing cannabis for medical and/or recreational use, the potential market for Cannabis Products is only expected to grow. However, the market and regulatory framework within which the Issuer is seeking to operate

⁸ Marijuana Business Daily. (2017). *Marijuana Business Factbook, 2017*. Available from <https://mjbizdaily.com/factbook/>.

⁹ New Frontier Financial. (2015). Modeling of State Patient Counts. *Cannabis Weekly*.

¹⁰ MarketNewsUpdates.com (June 19, 2018). California Cannabis Market Expected to Reach \$5.1 Billion Market Value. Retrieved from <https://www.prnewswire.com/news-releases/california-cannabis-market-expected-to-reach-51-billion-market-value-685917412.html>.

¹¹ McGreevy, Patrick. (2017 June 11). Legal marijuana could be a \$5-billion boon to California's economy. Retrieved from <http://www.latimes.com/politics/la-pol-ca-pot-economic-study-20170611-story.html>.

¹² A Gallup Poll showed that 64% of Americans favor legalization.

¹³ Robinson, Melia and Jeremy Berke (June 28, 2018). This map shows every state that has legalized marijuana. Retrieved from <https://www.businessinsider.com/legal-marijuana-states-2018-1>.

continues to evolve and remains subject to change and there are no assurances that such market and framework will develop in a manner consistent with the Issuer's current expectations or at all.

Summary of the Issuer's U.S. Cannabis Activity

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 (Revised) *Issuers with U.S. Marijuana-Related Activities* ("**Staff Notice 51-352**") which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular state's regulatory framework. All issuers with United States cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents.

The Issuer is involved in activities that, according to Staff Notice 51-352, would categorize the Issuer as a U.S. Marijuana Issuer with direct involvement in the licensed manufacture and distribution of cannabis in the State of California. All such activity is recorded through MJIC and is reflected in the MJIC Financial Statements. As of the date hereof, the Issuer has no further direct or indirect cannabis-related activity elsewhere in the United States. As a result of the Issuer's investments in the States of California, the Issuer is subject to Staff Notice 51-352 and accordingly provides the following disclosure:

The Issuer operates in the United States as more specifically described below.

State	Company	Type of Investment	Permitted Number of Facilities
California	MJIC ⁽¹⁾	100% Equity Ownership	N/A ⁽²⁾

Notes:

- (1) M7 upon completion of the MJIC Merger.
- (2) MJIC holds assets including real estate leases and other agreements, consisting of six facilities totalling 39,679 square feet in California and Arizona, as well as equipment and other tangible assets. The foregoing assets are held by the Issuer's wholly-owned subsidiary, M7, or its subsidiaries and Affiliates, and are classified as "direct" involvement in the United States cannabis industry for the purpose of Staff Notice 51-352. The Medicinal and Adult-Use of Cannabis Regulation and Safety Act regulates California's marijuana regulatory program. For further information on cannabis regulation in California see "*State Level Overview – Overview of California Law*" below.

In addition to the activities that, according to Staff Notice 51-352, would categorize the Issuer as a U.S. Marijuana Issuer in the State of California, the Issuer engages in the sale of Ancillary Products (including hemp-based CBD products), in such other jurisdictions as is permitted by applicable law. The Issuer intends for all of its hemp-derived products to be produced and sold in accordance with applicable laws and regulations at the time and location of operation. Because the Issuer, through the sale of Ancillary Products, does not engage in any marijuana-related practices or activities, the Issuer is not required to make additional disclosures pursuant to Staff Notice 51-352.

The following table is a summary of the Issuer's pro forma balance sheet exposure to U.S. cannabis-related activities as of June 30, 2020, expressed in United States dollars:

Current assets	\$17,815,282
Non-current assets	\$22,598,565
Total assets	\$40,413,847
Current liabilities	\$11,136,668
Non-current liabilities	\$3,531,322
Total liabilities	\$25,233,817
Shareholders' equity	\$4,043,362
Total liabilities and shareholders' equity	\$40,413,847

The following is a summary of the operating losses from U.S. cannabis-related activities for the year ended November 30, 2019:

Revenue	\$10,826,037
Cost of sales	\$8,020,566
Gross margin	\$2,805,471
Less – Operating expenses	\$(22,990,329)

The operating expenses above exclude any share-based compensation.

The following represents the portion of certain assets on the Issuer's pro forma consolidated balance sheet that pertain to U.S. cannabis activity as of June 30, 2020:

Balance Sheet Line Item	Percentage which Relates to Holdings with U.S. Marijuana-Related Activities
Cash	\$14,083,955 (100%)
Accounts Receivable	\$488,038 (100%)
Deposits and Prepaids	\$1,406,316 (100%)
Property and equipment	\$903,676 (100%)

The Issuer has looked at all its holdings that are based in the U.S. and given that none of these holdings have any Canadian operating activity, all holdings in such entities were included in MJIC's assets.

Readers are cautioned that the foregoing financial information was drawn from the Issuer Pro Forma Financial Statements that have been reviewed by the Auditor. See Appendix "C" attached hereto.

Table of Concordance

In accordance with Staff Notice 51-352, below is a table of concordance that is intended to assist readers in identifying those parts of this Listing Statement that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
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.	Section 3 – <i>General Development of the Business</i> Section 4 – <i>Narrative Description of the Business</i> Section 4 – <i>Narrative Description of the Business – Market Information, Trends, Commitments, Events and Uncertainties</i> Section 4 – <i>Narrative Description of the Business – Summary of the Issuer's U.S. Cannabis Activity</i>
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	<i>Cover Page (disclosure in bold typeface)</i>
	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.	Section 4 – <i>Narrative Description of the Business – Regulatory Overview</i> Section 17 – <i>Risk Factors</i>
	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.	Section 17 – <i>Risk Factors</i>

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
	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.	Section 4 – <i>Narrative Description of the Business – Total Funds Available</i> Section 4 – <i>Narrative Description of the Business – Ability to Access Public and Private Capital</i> Section 17 – <i>Risk Factors</i>
	Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities.	Section 4 – <i>Narrative Description of the Business – Summary of the Issuer's U.S. Cannabis Activity</i>
	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.	Legal advice has not been obtained.
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.	Section 4 – <i>Narrative Description of the Business – Regulatory Overview</i>
	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 non-compliance, citations or notices of violation which may have an impact on the issuer's license, business activities or operations.	Section 4 – <i>Narrative Description of the Business – Regulatory Overview</i>
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.	N/A
	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 noncompliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee's license, business activities or operations.	N/A
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.	N/A

Regulatory Overview

United States Federal Overview

General

Cannabis is a highly regulated industry. While various attempts by government regulators dating back as far as two decades have provided what can at best be described as "incomplete" regulatory

environments, over the past three years states have begun to carefully formulate comprehensive regulations intended to provide increasingly unambiguous laws defining legal cannabis operations and also providing clear penalties and sanctions for violations. Unlike many other industries, the course and scope of cannabis operations are defined by these laws and as a result changes in these laws can have profound positive and negative effects on operations, frequently regardless of effectiveness in the marketplace. In California, the primary state where the Issuer's regulated operations reside, there are two levels of regulations: state and municipal, both of which are discussed below. The United States federal government's continued characterization of cannabis as a Schedule I drug has produced significant market fragmentation, both prohibiting interstate movement of Cannabis Products, but also forcing individual states to independently formulate regulations, without any oversight or coordination at the federal level.

Federal Cannabis Prohibition

Under U.S. federal law, marijuana is currently a Schedule I drug. Schedule I means the United States Drug Enforcement Agency considers it to have a high potential for abuse and that it has no practical or medical benefit. While management believes that cannabis should not be categorized similar to heroin, LSD and ecstasy (all of which are on Schedule I), this is the present status of federal regulation. In practice, the federal government's enforcement or threatened enforcement of this prohibition has run the spectrum from written procedures defining circumstances under which the federal government would not enforce its own laws (discussed below) to pronouncements from federal officials such as the U. S. Attorney General suggesting an increasing interest in federal enforcement. The first written pronouncement by the U.S. government summarizing circumstances under which federal enforcement would be lax or nonexistent was the United States Department of Justice Memorandum drafted by former Deputy Attorney General James Michael Cole in 2013 (the "**Cole Memorandum**") and FinCEN guidance in 2014.

The Cole Memorandum offered guidance to federal enforcement agencies as to how to prioritize civil enforcement, criminal investigations and prosecutions regarding marijuana in all states. The Cole Memorandum set forth eight prosecution priorities:

- Prohibiting minors from buying cannabis;
- Assuring cannabis sales revenues are not generated by criminal enterprises, gangs and cartels;
- Regulating the movement of cannabis from legal states to states where it is illegal;
- Monitoring state-authorized cannabis activities from hiding the trafficking of other illegal drugs or other illegal activity;
- Assuring that violence and the use of firearms in the cultivation and distribution of cannabis are carefully regulated;
- Continuing the unlawfulness of drugged driving and the exacerbation of other adverse public health consequences associated with cannabis use;
- Prohibiting the growing of cannabis on public lands and the attendant public safety and environmental dangers posed by cannabis production on public lands; and
- Assuring there is no cannabis possession or use on federal property.

In January 2018, United States Attorney General, Jeff Sessions, rescinded the Cole Memorandum and thereby created a vacuum of guidance for enforcement agencies and the Department of Justice. While other government officials have informally suggested that the federal government should work toward legalizing cannabis (as recently as remarks by President Trump in June 2018), M7's corporate wide policy is to assure state and municipal compliance, while also adhering to the Cole Memorandum.

The uncertainty and changing dynamics of the federal government's position has also created uncertainty with the federally regulated banking sector in the United States. Many banks in states where cannabis is legal, have still concluded that it would be illegal for financial institutions that depend on the Federal Reserve's money transfer system to take any proceeds from cannabis sales as deposits. Most if not almost all financial institutions presently refuse to risk prosecution of money laundering for providing services to cannabis businesses under the United States Currency and Foreign Transactions Reporting Act of 1970 ("**Bank Secrecy Act**"). Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy. While FinCEN has provided certain guidance suggesting that if the Cole Memorandum is complied with in states where cannabis is legal that financial institutions could provide banking services to cannabis businesses, it is also clear that FinCEN also concludes that such activities continue to be at the risk of the bank's management. Certainly, banks are not known to take regulatory risks of this magnitude.

While management has discussed with various California based financial institutions the viability of providing banking services to the industry and California state lawmakers are reviewing the possibility and benefit of a state-chartered bank launched to primarily focus upon the Cannabis Industry, there has been no discernable progress at this juncture.

California Regulatory Environment

California was the first state to attempt legalization of medical cannabis and it is generally regarded as the single largest cannabis market in the world. Prior to 2016, this first attempt at cannabis regulation did not provide clear guidance and as a result, the industry responded with a variety of structures and operational approaches which predictably failed to support an established marketplace with clear brands, pricing and supply channels. As states such as Colorado, Oregon and Washington developed state-wide medical and adult-use approaches to cannabis legalization, California launched first medical and then adult-use regulatory environments, providing the increasing legal certainty which the industry clearly required to flourish.

California Regulatory History

In 1996, California was the first state to legalize medical cannabis through Proposition 215, the Compassionate Use Act of 1996 ("**CUA**"). CUA legalized medical cannabis to be used by patients securing a physician's recommendation. It further required the use of what were characterized as "non-profit collectives", producing vagueness as to who actually controlled these non-profit cannabis operations and who was entitled to receive compensation and profits from the enterprise. Generally, CUA provided a confusing framework that matched patients with an increasingly changing cannabis supply chain. It further became apparent that physicians were prepared to liberally provide these recommendations for an expanding variety of ailments claimed by patients. The dynamic of

regulatory uncertainty coupled with relaxed access to medical recommendations produced an uncertain marketplace, with little state oversight. This changed in 2015.

In September 2015, the California legislature began providing regulatory oversight and increasing certainty to the cannabis marketplace. The “Medical Cannabis Regulation and Safety Act” (“**MCRSA**”) was comprised of three bills, establishing a licensing and regulatory framework for medical cannabis businesses in California. The system created multiple license types across the entire supply chain, with both state and municipal approval required to operate. The issue of adult-use was not considered by MCRSA, but 14 months later this also changed.

In November 2016, voters in California passed Proposition 64, the “Adult Use of Cannabis Act” (“**AUMA**”) legalizing adult-use of cannabis for those 21 years of age or older. In June 2017, the California legislature passed the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“**MAUCRSA**”) reconciling conflicts between MCRSA and AUMA, thereby providing the comprehensive regulatory guidance responsible Cannabis Operators required to begin deploying increasingly well financed operations with accelerating certainty that the state and its regulatory framework would now support.

Present California Regulatory Environment

All California regulatory compliance begins at the municipal level. According to Marijuana Business Daily, as of February 2019 approximately 67% of all California municipalities and 59% of counties have either prohibited commercial cannabis operations in all forms or have not passed any laws related to cannabis. The remaining 33% of municipalities and 41% of counties have passed a variety of ordinances identifying specific zones where cannabis operations may be conducted, specifying whether authorized cannabis operations include medicinal only or both medicinal and adult-use cannabis operations, and defining the types of cannabis operations authorized. For example, while one municipality may authorize only manufacturing and distribution operations, another may limit the maximum number of licenses allowed to be issued, while another still may require that each licensee hold licenses covering the entire cannabis supply chain, from cultivation to retail. Thus, the first step for a business wishing to engage in cannabis operations is the issuance by a municipality or county of an operating permit, authorizing cannabis operations at a specific location.

California has four separate agencies that regulate various aspects of the cannabis supply chain:

- Bureau of Cannabis Control (www.bcc.ca.gov) regulating distribution and transport, consumer sales by brick and mortar dispensaries and microbusinesses (vertically integrated Cannabis Operators engaging in three of the following four: cultivation, manufacturing, distribution and retail);
- California Department of Food and Agriculture (CalCannabis) regulating cultivation;
- Department of Public Health regulating manufacturing and related packaging and edible products; and
- California Department of Tax and Fee Administration monitoring and enforcing the collection of all taxes and fees.

In order to legally operate in California Cannabis Operators must now secure both a municipal license, as well as a state license from one of the agencies referenced above. This is the first

occasion where an economy the size of California (purported to be the sixth largest in the world if it was its own country) has now provided comprehensive guidance to Cannabis Operators regarding the lawful course and scope of their business. It also provides detailed tax and fee schedules encouraging the proper compensation of both the cities and the state, as well as providing an incentive for government officials and agencies to support the Cannabis Industry.

Regulatory Compliance

M7 was founded upon the cornerstone principle of legal and regulatory compliance and its operations are structured to facilitate ongoing compliance with all applicable laws and regulations. M7's internal compliance division monitors all of its operations on an ongoing basis. Whether in connection with its operations in the strictly regulated Cannabis Industry, or the Ancillary Industry, in which regulation is not as pervasive, M7 conducts all business in strict adherence with all applicable local ordinances, state laws, and other applicable regulations. M7 does not and will not knowingly transact with any clients, customers, partners, or service providers that do not also verifiably commit themselves to the same high standards of compliant commerce. Management believes its operations are in compliance with applicable state laws, regulations and licensing requirements. M7's business activities are considered illegal under United States federal law. As cannabis is illegal under United States federal law enforcement of those relevant laws is a significant risk. See Section 17 - *Risk Factors*.

4.2 Asset-Backed Securities Outstanding

This section is not applicable to the Issuer.

4.3 Mineral Projects

This section is not applicable to the Issuer.

4.4 Oil and Gas Operations

This section is not applicable to the Issuer.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Annual Financial Information

The Issuer was formed as a result of the RTO Transaction. The following table summarizes financial information of P&P for the last three completed financial years ended December 31, 2019, 2018 and 2017 and the six month period ended June 30, 2020. This summary financial information should only be read in conjunction with P&P Financial Statements attached hereto as Appendix "H" and Appendix "I".

	Six Months Ended June 30, 2020 (C\$)	Year ended December 31		
		2019 (C\$)	2018 (C\$)	2017 (C\$)
Total revenues	-	-	-	-
Net Income (Loss)	(23,042)	(213,652)	(74,390)	(87,438)
Basic and Diluted Income (Loss) per Share ⁽¹⁾	(0.02)	(0.07)	(0.03)	(0.04)
Total Assets	1,179,908	1,193,661	688,489	393,754
Total Long-Term Liabilities	-	-	-	-
Cash dividends declared per share	-	-	-	-

Notes:

(1) On a pre-Consolidation basis but reflecting the two (2) for one (1) share consolidation completed by P&P on July 5, 2018.

In addition, the following table summarizes selected pro forma consolidated financial information for the Issuer as at June 30, 2020 and should be read in conjunction with the Issuer Pro Forma Financial Statements, the MJIC Financial Statements and the P&P Financial Statements attached hereto as Appendices "C", "D" and "F", respectively.

	P&P (unaudited) as at June 30, 2020 (\$)	MJIC (unaudited) as at May 31, 2020 (\$)	Pro Forma Adjustments (\$)	Issuer Pro Forma (unaudited) ⁽¹⁾ as at June 30, 2020 (\$)
Current assets	879,328	3,515,725	13,420,229	17,815,282
Total assets	879,328	26,114,290	13,420,229	40,413,847
Current liabilities	750,246	25,066,113	(14,679,691)	11,136,668
Total liabilities	750,246	28,597,435	7,022,804	36,370,485
Shareholders' (or Members') equity (deficit)	129,082	(2,483,145)	6,397,425	4,043,362

Notes:

(1) For comparative purposes, the financial statements of P&P have been translated into US dollars as at June 30, 2020 for the purpose of presenting a Pro-Forma Statement of Financial Position.

5.2 Quarterly Financial Information

The Issuer was formed as a result of the RTO Transaction. The summary of the quarterly results for each of P&P's eight most recently completed quarters preceding the end of P&P's most recently completed financial year is as follows:

	Q2 2020 (C\$)	Q1 2020 (C\$)	Q4 2019 (C\$)	Q3 2019 (C\$)	Q2 2019 (C\$)	Q1 2019 (C\$)	Q4 2018 (C\$)	Q3 2018 (C\$)
Total revenues	-	-	-	-	-	-	-	-
Net Income (Loss)	(6,160)	(37,471)	(82,770)	(11,114)	(24,116)	(58,255)	(19,845)	(13,102)
Basic and Diluted Income (Loss) per Share ⁽¹⁾	(0.00)	(0.02)	(0.04)	(0.00)	(0.01)	(0.03)	(0.01)	(0.01)

Notes:

- (1) On a pre-Consolidation basis but reflecting the two (2) for one (1) share consolidation completed by P&P on July 5, 2018.

5.3 Dividends

The Issuer does not intend, and is not required, to pay any dividends on the Issuer Shares. Any decision to pay dividends will be made on the basis of the Issuer's earnings, financial requirements and other conditions existing at the time. The Issuer's ability to pay dividends may be affected by U.S. state and federal regulations. See Section 17 – *Risk Factors* hereto.

5.4 Foreign GAAP

The financial statements included in this Listing Statements have been, and the future financial statements of the Issuer will be, prepared in accordance with IFRS.

6. MANAGEMENT DISCUSSION AND ANALYSIS

6.1 Annual MD&A

P&P's annual Management's Discussion and Analysis ("**MD&A**") for its most recent fiscal year ended December 31, 2019 is attached to this Listing Statement as Appendix "J". MJIC's annual MD&A for the year ended November 30, 2019 is attached to this Listing Statement as Appendix "F".

6.2 Interim MD&A

P&P's interim MD&A for the six months ended June 30, 2020 is attached to this Listing Statement as Appendix "K". MJIC's interim MD&A for the six months ended May 31, 2020 is attached to this Listing Statement as Appendix "G".

7. MARKET FOR SECURITIES

The Issuer is a reporting issuer in British Columbia, Alberta and Ontario. Prior to listing on the CSE, the P&P Common Shares were listed on the NEX Board of the TSXV under the symbol "PPV.H".

Upon completion of the CSE Listing, the Issuer Subordinate Voting Shares will be listed on the CSE under the symbol "MSVN".

8. CONSOLIDATED CAPITALIZATION

Other than as disclosed below, there have been no material changes in the share capitalization or in the indebtedness of the Issuer since incorporation on March 31, 2007.

On November 22, 2012, the Issuer consolidated its issued and outstanding shares on a one (1) new share for ten (10) old shares basis. On July 5, 2018, the Issuer consolidated its issued and outstanding shares on a one (1) new share for two (2) old shares basis.

On September 25, 2020, in connection with the RTO Transaction, the Issuer consolidated its issued and outstanding shares on a one (1) new share for 1.33333225 old shares basis (the "**Consolidation**").

On September 25, 2020, in connection with the RTO Transaction, the Issuer altered its notice of articles to create the following classes of shares (the "**Share Restructuring**"):

- Issuer Subordinate Voting Shares;
- Issuer Proportionate Voting Shares; and
- Issuer Subordinate Non-Voting Shares.

The following table sets forth the share and loan capital of the Issuer as at December 31, 2019 and the date of this Listing Statement, after giving effect to the RTO Transaction.

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding as of December 31, 2019 ⁽¹⁾	Amount Outstanding as of the date of this Listing Statement ⁽¹⁾
Issuer Subordinate Voting Shares	Unlimited	1,852,501	92,131,262
Issuer Subordinate Non-Voting Shares	Unlimited	Nil	29,504,684
Issuer Proportionate Voting Shares	Unlimited	Nil	1,042,339
Warrants	N/A	Nil	51,967,479
Options ⁽²⁾	10% rolling	Nil	8,685,702
Issuer Broker Warrants ⁽³⁾	N/A	Nil	377,778
H3O Note (Convertible Note) ⁽⁴⁾	N/A	Nil	\$5,750,000
DPH Note (Convertible Note) ⁽⁵⁾	N/A	Nil	\$240,000
MD Note (Convertible Note) ⁽⁶⁾	N/A	Nil	\$150,000
Amended and Restated Notes ⁽⁷⁾	N/A	Nil	\$4,605,769
MJIC 15% Convertible Notes ⁽⁸⁾	N/A	Nil	\$2,483,055
MJIC 17.5% Convertible Notes ⁽⁹⁾	N/A	Nil	\$5,410,000

Notes:

- (1) On a post-Consolidation and post-Share Restructuring basis.
- (2) Issued under the MJIC Option Plan. In connection with the RTO Transaction, the Issuer adopted the Issuer Option Plan. See Section 9 – *Options to Purchase Securities*.
- (3) Issued to the Brokers in connection with the MJIC \$2.25 Private Placement.
- (4) Issued in connection with the H3O Acquisition. The principal amount of the H3O Note, plus any accrued interest, is convertible at the discretion of the H3O Sellers during the H3O Note Term into Issuer Subordinate Voting Shares at a price equal to the higher of (a) \$1.00 per Issuer Subordinate Voting Share or (b) a 20% discount to the volume weighted average price of the Issuer Subordinate Voting Shares for the 10 trading days immediately preceding the conversion date.
- (5) Issued in connection with the DPH Acquisition. The principal amount of the DPH Note, plus any accrued interest, is convertible at the discretion of the DPH Sellers during the DPH Note Term into MJIC Class A Common Shares (or Issuer Subordinate Voting Shares following the Closing) at a price equal to the higher of (a) \$3.00 per MJIC Class A Common Share (\$1.00 per Issuer Subordinate Voting Share), (b) if the DPH Earn-Out is achieved prior to the Closing, a 20% discount to the price of the MJIC Class A Common Shares in connection with the most recent private placement offering of MJIC Class A Common Shares completed by MJIC prior to the issuance of such MJIC Class A Common Shares, or (c) if the DPH Earn-Out is achieved following the Closing, a 20% discount to the volume weighted average price of the Issuer Subordinate Voting Shares for the 10 trading days immediately preceding the issuance of such Issuer Subordinate Voting Shares.
- (6) Issued in connection with the MD Acquisition. The principal amount of the MD Note, plus any accrued interest, is convertible at the discretion of VNR during the MD Note Term into MJIC Class A Common Shares (or Issuer Subordinate Voting Shares following the Closing) at a price equal to a 10% discount to the volume weighted average price of the Issuer Subordinate Voting Shares for the 20 trading days immediately preceding the conversion date.
- (7) Issued to holders of the Amended and Restated Notes.
- (8) Issued in connection with the MJIC 15% Convertible Note Private Placement.
- (9) Issued in connection with the MJIC 17.5% Convertible Note Private Placement.

9. OPTIONS TO PURCHASE SECURITIES

In connection with the RTO Transaction, the Issuer adopted a stock option plan (the “**Issuer Option Plan**”), which governs the grant and exercise of options to purchase Issuer Subordinate Voting Shares. The Issuer Option Plan was approved by P&P Shareholders by way of the P&P RTO Transaction Resolution on July 10, 2019.

- (a) the maximum number of shares which will be available for purchase pursuant to Issuer Options granted pursuant to Issuer Option Plan will not exceed 10% of the Issuer Subordinate Voting Shares, taken together with the number of Issuer Subordinate Voting Shares issuable on conversion of the Issuer Proportionate Voting Shares and the Issuer Subordinate Non-Voting Shares measured at the time of grant (the “**Outstanding Issue**”); if any such Issuer Option expires or otherwise terminates for any reason without having been exercised in full, the number of shares in respect of such expired or terminated Issuer Option shall again be available for the purposes of granting Issuer Options pursuant to the Issuer Option Plan;
- (b) the maximum number of Issuer Options which may be granted to any one Issuer Option holder under the Issuer Option Plan within any 12-month period shall be 5% of the Outstanding Issue immediately prior to the grant of the Issuer Option in question (unless the Issuer has obtained disinterested shareholder approval);
- (c) if required under applicable regulatory laws, disinterested shareholder approval is required to the grant to insiders, within a 12-month period, of a number of Issuer Options which, when added to the number of outstanding Issuer Options granted to insiders within the previous 12 months, exceed 10% of the Outstanding Issue;
- (d) the expiry date of an Issuer Option shall be no later than the tenth anniversary of the grant date of such Issuer Option;
- (e) the maximum number of Issuer Options which may be granted to any one consultant within any 12-month period must not exceed 2% of the Outstanding Issue;
- (f) the maximum number of Issuer Options which may be granted within any 12-month period to employees or consultants engaged in investor relations activities must not exceed 2% of the Outstanding Issue and such options must vest in stages over 12 months with no more than 25% of the Issuer Options vesting in any three-month period;
- (g) with respect to “incentive stock options” within the meaning of Section 422(b) of the Internal Revenue Code of 1986, the maximum number of Issuer Subordinate Voting Shares that can be issued under the Issuer Option Plan is 50 million;
- (h) upon death or disability of a holder of Issuer Options, such Issuer Options will expire one year following death or termination of service as a result of disability;
- (i) upon termination of service other than for cause, Issuer Options generally expire 30 days following such termination of service;
- (j) officers, directors, employees and eligible consultants are eligible to receive grants of Issuer Options; and

- (k) the exercise price of any new grants of Issuer Options to purchase Issuer Subordinate Voting Shares shall be no less than the closing trading price of the Issuer Subordinate Voting Shares on the day immediately preceding the grant date of such Issuer Option.

The Issuer Option Plan is designed to promote the long-term success of the Issuer by strengthening the ability of the Issuer to attract and retain highly competent employees and by promoting greater alignment of interests between executives and shareholders in the creation of long-term shareholder value.

The purpose of granting Issuer Options is to assist the Issuer in compensating, attracting, retaining and motivating its executive officers and to closely align the personal interests of such persons to that of the shareholders.

The Issuer's board of directors has the authority either to grant Issuer Options or has the authority to delegate to any board committee (the "**Committee**") appointed for the purpose of compensating the Issuer's directors, officers, employees and consultants) the ability to grant Issuer Options to the Issuer's directors, management, employees and consultants. Issuer Options can be granted, from time to time at the sole discretion of the Issuer's board of directors or the Committee, to persons eligible to receive Issuer Options under the Issuer Option Plans. Exercise prices are set in accordance with policies of the CSE.

In determining the number of Issuer Options to be granted to the executive officers, the Issuer's board of directors considers a number of factors including the amount and term of Issuer Options previously granted, base salary and annual performance incentives awarded to the executives and commensurate with those offered by other companies in our industry; and the exercise price of any outstanding Issuer Options to ensure that such grants are in accordance with CSE policies. Issuer Options vest on terms established by the Issuer's board of directors at the time of grant.

The above is a summary description of the material terms of the Issuer Options Plan, with such description being qualified in its entirety by reference to the full text of the Issuer Option Plan, a copy of which is attached hereto as Appendix "M".

At the Effective Time, MJIC Options under the MJIC Option Plan were exercisable into (3) Issuer Subordinate Voting Shares. As of the date of this Listing Statement, the following options are issued and outstanding under the MJIC Option Plan:

Persons Who Hold Options upon the Closing	Number of Options	Exercise Price	Expiry Date	Current Market Value of Issuer Shares under Option
All proposed officers and past officers of the Issuer, as a group (6 persons)	720,000	\$1.00	September 23, 2022	\$720,000
	360,000	\$0.75	March 14, 2024	\$270,000
	600,000	\$1.00	September 1, 2024	\$600,000
All proposed directors and past directors of the Issuer who are not also proposed officers, as a group (1 person)	30,000	\$1.00	September 23, 2022	\$30,000
	225,000	\$0.75	December 13, 2022	\$168,750

Persons Who Hold Options upon the Closing	Number of Options	Exercise Price	Expiry Date	Current Market Value of Issuer Shares under Option
	300,000	\$0.75	TBD ⁽¹⁾	\$225,000
All other employees and past employees of the Issuer (119 persons)	1,500,000	\$0.75	November 1, 2021	\$1,125,000
	960,702	\$1.00	September 23, 2022	\$960,702
	30,000	\$0.75	TBD ⁽²⁾	\$22,500
	195,000	\$1.00	TBD ⁽²⁾	\$195,000
	3,615,000	\$1.00	June 22, 2025	\$3,615,000
All consultants of the Issuer (1 Person)	150,000	\$1.00	5/27/2024	\$150,000
Total	8,685,702			\$8,081,952

Notes:

- (1) Expire on the date that is 5 years after the date the Issuer Subordinate Voting Shares commence trading on the CSE.
- (2) Expire on the date that is 18 months after the date the Issuer Subordinate Voting Shares commence trading on the CSE.

10. DESCRIPTION OF SECURITIES

10.1 General

The authorized capital of the Issuer includes: (i) an unlimited number of Issuer Subordinate Voting Shares; (ii) an unlimited number of Issuer Proportionate Voting Shares; and (iii) an unlimited number of Issuer Subordinate Non-Voting Shares.

As of the date of this Listing Statement, there are: (i) 92,131,262 Issuer Subordinate Voting Shares; (ii) 29,504,684 Issuer Subordinate Non-Voting Shares; and (iii) 1,042,339 Issuer Proportionate Voting Shares issued and outstanding. See below for detail on the conversion of Issuer Subordinate Non-Voting Shares or Issuer Proportionate Voting Shares to Issuer Subordinate Voting Shares and “Capitalization” for further information on outstanding Issuer Shares.

Issuer Subordinate Voting Shares

The holders of Class A subordinate voting shares of the Issuer (“**Issuer Subordinate Voting Shares**”) shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Issuer except a meeting at which only the holders of another class or series of shares is entitled to vote. Each Issuer Subordinate Voting Share shall entitle the holder thereof to one vote at each such meeting.

So long as any Issuer Subordinate Voting Shares remain outstanding, the Issuer will not, without the consent of the holders of Issuer Subordinate Voting Shares expressed by separate special resolution, alter or amend its Articles if the result of such alteration or amendment would: (i) prejudice or interfere with any right or special right attached to the Issuer Subordinate Voting Shares; or (ii) affect the rights or special rights of the holders of Issuer Subordinate Voting Shares, Issuer Proportionate Voting Shares or Issuer Subordinate Non-Voting Shares on a per share basis as provided for herein.

The holders of Issuer Subordinate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Issuer as may be declared thereon by the directors from time to time. The directors may declare no dividend payable in cash or property on the Issuer Subordinate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on the Issuer Proportionate Voting Shares, in an amount per Issuer Proportionate Voting Share equal to the amount of the dividend declared per Issuer Subordinate Voting Share, multiplied by ten (10).

The directors may declare a stock dividend payable in Issuer Subordinate Voting Shares on the Issuer Subordinate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in: (i) Issuer Proportionate Voting Shares on the Issuer Proportionate Voting Shares, in a number of shares per Issuer Proportionate Voting Share equal to the amount of the dividend declared per Issuer Subordinate Voting Share; or (ii) Issuer Subordinate Voting Shares on the Issuer Proportionate Voting Shares, in a number of shares per Issuer Proportionate Voting Share equal to the amount of the dividend declared per Issuer Subordinate Voting Share, multiplied by ten (10).

Holders of fractional Issuer Subordinate Voting Shares shall be entitled to receive any dividend declared on the Issuer Subordinate Voting Shares in an amount equal to the dividend per Issuer Subordinate Voting Share multiplied by the fraction thereof held by such holder.

In the event of the liquidation, dissolution or winding-up of the Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Issuer to its shareholders for

the purposes of winding up its affairs, the holders of the Issuer Subordinate Voting Shares shall be entitled to participate *pari passu* with the holders of Issuer Proportionate Voting Shares and Issuer Subordinate Non-Voting Shares, with the amount of such distribution per Issuer Subordinate Voting Share equal to each of: (i) the amount of such distribution per Issuer Proportionate Voting Share divided by ten (10); and (ii) the amount of such distribution per Issuer Subordinate Non-Voting Share; and each fraction of a Issuer Subordinate Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole Issuer Subordinate Voting Share.

The Issuer Subordinate Voting Shares shall not be consolidated or subdivided unless the Issuer Proportionate Voting Shares and the Issuer Subordinate Non-Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

In the event that an offer is made to purchase Issuer Proportionate Voting Shares, and such offer is: (i) required, pursuant to applicable securities legislation or the rules of any stock exchange on which: (i) the Issuer Proportionate Voting Shares; or (ii) the Issuer Subordinate Voting Shares which may be obtained upon conversion of the Issuer Proportionate Voting Shares; may then be listed, to be made to all or substantially all of the holders of Issuer Proportionate Voting Shares in a province or territory of Canada to which the requirement applies (such offer to purchase, an “**Offer**”); and (ii) not made to the holders of Issuer Subordinate Voting Shares for consideration per Issuer Subordinate Voting Share equal to one-tenth (0.10) of the consideration offered per Issuer Proportionate Voting Share; each Issuer Subordinate Voting Share shall become convertible at the option of the holder into Issuer Proportionate Voting Shares on the basis of ten (10) Issuer Subordinate Voting Shares for one (1) Issuer Proportionate Voting Share, at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the “**Issuer Subordinate Voting Share Conversion Right**”). For avoidance of doubt, fractions of Issuer Proportionate Voting Shares may be issued in respect of any amount of Issuer Subordinate Voting Shares in respect of which the Issuer Subordinate Voting Share Conversion Right is exercised which is less than ten (10).

The Issuer Subordinate Voting Share Conversion Right may only be exercised for the purpose of depositing the Issuer Proportionate Voting Shares acquired upon conversion under such Offer, and for no other reason. If the Issuer Subordinate Voting Share Conversion Right is exercised, the Issuer shall procure that the transfer agent for the Issuer Subordinate Voting Shares shall deposit under such Offer the Issuer Proportionate Voting Shares acquired upon conversion, on behalf of the holder.

If Issuer Proportionate Voting Shares issued upon such conversion and deposited under such Offer are withdrawn by such holder, or such Offer is abandoned, withdrawn or terminated by the offeror, or such Offer expires without the offeror taking up and paying for such Issuer Proportionate Voting Shares, such Issuer Proportionate Voting Shares and any fractions thereof issued shall automatically, without further action on the part of the holder thereof, be reconverted into Issuer Subordinate Voting Shares on the basis of one (1) Issuer Proportionate Voting Share for ten (10) Issuer Subordinate Voting Shares, and the Issuer will procure that the transfer agent for the Issuer Subordinate Voting Shares shall send to such holder a direct registration statement, certificate or certificates representing the Issuer Subordinate Voting Shares acquired upon such reconversion. If the offeror under such Offer takes up and pays for the Issuer Proportionate Voting Shares acquired upon exercise of the Issuer Subordinate Voting Share Conversion Right, the Issuer shall procure that the transfer agent for the Issuer Subordinate Voting Shares shall deliver to the holders of such

Issuer Proportionate Voting Shares the consideration paid for such Issuer Proportionate Voting Shares by such Offeror.

Issuer Subordinate Non-Voting Shares

The holders of Class B subordinate non-voting shares of the Issuer ("**Issuer Subordinate Non-Voting Shares**") shall be entitled to receive notice of and to attend all meetings of shareholders of the Issuer. Subject to applicable laws regarding class votes, Issuer Subordinate Non-Voting Shares shall not entitle the holder thereof to vote at each such meeting.

So long as any Issuer Subordinate Non-Voting Shares remain outstanding, the Issuer will not, without the consent of the holders of Issuer Subordinate Non-Voting Shares expressed by separate special resolution, alter or amend its Articles if the result of such alteration or amendment would: (i) prejudice or interfere with any right or special right attached to the Issuer Subordinate Non-Voting Shares; or (ii) affect the rights or special rights of the holders of Issuer Subordinate Non-Voting Shares, Issuer Proportionate Voting Shares or Issuer Subordinate Voting Shares on a per share basis as provided for herein.

The holders of Issuer Subordinate Non-Voting Shares shall not be entitled to receive dividends or other distributions of cash, property or securities of the Issuer.

In the event of the liquidation, dissolution or winding-up of the Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Issuer to its shareholders for the purposes of winding up its affairs, the holders of the Issuer Subordinate Non-Voting Shares shall be entitled to participate *pari passu* with the holders of Issuer Proportionate Voting Shares and Issuer Subordinate Voting Shares, with the amount of such distribution per Issuer Subordinate Non-Voting Share equal to each of: (i) the amount of such distribution per Issuer Proportionate Voting Share divided by ten (10); and (ii) the amount of such distribution per Issuer Subordinate Voting Share; and each fraction of a Issuer Subordinate Non-Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole Issuer Subordinate Non-Voting Share.

The Issuer Subordinate Non-Voting Shares shall not be consolidated or subdivided unless the Issuer Proportionate Voting Shares and the Issuer Subordinate Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

In the event that an offer is made to purchase Issuer Proportionate Voting Shares, and such offer is: (i) required, pursuant to applicable securities legislation or the rules of any stock exchange on which: (i) the Issuer Proportionate Voting Shares; or (ii) the Issuer Subordinate Voting Shares which may be obtained upon conversion of the Issuer Proportionate Voting Shares; may then be listed, to be made to all or substantially all of the holders of Issuer Proportionate Voting Shares in a province or territory of Canada to which the requirement applies (such offer to purchase, an "**Offer**"); and (ii) not made to the holders of Issuer Subordinate Non-Voting Shares for consideration per Issuer Subordinate Voting Share equal to one-tenth (0.10) of the consideration offered per Issuer Proportionate Voting Share; each Issuer Subordinate Non-Voting Share shall become convertible at the option of the holder into Issuer Proportionate Voting Shares on the basis of ten (10) Issuer Subordinate Non-Voting Shares for one (1) Issuer Proportionate Voting Share, at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the "**Issuer Subordinate Non-Voting Share Conversion Right**"). For avoidance of doubt, fractions of Issuer Proportionate Voting Shares may be issued in respect of any amount of

Issuer Subordinate Voting Shares in respect of which the Issuer Subordinate Non-Voting Share Conversion Right is exercised which is less than ten (10).

The Issuer Subordinate Non-Voting Share Conversion Right may only be exercised for the purpose of depositing the Issuer Proportionate Voting Shares acquired upon conversion under such Offer, and for no other reason. If the Issuer Subordinate Non-Voting Share Conversion Right is exercised, the Issuer shall procure that the transfer agent for the Issuer Subordinate Non-Voting Shares shall deposit under such Offer the Issuer Proportionate Voting Shares acquired upon conversion, on behalf of the holder.

If Issuer Proportionate Voting Shares issued upon such conversion and deposited under such Offer are withdrawn by such holder, or such Offer is abandoned, withdrawn or terminated by the offeror, or such Offer expires without the offeror taking up and paying for such Issuer Proportionate Voting Shares, such Issuer Proportionate Voting Shares and any fractions thereof issued shall automatically, without further action on the part of the holder thereof, be reconverted into Issuer Subordinate Non-Voting Shares on the basis of one (1) Issuer Proportionate Voting Share for ten (10) Issuer Subordinate Non-Voting Shares, and the Issuer will procure that the transfer agent for the Issuer Subordinate Non-Voting Shares shall send to such holder a direct registration statement, certificate or certificates representing the Issuer Subordinate Non-Voting Shares acquired upon such reconversion. If the offeror under such Offer takes up and pays for the Issuer Proportionate Non-Voting Shares acquired upon exercise of the Issuer Subordinate Non-Voting Share Conversion Right, the Issuer shall procure that the transfer agent for the Issuer Subordinate Non-Voting Shares shall deliver to the holders of such Issuer Proportionate Voting Shares the consideration paid for such Issuer Proportionate Voting Shares by such Offeror.

Each Issuer Subordinate Non-Voting Share shall be convertible at the option of the holder on the basis of one (1) Issuer Subordinate Non-Voting Share for one (1) Issuer Subordinate Voting Share, at any time after the date that is twelve (12) months following the CSE Listing (the "**Conversion Date**").

Issuer Proportionate Voting Shares

The holders of Class C proportionate voting shares ("**Issuer Proportionate Voting Shares**") shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Issuer except a meeting at which only the holders of another class or series of shares is entitled to vote. Subject to the terms set out in the articles of the Issuer, each Issuer Proportionate Voting Share shall entitle the holder to ten (10) votes and each fraction of a Issuer Proportionate Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by ten (10) and rounding the product down to the nearest whole number, at each such meeting.

So long as any Issuer Proportionate Voting Shares remain outstanding, the Issuer will not, without the consent of the holders of Issuer Proportionate Voting Shares and Issuer Subordinate Non-Voting Shares, voting together, expressed by separate special resolution alter or amend its Articles if the result of such alteration or amendment would: (i) prejudice or interfere with any right or special right attached to the Issuer Proportionate Voting Shares; or (ii) affect the rights or special rights of the holders of Issuer Subordinate Voting Shares, Issuer Proportionate Voting Shares or Issuer Subordinate Non-Voting Shares on a per share basis as provided for herein. Consent of the holders of a majority of the outstanding Issuer Proportionate Voting Shares shall be required for any action that authorizes or creates shares of any class or series having preferences superior to or on a parity with the Issuer Proportionate Voting Shares.

The holders of Issuer Proportionate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Issuer as may be declared by the directors from time to time. The directors may declare no dividend payable in cash or property on the Issuer Proportionate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on the Issuer Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per Issuer Proportionate Voting Share divided by ten (10).

The directors may declare a stock dividend payable in Issuer Proportionate Voting Shares on the Issuer Proportionate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in: (i) Issuer Proportionate Voting Shares on the Issuer Subordinate Voting Shares, in a number of shares per Issuer Subordinate Voting Share equal to the amount of the dividend declared per Issuer Proportionate Voting Share divided by ten (10); or (ii) Issuer Subordinate Voting Shares on the Issuer Subordinate Voting Shares, in a number of shares per Issuer Subordinate Voting Share equal to the amount of the dividend declared per Issuer Proportionate Voting Share divided by ten (10).

Holders of fractional Issuer Proportionate Voting Shares shall be entitled to receive any dividend declared on the Issuer Proportionate Voting Shares, in an amount equal to the dividend per Issuer Proportionate Voting Share multiplied by the fraction thereof held by such holder.

In the event of the liquidation, dissolution or winding-up of the Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Issuer to its shareholders for the purpose of winding up its affairs, the holders of the Issuer Proportionate Voting Shares shall be entitled to participate *pari passu* with the holders of Issuer Subordinate Voting Shares and Issuer Subordinate Non-Voting Shares, with the amount of such distribution per Issuer Proportionate Voting Share equal to each of: (i) the amount of such distribution per Issuer Subordinate Voting Share multiplied by ten (10); and (ii) the amount of such distribution per Issuer Subordinate Non-Voting Share multiplied by ten (10); and each fraction of a Issuer Proportionate Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole Issuer Proportionate Voting Share.

The Issuer Proportionate Voting Shares shall not be consolidated or subdivided unless the Issuer Subordinate Voting Shares and the Issuer Subordinate Non-Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

Subject to the FPI Restriction (defined below), holders of Issuer Proportionate Voting Shares shall have the right to convert (the "**Share Conversion Right**") each Issuer Proportionate Voting Share held, at the option of the holder, into such number of Issuer Subordinate Voting Shares as is determined by multiplying the number of Issuer Proportionate Voting Shares in respect of which the Share Conversion Right is exercised by ten (10). Fractions of Issuer Proportionate Voting Shares may be converted into such number of Issuer Subordinate Voting Shares as is determined by multiplying the fraction by ten (10), rounded down to the nearest whole share. The Issuer shall not give effect to any voluntary conversion of Issuer Proportionate Voting Shares during the period (the "**Restricted Conversion Period**") prior to the date that is the later of six (6) months following December 31, 2018 and twelve (12) months following the CSE Listing, and the Share Conversion Right will not apply during the Restricted Conversion Period, to the extent that after giving effect to all permitted issuances after such conversion of Issuer Proportionate Voting Shares, the aggregate number of Issuer Subordinate Voting Shares, Issuer Proportionate Voting Shares and Issuer Subordinate Non-Voting Shares (calculated on the basis that each Issuer Subordinate Voting Share, Issuer Proportionate Voting Share and Issuer Subordinate Non-Voting Share is counted once, without regard to the number of votes carried by such share) held of record, directly or indirectly, by

residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act ("**U.S. Residents**") would exceed forty-five percent (45%) of the aggregate number of Issuer Subordinate Voting Shares and Issuer Proportionate Voting Shares (calculated on the same basis) issued and outstanding (the "**FPI Restriction**").

Take-Over Bid Protection

Under applicable securities laws in Canada, an offer to purchase Issuer Proportionate Voting Shares would not necessarily require that an offer be made to purchase Issuer Subordinate Voting Shares or Issuer Subordinate Non-Voting Shares. In accordance with the rules of the CSE designed to ensure that, in the event of a take-over bid, the holders of Issuer Subordinate Voting Shares and Issuer Subordinate Non-Voting Shares will be entitled to participate on an equal footing with holders of Issuer Proportionate Voting Shares, all of the holders of the outstanding Issuer Proportionate Voting Shares have entered into a customary coattail agreement with the Issuer and a trustee (the "**Coattail Agreement**"). The Coattail Agreement contains provisions customary for multiple-class, publicly-traded corporations designed to prevent transactions that otherwise would deprive the holders of Issuer Subordinate Voting Shares and Issuer Subordinate Non-Voting Shares of rights under applicable securities laws in Canada to which they would have been entitled if the Issuer Proportionate Voting Shares had been Issuer Subordinate Voting Shares or Issuer Subordinate Non-Voting Shares.

The undertakings in the Coattail Agreement do not apply to prevent a sale by the holders of Issuer Proportionate Voting Shares if concurrently an offer is made to purchase Issuer Subordinate Voting Shares and Issuer Subordinate Non-Voting Shares that:

- offers a price per Issuer Subordinate Voting Share and Issuer Subordinate Non-Voting Share at least as high as the highest price per share to be paid pursuant to the take-over bid for the Issuer Proportionate Voting Shares (on an as converted to Issuer Subordinate Voting Shares basis);
- provides that the percentage of outstanding Issuer Subordinate Voting Shares and Issuer Subordinate Non-Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Issuer Proportionate Voting Shares to be sold (exclusive of Issuer Proportionate Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);
- has no condition attached other than the right not to take up and pay for Issuer Subordinate Voting Shares and Issuer Subordinate Non-Voting Shares tendered if no shares are purchased pursuant to the offer for Issuer Proportionate Voting Shares; and
- is in all other material respects identical to the offer for Issuer Proportionate Voting Shares.

The conversion of Issuer Proportionate Voting Shares into Issuer Subordinate Voting Shares, whether or not such Issuer Subordinate Voting Shares are subsequently sold, would not constitute a disposition of Issuer Proportionate Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any sale of Issuer Proportionate Voting Shares by a holder of Issuer Proportionate Voting Shares party to the Coattail Agreement is conditional upon the transferee becoming a party to the Coattail Agreement, to the extent such transferred Issuer Proportionate

Voting Shares are not automatically converted into Issuer Subordinate Voting Shares in accordance with the Issuer's articles.

The Coattail Agreement contains provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Issuer Subordinate Voting Shares and Issuer Subordinate Non-Voting Shares. The obligation of the trustee to take such action is conditional on the Issuer or holders of the Issuer Subordinate Voting Shares and Issuer Subordinate Non-Voting Shares, as applicable, providing such funds and indemnity as the trustee may reasonably require. No holder of Issuer Subordinate Voting Shares or Issuer Subordinate Non-Voting Shares will have the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Issuer Subordinate Voting Shares and Issuer Subordinate Non-Voting Shares and reasonable funds and indemnity have been provided to the trustee.

The Coattail Agreement may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of the CSE and any other applicable securities regulatory authority in Canada, and (b) the approval of at least two-thirds ($66\frac{2}{3}\%$) of the votes cast by holders of Issuer Subordinate Voting Shares and Issuer Subordinate Non-Voting Shares (which, for greater clarity, will have the right to one vote for each Issuer Subordinate Non-Voting Share held) represented at a meeting duly called for the purpose of considering such amendment or waiver, excluding votes attached to Issuer Subordinate Voting Shares and Issuer Subordinate Non-Voting Shares held directly or indirectly by holders of Issuer Proportionate Voting Shares, their Affiliates and related parties and any persons who have an agreement to purchase Issuer Proportionate Voting Shares on terms which would constitute a sale for purposes of the Coattail Agreement other than as permitted thereby.

No provision of the Coattail Agreement limits the rights of any holders of Issuer Subordinate Voting Shares and Issuer Subordinate Non-Voting Shares under applicable law.

10.2 Debt Securities

Not applicable to the Issuer.

10.3 Other Securities, Modification of Terms and Other Attributes (10.3 to 10.6)

None of the matters set out in sections 10.3 to 10.6 of this Listing Statement are applicable to P&P Shares, MJIC Shares or Issuer Shares.

10.4 Prior Sales

The following table summarizes the issuances of Issuer Shares or securities convertible into Issuer Shares in the year prior to the date of this Listing Statement.

Date of Issue	Class of Security	Number of Securities Issued	Price per Security	Total Issue Price
September 25, 2020	Issuer Subordinate Voting Shares	15,000,000 ⁽¹⁾	N/A	N/A
September 25, 2020	Issuer Warrants	15,000,003 ⁽²⁾	N/A	

Date of Issue	Class of Security	Number of Securities Issued	Price per Security	Total Issue Price
September 25, 2020	Issuer Subordinate Voting Shares	75,278,762 ⁽³⁾	N/A	N/A
September 25, 2020	Issuer Proportionate Voting Shares	1,042,339 ⁽⁴⁾	N/A	N/A
September 25, 2020	Issuer Subordinate Non-Voting Shares	29,504,684 ⁽⁵⁾	N/A	N/A

Notes:

- (1) Issued on conversion of the P&P Convertible Notes.
- (2) Issued on conversion of the P&P Convertible Notes. To be exercised into Issuer Subordinate Voting Shares within 30 days of listing. See "*General Development of the Business – P&P*".
- (3) Issued to certain MJIC Shareholders pursuant to the RTO Transaction. Each such Issuer Subordinate Voting Share was issued to prior holders of MJIC Class A Common Shares (other than Applicable U.S. Shareholders), MJIC Preferred Shares and MJIC Convertible Notes.
- (4) Issued to Applicable U.S. Shareholders pursuant to the RTO Transaction. Each Issuer Proportionate Voting Share is convertible into Issuer Subordinate Voting Shares on a 1:10 basis, without payment of additional consideration, at the option of the holder or the Issuer pursuant to the articles of Issuer. See "*Description of Securities*". Each such Issuer Proportionate Voting Share was issued to certain prior holders of MJIC Class A Common Shares resident in the United States.
- (5) Issued to certain MJIC Shareholders pursuant to the RTO Transaction. Each Issuer Subordinate Non-Voting Share is convertible into Issuer Subordinate Voting Shares on a 1:1 basis, without payment of additional consideration, at the option of the holder pursuant to the articles of Issuer. See "*Description of Securities*". Each such Issuer Subordinate Non-Voting Share was issued to prior holders of MJIC Class B Common Shares.

Please also refer to the "Prior Sales" section of Appendices "A" and "B" for information regarding P&P's and MJIC's prior sales, respectively.

10.5 Stock Exchange Price

Prior to listing on the CSE, the Issuer Subordinate Voting Shares were listed and posted for trading (as P&P Common Shares prior to the Share Restructuring) on the NEX Board of the TSXV under the symbol "PPH.V". The following table sets forth the high, low and closing prices and volumes of P&P Common Shares (on a pre-Consolidation basis) as traded on the NEX Board of the TSXV for the periods indicated:

Period	High	Low	Average Volume
March 29, 2019 to August 31, 2020	No trades ⁽²⁾		
Quarter ended March 31, 2019	C\$0.105	C\$0.075	318
Quarter ended December 31, 2018	C\$0.075	C\$0.055	15
Quarter ended September 30, 2018	C\$0.08	C\$0.04 ⁽¹⁾	112
Quarter ended June 30, 2018	C\$0.04	C\$0.04	-
Quarter ended March 31, 2018	C\$0.06	C\$0.04	92
Quarter ended December 31, 2017	C\$0.05	C\$0.05	64
Quarter ended September 30, 2017	C\$0.05	C\$0.05	96
Quarter ended June 30, 2017	C\$0.05	C\$0.045	850

Notes:

- (1) On July 5, 2018, the P&P Common Shares were consolidated on a two (2) old for (1) new basis.
- (2) Trading of the P&P Common Shares on the NEX has been halted since March 28, 2019 in connection with the announcement of the RTO Transaction.

11. ESCROWED SECURITIES

MJIC Insider Escrow

As required under the policies of the CSE, upon the Closing, the Issuer Shares and securities convertible into Issuer Shares held by certain founders and insiders of MJIC (collectively, the “**MJIC Founders**”) were to be held in escrow and released in accordance with NP 46-201 (the “**MJIC Insider Escrow**”). As of the date of this Listing Statement, the following securities of the Issuer are subject to escrow pursuant to the MJIC Insider Escrow:

Designation of Class Held in Escrow	Number of Securities Held in Escrow ⁽¹⁾⁽²⁾	Percentage of Class
Issuer Subordinate Voting Shares	472,500	>1%
Issuer Subordinate Non-Voting Shares	23,361,358	79%
Issuer Proportionate Voting Shares	1,042,339	100%
Options ⁽³⁾	3,735,000	43%
Warrants	9,919,164	19%

Notes

- (1) Odyssey Trust Company acts as escrow agent.
- (2) The MJIC Founders beneficially hold (not including the 10% of the escrowed shares released from escrow as at the date of this Listing Statement) the following escrowed securities: (i) Larry Horwitz (450,000 Issuer Subordinate Voting Shares and 300,000 Issuer Proportionate Voting Shares); (ii) Dilshad Kasmani (2,520,000 Issuer Subordinate Non-Voting Shares, 600,000 Options and 1,200,000 Warrants); (iii) Sturges Karban (4,855,000 Issuer Subordinate Non-Voting Shares, 210,000 Issuer Proportionate Voting Shares, 180,000 Options and 1,200,000 Warrants); (iv) Urban Smedeby (4,424,667 Issuer Subordinate Non-Voting Shares, 90,000 Issuer Proportionate Voting Shares, 180,000 Options and 1,200,000 Warrants); (v) Jarrod Smith (as beneficial holder for Nerd Life LLC) (715,929 Issuer Subordinate Non-Voting Shares and 100,741 Issuer Proportionate Voting Shares); (vi) Daniel Sekers (22,250 Issuer Subordinate Voting Shares, 555,500 Options and 922,500 Warrants); (vii) Kristin Fox (24,319 Issuer Proportionate Voting Shares and 283,332 Warrants); (viii) Scott Wessler (45,000 Issuer Subordinate Non-Voting Shares, 73,500 Issuer Proportionate Voting Shares and 283,332 Warrants); (iv) Jordan Gerber (2,844,500 Issuer Subordinate Non-Voting Shares, 105,538 Issuer Proportionate Voting Shares, 180,000 Options and 1,680,000 Warrants); (x) Pierre Rouleau (2,591,667 Issuer Subordinate Non-Voting Shares, 360,000 Options and 1,650,000 Warrants); (xi) Dmitry Gordeychev (4,736,667 Issuer Subordinate Non-Voting Shares, 180,000 Options and 1,500,000 Warrants); Camille McCutcheon (beneficial holder for FNBS LLC) (805,929 Issuer Subordinate Non-Voting Shares, 100,741 Issuer Proportionate Voting Shares and 1,500,000 Options and (xii) Gaelan Bloomfield (nil).

All of the foregoing Issuer securities are subject to escrow pursuant to the terms of an escrow agreement entered into prior to Closing, with such Issuer securities to be released from escrow as follows:

Proportion to Be Released	Release Date
1/10 of the Escrowed Securities	Effective Date
1/6 of the remaining Escrowed Securities	6 months from the Effective Date
1/5 of the remaining Escrowed Securities	12 months from the Effective Date
1/4 of the remaining Escrowed Securities	18 months from the Effective Date
1/3 of the remaining Escrowed Securities	24 months from the Effective Date
1/2 of the remaining Escrowed Securities	30 months from the Effective Date

Proportion to Be Released	Release Date
The remaining Escrowed Shares	36 months from the Effective Date

As of the date of this Listing Statement, 10% of the securities escrowed pursuant to the MJIC Insider Escrow have been released from escrow and 20,250 Issuer Subordinate Voting Shares, 20,299,887 Issuer Subordinate Non-Voting Shares, 813,688 Issuer Proportionate Voting Shares, 3,361,500 Options and 8,927,248 Warrants remain in escrow.

MJIC Shareholder Escrow

In addition, all other Issuer Shares held by former MJIC Shareholders' that were issued in connection with the MJIC Tranche A Offering, MJIC Tranche B Offering, MJIC Tranche C Offering and the Amendment and Restatement Issuance (excluding any shares issued pursuant to the exercise of MJIC Warrants) were to be held in escrow and released in accordance with voluntary lock-ups (the "**MJIC Shareholder Escrow**"). In addition, Issuer Shares issued in connection with the execution of the Amended and Restated Notes and upon conversion of the Amended and Restated Notes are subject to the MJIC Shareholder Escrow. As of the date of this Listing Statement, the following securities of the Issuer are subject to escrow pursuant to the MJIC Shareholder Escrow:

Designation of Class Held in Escrow	Number of Securities Held in Escrow	Percentage of Class
Issuer Subordinate Voting Shares	23,970,807 ⁽¹⁾	26%
Issuer Subordinate Non-Voting Shares	0	0%
Issuer Proportionate Voting Shares	0	0%
Amended and Restated Notes	\$4,605,769 ⁽²⁾	N/A

Notes

(1) Odyssey Trust Company acts as escrow agent.

(2) Escrow of Issuer Subordinate Voting Shares to be issued upon the conversion of the Amended and Restated Notes to be administered by the Company.

All of the foregoing Issuer Shares are subject to escrow pursuant to the terms of a voluntary pooling agreement (the "**MJIC Voluntary Pooling Agreement**") entered into prior to Closing, with such Issuer securities to be released from escrow as follows:

Proportion to Be Released	Release Date
5% of the Escrowed Securities	Effective Date
10% of the Escrowed Securities	6 months from the Effective Date
10% of the Escrowed Securities	9 months from the Effective Date
15% of the Escrowed Securities	12 months from the Effective Date
25% of the Escrowed Securities	15 months from the Effective Date
The remaining Escrowed Shares	18 months from the Effective Date

As of the date of this Listing Statement, 5% of the securities escrowed pursuant to the MJIC Shareholder Escrow have been released from escrow and 22,772,266 Issuer Subordinate Voting Shares remain in escrow.

P&P Shareholder Escrow

Issuer Securities held by former holders of P&P Common Shares (or P&P Subordinate Voting Shares) that were issued in connection with the conversion of the P&P Convertible Notes were to be held in escrow and released in accordance with voluntary lock-ups (the “**P&P Shareholder Escrow**”). As of the date of this Listing Statement, the following securities of the Issuer are subject to escrow pursuant to the P&P Shareholder Escrow:

Designation of Class Held in Escrow	Number of Securities Held in Escrow	Percentage of Class
Issuer Subordinate Voting Shares	15,000,000	18%

All of the foregoing Issuer securities are subject to escrow pursuant to the terms of a voluntary pooling agreement (the “**P&P Shares Voluntary Pooling Agreement**”) entered into prior to Closing, with such Issuer securities to be released from escrow as follows:

Proportion to Be Released	Release Date
30% of Escrowed Shares	Effective Date
11.66% of Escrowed Shares	3 months from the Effective Date
11.66% of Escrowed Shares	6 months from the Effective Date
11.66% of Escrowed Shares	9 months from the Effective Date
11.66% of Escrowed Shares	12 months from the Effective Date
11.66% of Escrowed Shares	15 months from the Effective Date
The remaining Escrowed Shares	18 months from the Effective Date

As of the date of this Listing Statement, 30% of the securities escrowed pursuant to the P&P Shareholder Escrow have been released from escrow and 10,500,000 Issuer Subordinate Voting Shares remain in escrow.

P&P Warrantholder Escrow

The P&P Subordinate voting shares issued upon the exercise of the P&P Warrants are to be held in escrow and released in accordance with voluntary lock-ups (the “**P&P Warrantholder Escrow**”). As of the date of this Listing Statement, the following securities of the Issuer are subject to escrow pursuant to the P&P Warrantholder Escrow:

Designation of Class Held in Escrow	Number of Securities Held in Escrow ⁽¹⁾	Percentage of Class
Issuer Warrants	15,000,003	15.1%

Notes

- (1) Odyssey Trust Company acts as escrow agent. To be exercised within 30 days of the date of this Listing Statement pursuant to the terms of the P&P Warrant Purchase Agreement.

All of the foregoing Issuer securities are subject to escrow pursuant to the terms of a voluntary pooling agreement (the "**P&P Warrants Voluntary Pooling Agreement**") entered into prior to Closing, with such Issuer securities to be released from escrow as follows:

Proportion to Be Released	Release Date
10% of Escrowed Shares and Escrowed Warrants	Effective Date
15% of Escrowed Shares and Escrowed Warrants	3 months from the Effective Date
15% of Escrowed Shares and Escrowed Warrants	6 months from the Effective Date
15% of Escrowed Shares and Escrowed Warrants	9 months from the Effective Date
15% of Escrowed Shares and Escrowed Warrants	12 months from the Effective Date
15% of Escrowed Shares and Escrowed Warrants	15 months from the Effective Date
The remaining Escrowed Shares and Escrowed Warrants	18 months from the Effective Date

As of the date of this Listing Statement, 10% of the securities escrowed pursuant to the P&P Warrantholder Escrow have been released from escrow and 13,500,003 Issuer Subordinate Voting Shares remain in escrow.

12. PRINCIPAL SHAREHOLDERS

Except as set forth below, to the knowledge of the directors and executive officers of the Issuer, following the Closing, no person or corporation will beneficially own, directly or indirectly, or exercise control or direction over, Issuer Shares carrying more than 10% of the voting rights attached to all outstanding Issuer Shares (either on an undiluted or fully diluted basis).

As of the date of this Listing Statement, the following persons hold more than 10% of any class of voting securities of the Issuer on an undiluted basis:

Name	Number of Issuer Shares	Class of Shares ⁽¹⁾	Ownership	Percentage of Class
Lawrence Horwitz	300,000	Issuer Proportionate Voting Shares	Direct	29%
	450,000	Issuer Subordinate Voting Shares	N/A	0.5% ⁽²⁾
Sturges Karban	210,000	Issuer Proportionate Voting Shares	Direct	20%
	4,855,000	Issuer Subordinate Non-Voting Shares	Direct	16%
	0	Issuer Subordinate Voting Shares	N/A	0% ⁽³⁾
	180,000	Options	Direct	2%
	1,200,000	Warrants	Direct	2%
Jordan Gerber	105,538	Issuer Proportionate Voting Shares	Indirect ⁽⁴⁾	10%
	2,844,500	Issuer Subordinate Non-Voting Shares	Direct	9.6%
	0	Issuer Subordinate Voting Shares	N/A	0% ⁽⁵⁾
	180,000	Options	Direct	2%
	1,680,000	Warrants	Direct	3%

Notes:

- (1) Each Issuer Proportionate Voting Share is convertible into Issuer Subordinate Voting Shares on a 1:10 basis, without payment of additional consideration, at the option of the holder or the Issuer pursuant to the articles of Issuer. Holders of Issuer Proportionate Voting Shares are entitled to ten (10) votes per Issuer Proportionate Voting Share at any meeting of the shareholders of the Issuer. See "*Description of Securities*".
- (2) On an as converted to Issuer Subordinate Voting Shares basis, Mr. Horwitz owns 3.8% of the Issuer Subordinate Voting Shares on a fully-diluted basis.
- (3) On an as converted to Issuer Subordinate Voting Shares basis, Mr. Karban owns 8.7% of the Issuer Subordinate Voting Shares on a fully-diluted basis.
- (4) Held by The Jordan Gerber Revocable Trust, an entity controlled by Jordan Gerber.
- (5) On an as converted to Issuer Subordinate Voting Shares basis, Mr. Gerber owns 7.4% of the Issuer Subordinate Voting shares on a fully-diluted basis.

13. DIRECTORS AND OFFICERS

13.1 to 13.3 Directors and Officers

The following table sets forth the name of all directors and officers of the Issuer, their municipalities of residence, their current positions with the Issuer, their principal occupations during the past five years and the number and percentage of Issuer Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date of this Listing Statement. Such persons were appointed to the positions indicated below immediately following the Closing. All directors cease to hold office immediately before the election or appointment of directors at the next annual general meeting.

Name, Municipality of Residence and Position(s) to be Held at Closing ⁽¹⁾	Principal Occupation Over the Past 5 Years ⁽²⁾	Issuer Shares Outstanding upon Closing ^{(3) (4)}	
		Number and Class of Shares	Percentage of Class (%)
Sturges Karban California, USA <i>CEO and Director</i>	Director of MJIC since April 2014. Chief Executive Officer of MJIC since February 2017. Founder and principal of Meridian Advisors, a consulting firm, from January 2011 to April 2014.	210,000 Issuer Proportionate Voting Shares	20.2%
		4,855,000 Issuer Subordinate Non-Voting Shares	16.5%
Urban Smedeby California, USA <i>President and Director</i>	President of MJIC since February 2019. Chief Strategy Officer of MJIC from March 2015 to February 2019. Independent consultant from December 2014 to August 2015. Founder and principal of Bridgewater Capital, a boutique investment banking firm, from 1994 to 2014.	90,000 Issuer Proportionate Voting Shares	8.6%
		4,246,667 Issuer Subordinate Non-Voting Shares	14.4%
Jordan Gerber Illinois, USA <i>CFO</i>	CFO of MJIC since January 2016. President and former CFO of CFO Worldwide and Panther Micro Opportunity Fund I, LLC from May 2014 to January 2016 when they were acquired by MJIC.	105,538 Issuer Proportionate Voting Shares	10.1%
		2,844,500 Issuer Subordinate Non-Voting Shares	9.7%
Pierre Rouleau California, USA <i>COO</i>	COO of MJIC since December 2018. COO and Chairman of Green Light District Holdings, Inc., a cannabis dispensary operator, from October 2015 to November 2018. CEO of Altair Pte, Ltd., a management consulting firm, from July 2008 to October 2015.	2,591,667 Issuer Subordinate Non-Voting Shares	8.8%
Dilshad Kasmani Texas, USA <i>CLO</i>	CLO of MJIC from September 2019 to present. Associate General Counsel and Assistant Corporate Secretary at American Midstream Partners, LP from November 2018 to September 2019. Associate General Counsel and Company Secretary at Cardtronics plc from January 2014 to February 2018.	2,520,000 Issuer Subordinate Non-Voting Shares	8.6%

Name, Municipality of Residence and Position(s) to be Held at Closing ⁽¹⁾	Principal Occupation Over the Past 5 Years ⁽²⁾	Issuer Shares Outstanding upon Closing ^{(3) (4)}	
		Number and Class of Shares	Percentage of Class (%)
Dmitry Gordeychev California, USA <i>CIO</i>	CIO of MJIC since February 2017. Managing Director of Meridian Advisors, a consulting firm, from October 2012 to April 2017.	4,736,667 Issuer Subordinate Non-Voting Shares	16.0%
Daniel Sekers ⁽⁶⁾ Sydney, Australia <i>Director</i>	Independent businessperson since December 2014. Former COO of Global Group Australia Pty Ltd from October 2012 which was acquired by Invigor Group Limited and where Mr. Sekers served in same role until December 2014.	22,500 Issuer Subordinate Voting Shares	0.03%
Kristin Fox ⁽⁶⁾ Illinois, USA <i>Director</i>	Founder and principal of FoxInspires LLC, a consulting firm, from 2008 to present.	24,319 Issuer Proportionate Voting Shares	2.3%
Scott Wessler ⁽⁶⁾ California, USA <i>Director</i>	Founder of Canopi LLC, a family office focused primarily on commercial real estate. Consultant to MJIC from 2015 to 2018.	73,500 Issuer Proportionate Voting Shares	7.1%
		45,000 Issuer Subordinate Non-Voting Shares	0.2%
Gaelan Bloomfield California, USA <i>Director</i>	Managing Director of Redfield Asset Management & Advisory since August 2015.	N/A	N/A
Total:		26,895,571 Issuer Subordinate Voting Shares ⁽⁵⁾	20.4% ⁽⁵⁾

Notes:

- (1) The information as to municipality of residence and principal occupation, not being within the knowledge of the Issuer, has been furnished by the respective directors and officers individually.
- (2) The information as to principal occupation, business or employment has been furnished by the respective directors and officers individually.
- (3) The information as to the number of Issuer Shares expected to beneficially owned, or controlled or directed, directly or indirectly, by the proposed directors and officers immediately following the Closing has been furnished by the respective directors and officers individually.
- (4) Based on 92,131,262 Issuer Subordinate Voting Shares, 29,504,684 Issuer Subordinate Non-Voting Shares and 1,042,339 Issuer Proportionate Voting Shares, for an aggregate of 132,059,338 Issuer Subordinate Voting Shares (on an as converted to Issuer Subordinate Voting Shares basis) expected to be outstanding following the RTO Transaction, on an undiluted basis.
- (5) On an as converted to Issuer Subordinate Voting Shares basis.
- (6) Proposed member of Audit Committee of the Issuer.

13.4 Board Committees

Subsequent to the Closing, the board of directors of the Issuer will have two standing committees, being the Audit Committee and the Compensation and Corporate Governance Committee.

The Audit Committee of the Issuer will adopt the audit committee charter of P&P. The Audit Committee will oversee the retention, performance and compensation of the Issuer's independent auditors, and oversee and establish procedures concerning systems of internal accounting and control. The Audit Committee will be comprised of the following individuals:

Member	Independence	Financial Literacy
Daniel Sekers	Independent ⁽¹⁾	Financially Literate
Scott Wessler	Independent ⁽¹⁾	Financially Literate
Kristin Fox ⁽²⁾	Independent ⁽¹⁾	Financially Literate

Notes

(1) Within the meaning of National Instrument 52-110 – Audit Committees ("NI 52-110").

(2) Kristin Fox will be the Chair of the Audit Committee.

The Compensation and Corporate Governance Committee will oversee executive compensation and matters related to the corporate governance of the Issuer: The Compensation and Corporate Governance Committee will be comprised of the following individuals:

Member	Independence	Financial Literacy
Daniel Sekers	Independent	Financially Literate
Scott Wessler ⁽¹⁾	Independent	Financially Literate
Kristin Fox	Independent	Financially Literate

Notes

(1) Scott Wessler will be the Chair of the Compensation and Corporate Governance Committee.

13.5 Director and Officer Principal Occupations

The principal occupation of each of the Issuer's proposed directors and officers is disclosed in the table above.

13.6 Corporate Cease Trade Orders and Bankruptcies

No director, officer or promoter of the Issuer or a shareholder holding sufficient number of securities of the Issuer to affect materially the contract of the Issuer, is, or within the last ten years has been, a director or officer of any company that, while that person was acting in that capacity:

- was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days;
- was subject to an order that was issued after he or she ceased to act in that capacity, which resulted from an event that occurred while that person was acting as director, officer or promoter;

- became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

13.7 and 13.8 Penalties and Sanctions

No director, officer, or promoter of the Issuer or any shareholder anticipated to hold a sufficient amount of securities to affect materially the control of the Issuer, 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 has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely considered important to a reasonable investor in making an investment decision.

13.8 Settlement Agreements

Not applicable.

13.9 Personal Bankruptcies

No director, officer or promoter of the Issuer, or a securityholder anticipated to hold sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons, has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or promoter.

13.10 Existing or Potential Material Conflicts of Interest

Directors and officers of the Issuer may also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Issuer which arise under applicable corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Issuer.

The Issuer has adopted a *Code of Business Conduct and Ethics* (the "**Code**"), which is intended to document the principles of conduct and ethics to be followed by directors, officers and employees of the Issuer. The purpose of the Code is to:

- promote integrity and deter wrongdoing;
- promote honest and ethical conduct including the ethical handling of actual or apparent conflicts of interest;

- promote avoidance of absence of conflicts of interest;
- promote full, fair, accurate, timely and understandable disclosure in public communications made by the Issuer;
- promote compliance with applicable governmental laws, rules and regulations;
- promote and provide a mechanism for the prompt internal reporting of departures from the Code;
- promote accountability for adherence to the Code;
- provide guidance to directors, officers and employees to help them recognize and deal with ethical issues; and
- to help foster a culture of integrity, honesty and accountability throughout the Issuer.

In addition to adherence to the Code, it is expected that all conflicts of interest will be resolved in accordance with the BCBCA. It is expected that any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

13.11 Management

The following are brief biographical descriptions of the proposed directors and officers of the Issuer upon the Closing:

Mr. Sturges Karban

Director and Chief Executive Officer | Age: 42

Mr. Karban has more than 20 years of experience in industries such as investment banking, metals and mining, real estate, technology, and media and entertainment. After graduating from Harvard University in 2000, Mr. Karban began his career in investment banking in the Private Capital Group of Robertson Stephens. In 2002, Mr. Karban joined Jefferies & Company, helping to establish an investment banking practice focused on the financial services industry in the firm's Boston office. In 2004, Mr. Karban co-founded KarEd, a residential real estate development company that purchased, rehabilitated, and managed 15 multi-tenant residential buildings in Hartford, Connecticut over two years; KarEd sold its portfolio of assets to a regional development company in late 2006.

In 2006, Mr. Karban assumed the role of Chief Operating Officer and Director for Cutting Edge Music Services, a leading provider of music services and financing solutions to the independent film and television marketplace. In this capacity, Mr. Karban has been involved in providing musical elements, services, and financing to over 100 feature films and television programs. He was also instrumental in structuring a portfolio of businesses that invest in the music publishing and master recording rights of the music created for feature films and television programs, ultimately managing more than \$100 million in assets as the Chair of the Commitment Committees for these group of entities. In 2010, Mr. Karban financed and produced *Shadows and Lies*, a feature film starring James Franco and Josh Lucas that was entered into competition at the Tribeca Film Festival.

In 2011, Mr. Karban co-founded Meridian Advisors, a boutique consultancy based in Los Angeles, New York, and London, which advised companies in a variety of alternative industries across a host of strategic and financial matters. He joined the Board of Directors upon the Issuer's inception in 2014, a position he continues to hold, and served as its acting Chief Investment Officer for approximately three years before assuming the role of Chief Executive Officer. In this capacity, Mr. Karban has overseen all facets of the strategic and operational development of the Issuer, and has been featured as an expert on the cannabis industry in The Wall Street Journal, Bloomberg, and The Los Angeles Business Journal, as well as on broadcast segments for CNN International in Los Angeles and BNN Bloomberg in Toronto.

Mr. Karban is an employee and is expected to enter a non-disclosure agreement with the Issuer. Mr. Karban is not expected to enter into a non-competition agreement with the Issuer. Mr. Karban intends to devote 100% of his time to the affairs of the Issuer.

Mr. Urban Smedeby

President and Director | Age: 54

Mr. Smedeby was initially engaged by MJIC as a consultant in 2014 and subsequently joined MJIC full-time in 2015. Mr. Smedeby presently serves as a Director and President of MJIC.

Mr. Smedeby brings to MJIC more than 25 years of investment banking and fund management experience with early-stage companies. He is the co-founder of two boutique investment banking firms, establishing Bentley Richards and Associates in 1991 and Bridgewater Capital in 1994, where he served as President until 2014.

During his career in corporate finance, Mr. Smedeby has structured, negotiated, and successfully completed in excess of 150 transactions in various equity and debt structures. He co-managed Triton Private Equities, one of the first funds focused on private investment in public equity funds, which set the standard for how small- and mid-cap companies access secondary financing. He co-managed Instream Capital LLC, a convertible debt fund that was a component of a \$4 billion hedge fund. In connection with Bridgewater Capital, Mr. Smedeby also co-managed the Oceanus Value Fund, which focused on bridging the financing gap between venture-capital funding rounds and a subsequent initial public offering or other liquidity event.

Mr. Smedeby is an employee and is expected to enter into a non-disclosure agreement with the Issuer. Mr. Smedeby is not expected to enter into a non-competition agreement with the Issuer. Mr. Smedeby intends to devote 100% of his time to the affairs of the Issuer.

Mr. Jordan Gerber

Chief Financial Officer | Age: 50

Mr. Gerber joined MJIC in 2016 by way of MJIC's acquisition of CFO Worldwide and Panther Micro Opportunity Fund I, LLC. He presently serves as CFO of MJIC.

Mr. Gerber is a Certified Public Accountant with over 20 years of experience as a financial consultant, business owner, and turnaround specialist in a variety of industries.

He brings to MJIC a wealth of financial and operational knowledge and his expertise includes financial reporting, budgeting, projections, cost reductions, vendor negotiations, inventory analysis and collections. Mr. Gerber has acted as an outsourced chief financial officer for more than 100 companies with collective revenues of over \$500 million. Mr. Gerber graduated from the University of Illinois at Urbana-Champaign in 1992.

Mr. Gerber is an employee and is expected to enter into a non-disclosure agreement with the Issuer. Mr. Gerber is not expected to enter into a non-competition agreement with the Issuer. Mr. Gerber intends to devote 100% of his time to the affairs of the Issuer.

Mr. Pierre Rouleau

Chief Operating Officer | Age: 61

Mr. Rouleau joined MJIC in 2018 and presently serves as COO of MJIC and the Issuer.

As the former Chairman and Chief Operating Officer of Green Light District Holdings, Inc., more commonly known as ShowGrow, Mr. Rouleau implemented and managed the company's corporate structure, compliance, and overall vision. Building the company's management team, he was an integral part of the expansion to multiple locations, as well as cementing vital Cannabis Industry partnerships and completing a multimillion-dollar capital raise for the company.

Mr. Rouleau is an entrepreneurial executive who has achieved repeated success in the Cannabis Industry, as well as the high-tech and aviation industries. With more than 20 years of experience in international business and known for building, high-value management and execution teams, Mr. Rouleau has a successful track record of leading companies in competitive markets worldwide, generating significant growth, and successfully integrating operations following mergers and acquisitions.

Mr. Rouleau is an employee and is expected to enter into a non-disclosure agreement with the Issuer. Mr. Rouleau is not expected to enter into a non-competition agreement with the Issuer. Mr. Rouleau intends to devote 100% of his time to the affairs of the Issuer.

Mr. Dmitry Gordeychev

Chief Investment Officer | Age: 34

Mr. Gordeychev joined MJIC in 2017 and presently serves as Chief Investment Officer of MJIC.

During his 12-year career in the private equity and investment banking industries, Mr. Gordeychev has executed transactions in such industries as real estate, metals and mining, technology, and media and entertainment. He has been involved in securing various forms of financing for transactions in the aforementioned sectors, both under such conventional structures as common and preferred equity, senior and subordinated/mezzanine debt, and lines of credit and other conventional credit facilities, as well as such unconventional structures as sponsorship, naming rights, branding, and signage agreements; New Market Tax Credits, federal, state, and municipal tax-increment financing, and other forms of public financing; and EB-5 financing.

After graduating from the Leonard N. Stern School of Business at New York University in 2007, Mr. Gordeychev joined CIM Group, a private equity real estate fund manager based in California with

over \$19 billion of assets under management, where he served as Analyst, Associate, and Associate Vice President of Investments and was involved in the execution of transactions with an aggregate value in excess of \$1 billion in connection with the acquisition, financing, development, and/or asset management of properties and projects across a variety of asset classes, including gaming, hospitality, entertainment, residential, commercial, and mixed-use.

In 2012, Mr. Gordeychev assumed the role of Managing Director of Meridian Advisors, a boutique consultancy based in Los Angeles, New York, and London, which advises companies in a variety of industries across a host of strategic and financial matters.

Mr. Gordeychev is an employee and is expected to enter into a non-disclosure agreement with the Issuer. Mr. Gordeychev is not expected to enter into a non-competition agreement with the Issuer. Mr. Gordeychev intends to devote 100% of his time to the affairs of the Issuer.

Mr. Dilshad Kasmani

Chief Legal Officer, General Counsel and Corporate Secretary | Age: 43

Mr. Kasmani joined MJIC in 2019. He presently serves as Chief Legal Officer, General Counsel, and Corporate Secretary.

Mr. Kasmani has extensive experience providing legal and strategic advice to boards and C-suite executives with respect to transactions, operational issues, compliance, governance, and legislative efforts. Prior to joining the Company, Mr. Kasmani held positions with American Midstream Partners, LP (NYSE: AMID) and Cardtronics plc (NASDAQ: CATM). Mr. Kasmani was previously with the international law firms of Andrews Kurth LLP and Paul Hastings LLP, where he focused on a wide variety of corporate and securities matters, primarily in the context of mergers and acquisitions, private equity investing, and corporate governance. Over the course of his career, Mr. Kasmani has represented clients in transactions, fund formations and public offerings collectively valued at more than \$6.0 billion. Prior to his legal career, Mr. Kasmani served in various levels of state and local government, including as the Chief Economist of the Harris County Tax Office. Mr. Kasmani is also a US Navy veteran.

Mr. Kasmani holds a Bachelor of Arts in Economics and Political Science from the University of Houston, a Master of Arts in Economics from the University of Houston, and a Doctor of Jurisprudence from the South Texas College of Law.

Mr. Kasmani is an employee and is expected to enter into a non-disclosure agreement with the Issuer. Mr. Kasmani is not expected to enter into a non-competition agreement with the Issuer. Mr. Kasmani intends to devote 100% of his time to the affairs of the Issuer.

Mr. Daniel Sekers

Director (Chairman) | Age: 38

Mr. Sekers joined MJIC in 2017. He presently serves as a non-executive Chairman of MJIC.

Mr. Sekers is an experienced entrepreneur, investor, and professional director with a flair for building disruptive and innovative technology-focused organizations.

Mr. Sekers presently serves as Non-Executive Director of Votiro Cybersec Limited, a multi-national cybersecurity firm, Chairman of Blueshore Development Group, an Australia-based real estate development company, Executive Director of Divergent Group, an investment and advisory company, and Chairman and Non-Executive Director of a number of not-for-profit organizations.

Previously, Mr. Sekers served as Chief Operating Officer of Global Group Australia Pty Limited, which was subsequently acquired Invigor Group Limited, which is listed on the Australian Securities Exchange, where Mr. Sekers also served as Executive Director until December 2014.

Mr. Sekers has previously sat, and currently sits, on a number of committees, including Audit & Risk Committees, Compensation Committees, and Capital Raising Committees, and is actively involved in strategic planning across all of his engagements.

Mr. Sekers was a founding investor of Menulog and Global Group Australia, which built the technology supporting the business that revolutionized take-out and home delivery of food in Australia. Menulog was sold in 2015 for A\$855 million to Just Eats, a publicly listed company based in the United Kingdom.

Mr. Sekers holds a Master's in Business Administration from the Australian Graduate School of Management and a Graduate of the Australian Institute of Company Directors.

Mr. Sekers is expected to enter into a non-disclosure agreement with the Issuer. Mr. Sekers is not expected to enter into a non-competition agreement with the Issuer. Mr. Sekers intends to devote approximately 10% of his time to the affairs of the Issuer.

Mr. Scott Wessler

Director | Age: 52

Mr. Wessler joined MJIC in 2019. He presently serves as a non-executive Director of MJIC.

Mr. Wessler spent the first 15 years of his career in the field of internet product development, joining the Walt Disney Internet Group in 1996 and participating in the creation of the original Disney.com and Disney Travel websites. During his eight years with Disney, he held leadership roles in the conception and execution of strategies for next-generation, revenue producing online initiatives. As Director of Product Development, Mr. Wessler led Disney's Blast, at the time the largest kids' subscription product on the internet with over 100,000 subscribers. He next executive produced Disney's Toontown Online, the first massively multiplayer online game for kids and families. Toontown Online remained in continual operation until September 2013. In 2004, Mr. Wessler joined Local.com as Vice President of Product Development where he guided early-stage development of the Local.com search portal product. This product, designed to provide relevant search results for local businesses, products and services, continues to operate today.

In 2006, Mr. Wessler joined Vimpex International Corporation, a family-owned company specializing in the sourcing, importing, sales, and distribution of food products in the U.S. As COO, Mr. Wessler oversees all operational aspects of the company which generates over \$40 million in annual sales. Because of strict food safety regulations, Vimpex maintains a strong focus on regulatory compliance with U.S. Customs and FDA and has developed expertise in operating in heavily regulated environments, specifically in the area of consumer-packaged goods.

Continuing the development of family assets, in 2011 Mr. Wessler formed Canopi LLC, a family office focused primarily on commercial real estate. Through ownership of several commercial office buildings, he has direct experience with property management, leasing, and financial management of commercial properties.

After researching the cannabis market for several years, Mr. Wessler invested in the early phases of MJIC in 2015. Through several iterations of company management and business plans, he has stayed close to the principals that now run MJIC and he is currently engaged by MJIC as a consultant pursuing business strategies involving operations and logistics, real estate, packaging/bottling/automation systems, and other related technologies for implementation in the cannabis space.

In 2017, Mr. Wessler invested in the early phases of Jacksam Corporation, a technology infrastructure company serving the Cannabis Industry. As a Jacksam's board member, he focuses primarily on the company's product sourcing and operations. Utilizing sources and contacts developed through his work with VimpeX International Corp., Mr. Wessler has traveled to China with Jacksam's principals to help secure solid partners for the company's supply side, a fundamental piece enabling their continued growth. With a breadth of experience across multiple disciplines, Mr. Wessler is committed to enabling the success of the entities he is involved with and helping to professionalize the young Cannabis Industry.

Mr. Wessler is expected to enter into a non-disclosure agreement with the Issuer. Mr. Wessler is not expected to enter into a non-competition agreement with the Issuer. Mr. Wessler intends to devote approximately 10% of his time to the affairs of the Issuer.

Ms. Kristin Fox
Director | Age: 56

Ms. Fox joined MJIC in 2019. She presently serves as a non-executive Director of MJIC.

Kristin Fox is founder and principal of FoxInspires LLC. Launched in 2008, FoxInspires provides access to intelligence and information that helps investors and managers understand each other better. The focus of the firm is helping hedge funds, commodity trading advisors, and other money managers to create information and marketing materials for their specific investing audience.

Before starting her firm, Fox worked as a journalist for more than 20 years and served as vice president of news and research, and executive editor for HedgeWorld. HedgeWorld was purchased by Thomson Reuters in 2005, where she served as director, Hedge Fund News until 2008. Before that, she worked at Crain's Pensions & Investments and broke into this space with Hedge Fund Research, in Chicago.

Fox is a dynamic leader who builds productive teams with great ease. She has key strengths in managing complex relationships at the senior executive and board level to achieve outstanding positive outcomes. She is an accomplished public speaker oft quoted and requested by premier organizations. Fox is an experienced editor and writer for numerous successful publications. She has an extensive network of contacts within the financial industry, especially within the global hedge fund community. Fox educates investors regarding intricate financial products and strategies in terms that are easy to understand. Ms. Fox is involved with a number of professional women's

networks serving on the board of directors for the 100 Women in Hedge Funds, and a Co-Chair of the Chicago Chapter of 85 Broads.

Ms. Fox is expected to enter into a non-disclosure agreement with the Issuer. Ms. Fox is not expected to enter into a non-competition agreement with the Issuer. Ms. Fox intends to devote approximately 10% of her time to the affairs of the Issuer.

Mr. Gaelan Bloomfield

Director | Age: 33

Mr. Bloomfield joined MJIC in 2020 as the Senior Noteholders Nominee. He presently serves as a non-executive Director of MJIC.

Mr. Bloomfield's involvement with MJIC began in 2016 in conjunction with Redfield Asset Management's ("**Redfield**") equity investment in MJIC and subsequent investment in the Senior MJIC 10% Convertible Notes.

Mr. Bloomfield is a career investment banker and management consultant and has focused on supporting the strategic growth of organizations in emerging industries. Prior to cofounding Redfield, Mr. Bloomfield worked at KPMG and Deutsche Bank, gaining experience across capital markets and strategy focused roles. During this time, Mr. Bloomfield advised companies through debt and equity raising, with a focus on structured financing. In addition, Mr. Bloomfield has been involved in cost rationalization and cost reduction exercises in some of Asia Pacific's largest organizations.

Mr. Bloomfield has lived and worked in Sydney, London, Singapore, Hong Kong, Manila and Los Angeles. While maintaining his role with Redfield, Mr. Bloomfield also currently acts as board member and advisor to a number of organizations in the cannabis sector with a private equity focus on the US and European cannabis markets. Through his experience in the sector, Mr. Bloomfield has developed an understanding of the dynamics which shape the global cannabis industry and currently focuses on structured financing and investment solutions in the sector.

Mr. Bloomfield holds a Bachelor of Commerce degree from the University of New South Wales.

Mr. Bloomfield is expected to enter into a non-disclosure agreement with the Issuer. Mr. Bloomfield is not expected to enter into a non-competition agreement with the Issuer. Mr. Bloomfield intends to devote approximately 10% of his time to the affairs of the Issuer.

14. CAPITALIZATION

14.1 Capitalization Chart

As of October 9, 2020	Number of Securities		% of Issued Capital	
	(non-diluted)	(fully-diluted)	(non-diluted)	(fully-diluted)
Public Float				
Total outstanding (A):	92,131,262 ⁽¹⁾	193,090,295	100% ⁽²⁾	100% ⁽³⁾
Held by Related Persons or employees of the Issuer or Related Person of the Issuer or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B):	6,251,559	68,690,476 ⁽⁴⁾	6.8%	35.6%
Total Public Float (A) - (B):	85,879,703	124,399,819	93.2%	64.4%
Freely-Tradable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C):	39,443,307 ⁽⁵⁾	101,882,224 ⁽⁶⁾	42.8%	52.8%
Total Tradable Float (A) - (C):	52,687,955	91,208,071	57.2%	47.2%

Notes:

- (1) The total number of (non-diluted) securities is comprised of 92,131,262 Issuer Subordinate Voting Shares.
- (2) On a non-diluted basis, 75% of the issued capital is comprised of Issuer Subordinate Voting Shares, 24% of the issued capital is comprised of Issuer Subordinate Non-Voting Shares and 1% of the issued capital is comprised of Issuer Proportionate Voting Shares (on an as converted to Issuer Subordinate Voting Shares basis).
- (3) On a fully-diluted basis, 48% of the issued capital is comprised of Issuer Subordinate Voting Shares, 15% of the issued capital is comprised of Issuer Subordinate Non-Voting Shares and 5% of the issued capital is comprised of Issuer Proportionate Voting Shares (on an as converted to Issuer Subordinate Voting Shares basis).
- (4) 6,251,559 Issuer Subordinate Voting Shares, 23,361,358 Issuer Subordinate Non-Voting Shares, 1,042,339 Issuer Proportionate Voting Shares, 24,919,167 Warrants and 3,735,000 Options exercisable for Issuer Subordinate Voting Shares are held by such persons.
- (5) See Section 11 – *Escrowed Securities*. 23,970,807 Issuer Subordinate Voting Shares are subject to the MJIC Shareholder Escrow, 15,000,000 Issuer Subordinate Voting Shares are subject to the P&P Shareholder Escrow and 472,500 Issuer Subordinate Voting Shares are subject to the MJIC Insider Escrow.
- (6) See Section 11 – *Escrowed Securities*. 42,293,362 Issuer Subordinate Voting Shares, 23,361,358 Issuer Subordinate Non-Voting Shares, 1,042,723 Issuer Proportionate Voting Shares, 24,919,167 Warrants and 3,735,000 Options exercisable for Issuer Subordinate Voting Shares are held by such persons.

Public Securityholders (Registered)

For the purposes of the following table, "public securityholders" are persons other than persons enumerated in section (B) of the above Issued Capital table, and only registered holders are listed.

Class of Security: Common Shares

Size of Holding	Number of Holders	Total Number of Securities
1 - 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	3	4,419
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	6	20,331
4,000 – 4,999 securities	3	13,395
5,000 or more securities	510	83,979,057
Total	522	84,017,202

Public Securityholders (Beneficial)

For the purposes of the following table, "public securityholders (beneficial)" include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary; but does not include "non-public securityholders" being those persons enumerated in section (B) of the above Issued Capital table.

Class of Security: Common Shares

Size of Holding	Number of Holders	Total Number of Securities
1 - 99 securities	12	1,324
100 – 499 securities	22	9,988
500 – 999 securities	6	8,052
1,000 – 1,999 securities	13	30,565
2,000 – 2,999 securities	1	4,817
3,000 – 3,999 securities	14	64,647
4,000 – 4,999 securities	5	28,397
5,000 or more securities	530	85,721,913
Unable to confirm	0	0
Total	603	85,869,703

Non-Public Securityholders (Registered)

For the purposes of this table, "non-public securityholders" are persons enumerated in section (B) of the above Issued Capital table.

Class of Security: Common Shares

Size of Holding	Number of Holders	Total Number of Securities
1 - 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	4	6,251,559
Total	4	6,251,559

14.2 Convertible or Exchangeable Securities

The following table provides details of any securities of the Issuer convertible or exchangeable into Issuer Subordinate Voting Shares outstanding as of the date of this Listing Statement.

Description of Security	Conversion/Exercise Terms, including Conversion/Exercise price	Number of Convertible or Exchangeable Securities Outstanding	Number of Issuer Subordinate Voting Shares Issuable Upon Conversion or Exercise
Issuer Proportionate Voting Shares	N/A	1,042,339 ⁽¹⁾	10,423,392
Issuer Subordinate Non-Voting Shares	N/A	29,504,684 ⁽²⁾	29,504,684
Options	Expiry Date: 11/1/2021 Exercise Price: \$0.75	1,500,000 ⁽³⁾	1,500,000
	Expiry Date: 9/23/2022 Exercise Price: \$1.00	1,710,702 ⁽³⁾	1,710,702
	Expiry Date: 12/13/22 Exercise Price: \$0.75	225,000 ⁽³⁾	225,000
	Expiry Date: 3/14/2024 Exercise Price: \$0.75	360,000 ⁽³⁾	360,000
	Expiry Date: 5/27/2024 Exercise Price: \$1.00	150,000 ⁽³⁾	150,000
	Expiry Date: 9/1/2024 Exercise Price: \$1.00	600,000 ⁽³⁾	600,000
	Expiry Date: 6/22/2025 Exercise Price: \$1.00	3,615,000 ⁽³⁾	3,615,000
	Expiry Date: TBD ⁽⁴⁾ Exercise Price: \$0.75	30,000 ⁽³⁾	30,000
	Expiry Date: TBD ⁽⁴⁾ Exercise Price: \$1.00	195,000 ⁽³⁾	195,000
	Expiry Date: TBD ⁽⁵⁾ Exercise Price: \$0.75	300,000 ⁽³⁾	300,000
	Expiry Date: TBD ⁽⁶⁾ Exercise Price: TBD ⁽⁶⁾	15,000,003	15,000,003
Warrants	Expiry Date: TBD ⁽⁷⁾ Exercise Price: \$0.50	300,000	300,000
	Expiry Date: TBD ⁽⁸⁾ Exercise Price: \$2.25	778,494	778,494
	Expiry Date: TBD ⁽⁹⁾ Exercise Price: \$1.00	205,491	205,491
	Expiry Date: TBD ⁽¹⁰⁾ Exercise Price: \$0.50	1,398,207	1,398,207
	Expiry Date: TBD ⁽¹¹⁾	4,102,857	4,102,857

Description of Security	Conversion/Exercise Terms, including Conversion/Exercise price	Number of Convertible or Exchangeable Securities Outstanding	Number of Issuer Subordinate Voting Shares Issuable Upon Conversion or Exercise
	Exercise Price: \$1.00		
	Expiry Date: TBD ⁽¹²⁾ Exercise Price: \$1.00	1,650,000	1,650,000
	Expiry Date: TBD ⁽¹³⁾ Exercise Price: \$1.00	375,000	375,000
	Expiry Date: TBD ⁽¹⁴⁾ Exercise Price: \$1.00	75,000	75,000
	Expiry Date: TBD ⁽⁵⁾ Exercise Price: \$1.00	10,031,667	10,031,667
	Expiry Date: TBD ⁽¹⁵⁾ Exercise Price: \$1.00	12,049,905	12,049,905
	Expiry Date: TBD ⁽¹⁶⁾ Exercise Price: \$1.17	6,000,855	6,000,855
Issuer Broker's Warrants	Expiry Date: 3/18/21 Exercise Price: \$0.75	377,778 ⁽¹⁷⁾	377,778
H3O Note (Convertible Note)	Variable ⁽¹⁸⁾	\$5,750,000	TBD ⁽¹⁸⁾
DPH Note (Convertible Note)	Variable ⁽¹⁹⁾	\$240,000	TBD ⁽¹⁹⁾
MD Note (Convertible Note)	Variable ⁽²⁰⁾	\$150,000	TBD ⁽²⁰⁾
Amended and Restated Notes	Variable ⁽²⁰⁾	\$4,586,005	TBD ⁽²¹⁾
MJIC 15% Convertible Notes	Variable ⁽²¹⁾	\$2,483,055	TBD ⁽²²⁾
MJIC 17.5% Convertible Notes	Variable ⁽¹⁶⁾	\$5,410,000	1,545,714 ⁽¹⁶⁾

Notes:

- (1) Issued to Applicable U.S. Shareholders in connection with the RTO Transaction.
- (2) Issued to holders of MJIC Class B Common Shares in connection with the RTO Transaction.
- (3) MJIC Options outstanding immediately prior to the RTO Transaction exercisable into Issuer Subordinate Voting Shares in connection with the RTO Transaction.
- (4) Expire on the date that is 18 months after the date the Issuer Subordinate Voting Shares commence trading on the CSE.
- (5) Expire on the date that is five years after the date the Issuer Subordinate Voting Shares commence trading on the CSE.
- (6) Issued to holders of P&P Convertible Notes and purchased by the P&P Warrant Purchaser. To be exercised within 30 days following the date the Issuer Subordinate Voting Shares commence trading on the CSE at the P&P Warrant Exercise Price.
- (7) Issued in connection with the 1-800 Note Amendment. Expire on the date that is 3 years after the date the Issuer Subordinate Voting Shares commence trading on the CSE.
- (8) Issued in connection with the MJIC \$4.50 Private Placement. Expire on the date that is 18 months after the date the Issuer Subordinate Voting Shares commence trading on the CSE.
- (9) Issued to holders of the Subordinate MJIC 10% Convertible Notes. Expire on the date that is 30 days after the date the Issuer Subordinate Voting Shares commence trading on the CSE.
- (10) Issued to holders of MJIC 14% Convertible Notes. Expire on the date that is 3 years from the conversion of the MJIC 14% Convertible Notes.

- (11) MJIC Warrants outstanding immediately prior to the RTO Transaction exercisable into Issuer Subordinate Voting Shares in connection with the RTO Transaction. Expire on the date that is 12 months after the date the Issuer Subordinate Voting Shares commence trading on the CSE.
- (12) MJIC Warrants outstanding immediately prior to the RTO Transaction exercisable into Issuer Subordinate Voting Shares in connection with the RTO Transaction. Expire on the date that is 12 months after the date the Issuer Subordinate Voting Shares commence trading on the CSE.
- (13) MJIC Warrants outstanding immediately prior to the RTO Transaction exercisable into Issuer Subordinate Voting Shares in connection with the RTO Transaction. Expire on the date that is 12 months after the date the Issuer Subordinate Voting Shares commence trading on the CSE.
- (14) MJIC Warrants outstanding immediately prior to the RTO Transaction exercisable into Issuer Subordinate Voting Shares in connection with the RTO Transaction. Expire on the date that is 6 months after the date the Issuer Subordinate Voting Shares commence trading on the CSE.
- (15) Issued in connection with the Amended and Restated Notes. Exercisable at the lower of the Senior MJIC 10% Note Fixed Conversion Price and Senior MJIC 10% Note Floating Conversion Price.
- (16) Issued in connection with the MJIC 17.5% Convertible Note Private Placement (see *General Development of the Business – MJIC – Capital Raising*).
- (17) Issued to holders of MJIC Brokers' Warrants.
- (18) Issued in connection with the H3O Acquisition. The principal amount of the H3O Note, plus any accrued interest, is convertible at the discretion of the H3O Sellers during the H3O Note Term into Issuer Subordinate Voting Shares at a price equal to the higher of (a) \$1.00 per Issuer Subordinate Voting Share or (b) a 20% discount to the volume weighted average price of the Issuer Subordinate Voting Shares for the 10 trading days immediately preceding the conversion date.
- (19) Issued in connection with the DPH Acquisition. The principal amount of the DPH Note, plus any accrued interest, is convertible at the discretion of the DPH Sellers during the DPH Note Term into MJIC Class A Common Shares (or Issuer Subordinate Voting Shares following the Closing) at a price equal to the higher of (a) \$3.00 per MJIC Class A Common Share (\$1.00 per Issuer Subordinate Voting Share), (b) if the DPH Earn-Out is achieved prior to the Closing, a 20% discount to the price of the MJIC Class A Common Shares in connection with the most recent private placement offering of MJIC Class A Common Shares completed by MJIC prior to the issuance of such MJIC Class A Common Shares, or (c) if the DPH Earn-Out is achieved following the Closing, a 20% discount to the volume weighted average price of the Issuer Subordinate Voting Shares for the 10 trading days immediately preceding the issuance of such Issuer Subordinate Voting Shares.
- (20) Issued in connection with the MD Acquisition. The principal amount of the MD Note, plus any accrued interest, is convertible at the discretion of VNR during the MD Note Term into MJIC Class A Common Shares (or Issuer Subordinate Voting Shares following the Closing) at a price equal to a 10% discount to the volume weighted average price of the Issuer Subordinate Voting Shares for the 20 trading days immediately preceding the conversion date.
- (21) Issued to the holders of the Amended and Restated Notes (see *General Development of the Business – MJIC – Capital Raising*).
- (22) Issued in connection with the MJIC 15% Convertible Note Private Placement (see *General Development of the Business – MJIC – Capital Raising*).

14.3 Other Securities Reserves for Issuance

There are no other securities reserved for issuance.

15. EXECUTIVE COMPENSATION

15.1 Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the Issuer's executive compensation objectives and processes and to discuss compensation decisions relating to its NEOs listed in the Summary Compensation Table set out below. In accordance with applicable securities legislation, the Issuer currently has three Named Executive Officers; being Sturges Karban, CEO and a director, Jordan Gerber, CFO, and Dilshad Kasmani, CLO.

The Board assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Issuer although the Compensation Committee guides it in this role. In determining executive compensation, the Board considers the Issuer's financial circumstances at the time decisions are made regarding executive compensation, and also the anticipated financial situation of the Issuer in the mid and long-term.

Compensation Objectives and Principles

The compensation program for the senior management of the Issuer is designed to ensure that the level and form of compensation achieves certain objectives, including:

- attracting and retaining qualified executives;
- motivating the short and long-term performance of these executives; and
- better aligning their interests with those of the Issuer's shareholders.

In compensating its senior management, the Issuer has employed a combination of base salary, bonus compensation and equity participation through the Issuer Option Plan. The Issuer does not provide any retirement benefits for its directors or officers.

Elements of Compensation

Base Salary

In the Board's view, paying base salaries which are reasonable in relation to the level of service expected while remaining competitive in the markets in which the Issuer operates is a first step to attracting and retaining qualified and effective executives. Competitive salary information on comparable companies within the Issuer's industry is compiled from a variety of sources, including national and international publications.

Bonus Incentive Compensation

The Board will consider executive bonus compensation dependent upon the Issuer meeting its strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses.

Equity Participation

The Issuer believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Issuer Option Plan. Issuer Options may be granted to executives and employees taking into account a number of factors, including the amount and term of options

previously granted, base salary and bonuses and competitive factors. The amounts and terms of Issuer Options granted are determined by the Board. See "Options to Purchase Securities".

Compensation Risks

The Board is keenly aware of the fact that compensation practices can have unintended risk consequences. The Board will continually review the Issuer's compensation policies to identify any practice that might encourage an employee to expose the Issuer to unacceptable risk. At the present time, the Board is satisfied that the current executive compensation program does not encourage the executives to expose the business to inappropriate risk. The Board takes a conservative approach to executive compensation rewarding individuals for the success of the Issuer once that success has been demonstrated and incenting them to continue that success through the grant of long-term incentive awards.

Hedging Policy

The Issuer has no policy on whether an NEO or director is permitted to purchase certain financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds which are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Compensation Process

In establishing compensation for executive officers, the Board as a whole seeks to accomplish the following goals:

- To recruit and subsequently retain highly qualified executive officers by offering competitive compensation and benefits;
- To motivate executives to achieve important corporate and personal performance objectives and reward them when such objectives are met; and
- To align the interests of executive officers with the long-term interests of shareholders through participation in the Issuer Option Plan.

When considering the appropriate executive compensation to be paid to our officers, the Board have regard to a number of factors including: (i) recruiting and retaining executives critical to the success of the Issuer and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the Issuer's shareholders; (iv) rewarding performance, both on an individual basis and with respect to operations generally; and (v) available financial resources.

Option-Based Awards

Long-term incentives in the form of Issuer Options are intended to align the interests of our directors and executive officers with those of the Issuer's Shareholders and to provide a long-term incentive to reward those individuals for their contribution to the generation of shareholder value, while reducing the burden of cash compensation that would otherwise be payable by the Issuer.

The Issuer Option Plan is administered by the Board. In determining the number of incentive Options to be granted to the Named Executive Officers, the Board has regard to several considerations including previous grants of Issuer Options and the overall number of outstanding

Issuer Options relative to the number of outstanding Issuer Subordinate Voting Shares, as well as the degree of effort, time, responsibility, ability, experience and level of commitment of the executive officer. For a detailed discussion of the Issuer Option Plan, please see "Options to Purchase Securities".

Compensation of Directors

Other than as disclosed, the only arrangements we have, standard or otherwise, pursuant to which we compensated directors for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as a consultant or expert during the most recently completed financial year or subsequently, are by (i) the issuance of incentive stock options; and (ii) reimbursement for out-of-pocket expenses incurred on behalf of the Issuer.

Summary Compensation Table

The following table, prepared in accordance with Form 51-102F6V, sets forth all annual and long term compensation for services in all capacities to P&P for the three most recently completed financial years of P&P in respect of each of the individuals comprised of each Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**") who acted in such capacity for all or any portion of the most recently completed financial year, and the most highly compensated executive officer, or the most highly compensated individual acting in a similar capacity, (other than the CEO and the CFO), as at December 31, 2019 whose total compensation was, individually, more than C\$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of P&P, nor acting in a similar capacity, for the most recently completed financial year ending December 31, 2019 (collectively the "**Named Executive Officers**" or "**NEOs**"). As the RTO Transaction resulted in a change of the Named Executive Officers of the Issuer, it also presents the anticipated compensation of each Named Executive Officer and director of the Issuer for the fiscal year ending November 30, 2020.

Table of Compensation Excluding Compensation Securities

Name and Principal Position	Year	Salary, consulting fee, retainer or commission	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation
Jeff Yenyou Zheng Former CEO, CFO and President ⁽¹⁾	2019	N/A	N/A	N/A	N/A	N/A	N/A
	2018	\$7,500	Nil	Nil	Nil	Nil	\$7,500
Michael Woods Former CFO and CEO ⁽²⁾	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Richard Grayston Former CEO ⁽³⁾	2019	\$19,188	Nil	Nil	Nil	Nil	\$19,188
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Sturges Karban CEO and Director ⁽⁴⁾	2020	\$350,000	Nil	Nil	Nil	Nil	\$350,000
Jordan Gerber CFO ⁽⁵⁾	2020	\$325,000	Nil	Nil	Nil	Nil	\$325,000
Dilshad Kasmani, CLO ⁽⁶⁾	2020	\$325,000	Nil	Nil	Nil	Nil	\$325,000

Notes:

- (1) Mr. Zheng resigned from his position as CEO, CFO and President on March 16, 2018.
(2) Mr. Woods was appointed as CEO and CFO on March 16, 2018 and resigned as CEO on June 5, 2018.
(3) Mr. Grayston was appointed as CEO on June 5, 2018. He passed away on April 18, 2019.
(4) Mr. Karban was appointed as CEO on September 25, 2020, concurrent with the Closing.
(5) Mr. Gerber was appointed as CFO on September 25, 2020, concurrent with the Closing.
(6) Mr. Kasmani was appointed CLO on September 25, 2020, concurrent with the Closing.

Employment, Consulting and Management Agreements

Dilshad Kasmani, CLO of the Issuer, upon termination, is entitled to (i) a bonus for the fiscal year in which the termination occurs in an amount equal to the target annual bonus for such year, (ii) one and a half times the sum of the executives base salary as of the date of termination and the average annual bonus paid (or payable) for the two calendar years preceding the date of termination, which amount shall be divided into and paid in 36 equal semi-monthly payments. Additionally, any amount

of any unvested portion of any annual equity awards that have previously been granted but that would have otherwise vested solely by the passage of time following the date of termination shall be accelerated.

Other than disclosed above, there are currently no termination or change in control benefits in the terms of employment for any employee of the Issuer.

Pension Plan Benefits

The Issuer currently does not provide pension plan benefits for Named Executive Officers, directors or employees.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

16.1 Aggregate Indebtedness

No director, executive officer or senior officer of the Issuer or any associate of any of them, was indebted to the Issuer as at the financial year ended December 31, 2019 or is currently indebted to the Issuer as of the date of this Listing Statement.

16.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

No directors or executive officers, or any associates of such persons, or proposed nominee are indebted to the Issuer and no indebtedness of such persons is the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by the Issuer.

17. RISK FACTORS

17.1 Risk Factors

Investing in Issuer Shares involves significant risks. An investor should carefully consider the risks described below. The risks and uncertainties described below are those that the Issuer currently believes to be material, but they are not the only ones that the Issuer faces. If any of the following risks, or any other risks and uncertainties that the Issuer has not yet identified or that the Issuer currently consider not to be material, actually occur or become material risks, the Issuer's business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected. In that event, the market price of the Issuer Shares could decline, and an investor could lose part or all of such investor's investment.

Risks Generally Related to the Issuer

The Issuer is a development stage company with little operating history, a history of losses and the Issuer cannot assure profitability.

We have been incurring operating losses and cash flow deficits since our inception of operations, as we attempt 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 California and nationwide in United States on a state by state basis. MJIC had net losses of approximately \$8.87 million, \$11.7 million and \$5.09 million, respectively, in the fiscal years ended November 30, 2017, 2018 and 2019, and our limited operating history makes it difficult for investors to evaluate our prospects for success. Prospective investors should consider the risks and difficulties we might encounter. There is no assurance that we will be successful, and the likelihood of success must be considered in light of our relatively early stage of operation.

As we have only just begun to generate revenue, it is extremely difficult to make accurate predictions and forecasts of our finances. This is compounded by the fact we intend to operate in the cannabis industry, which is rapidly transforming. There is no guarantee that our products or services will be attractive to potential consumers.

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

The Issuer has incurred losses and negative cash flows from operations from inception that has primarily been funded through financing activities. The Issuer will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Issuer's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand and proceeds from a financing done concurrently with the Merger. Such financing may not be available or may not be available on reasonable terms.

The Issuer has a negative cash flow for the most recently ended financial year.

The Issuer and MJIC had negative operating cash flow for the financial years ended December 31, 2019 and November 30, 2019, respectively. To the extent that we have negative operating cash flow in future periods, we may need to allocate a portion of our cash reserves to fund such negative cash flow. We may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that we will be able to generate a positive cash flow from our

operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to us.

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

The Issuer'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 its plan. As a result, the Issuer's revenue, net income and cash flow may differ materially from the Issuer's projected revenue, net income and cash flow. The process for estimating the Issuer'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 Issuer's financial condition or results of operations.

The Issuer is subject to uncertainty regarding legal and regulatory status and changes.

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

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

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

There is no assurance that the Issuer will turn a profit or generate immediate revenues.

There is no assurance as to whether the Issuer will be profitable, earn revenues, or pay dividends. The Issuer 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 Issuer'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 Issuer'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 Issuer to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

The Issuer will require additional capital to meet our financial obligations and support business growth, and this capital might not be available on acceptable terms or at all.

We intend to continue to make significant investments to support our business growth and will require additional funds to respond to business challenges, including the need to develop expand our business, improve our operating infrastructure and acquire complementary businesses, personnel and technologies. Accordingly, we will need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of Issuer Subordinate Voting Shares. Any debt financing that we secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be harmed.

There are factors which may prevent the realization of growth targets.

We are currently in an expansion stage. Our growth strategy contemplates building our California facilities and business units. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these "Risk Factors" and the following:

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

The Issuer may not be able to effectively manage its growth and operations, which could materially and adversely affect its business.

The Issuer has grown by acquisition. If the Issuer implements its business plan as intended, it may in the future experience rapid growth and development in a relatively short period of time. The management of this growth will require, among other things, continued development of the Issuer's financial and management controls and management information systems, stringent control of costs, the ability to attract and retain qualified management personnel and the training of new personnel. The Issuer intends to utilize outsourced resources, and hire additional personnel, to manage its expected growth and expansion. Failure to successfully manage its possible growth and development could have a material adverse effect on the Issuer's business and the value of the Issuer Shares.

The Issuer's business plan involves several strategic partnerships. If these partnerships do not materialize, we may be unable to sell our products.

Our business plan contemplates several strategic partnerships or relationships that may not necessarily materialize during our business development. If these relationships are unsuccessful, or if we are unsuccessful in establishing them, we may be unable to effectively develop, manufacture, market and distribute our products in accordance with our business plan.

The Issuer may not be able to develop our products, which could prevent it from ever becoming profitable.

If we cannot successfully develop, manufacture and distribute our products, or if we experience difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, we may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect our ability to effectively establish or expand our market position. If we fail to achieve a low-cost structure through economies of scale, we may experience material adverse effects on our commercialization plans and our business, prospects, results of operations and financial condition.

The Issuer may be unable to adequately protect its proprietary and intellectual property rights, particularly in the U.S.

As long as cannabis remains illegal under U.S. federal law, 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 Issuer. As a result, the Issuer'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 Issuer can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

The Issuer'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 Issuer is able to do so, to protect any proprietary rights of the Issuer, the Issuer 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 Issuer's intellectual property:

- the market for the Issuer'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 certain of its intellectual property under U.S. federal and state law is impaired by the illegality of cannabis under U.S. 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 Issuer'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 Issuer with competitive advantages; the Issuer's efforts to protect its intellectual property rights may not be effective in preventing misappropriation of any its products or intellectual property;
- the Issuer's efforts may not prevent the development and design by others of products or marketing strategies similar to or competitive with, or superior to those the Issuer develops;
- another party may assert a blocking patent and the Issuer 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 Issuer 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 Issuer and its financial results will depend, among other things, upon the nature of the market and the position of the Issuer'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 Issuer may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against the Issuer relating to intellectual property rights.

The Issuer 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 Issuer's business. The existence and/or outcome of any such litigation could harm the Issuer's business. Further, because the content of much of the Issuer's intellectual property concerns cannabis and other activities that are not legal in some state jurisdictions or under federal law, the Issuer may face additional difficulties in defending its intellectual property rights.

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

The Issuer may be named as a defendant in a lawsuit or regulatory action. The Issuer 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 Issuer's business, results of operations, sales, cash flow or financial condition.

Further, the administration of medical substances to 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 us. Furthermore, we 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 our products or other reputational damage which could have a material adverse effect on our business, results of operations, sales, cash flow or financial condition.

The Issuer'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 an early 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 Issuer and, few, if any, established companies whose business model the Issuer can follow or upon whose success the Issuer can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Issuer. There can be no assurance that the Issuer'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 Issuer regularly purchases and follows market research.

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

The cannabis industry and businesses ancillary to and directly involved with cannabis businesses are 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 Issuer 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 Issuer to expend greater resources to meet new or additional competitive threats, all of which could harm the Issuer's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Issuer's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability. The Issuer continues to sell shares for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders.

The Issuer 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 our products are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We 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 we have detailed procedures in place for testing our 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 our significant brands were subject to recall, the image of that brand and our could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on our results of operations and financial condition. Additionally, product recalls may lead to increased scrutiny of our operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

The Issuer is reliant on key inputs, such as water and utilities, and any interruption of these services could have a material adverse effect on our finances and operation results.

Our business is dependent on several key inputs and their related costs including raw materials and supplies related to our 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 our business, financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition and operating results.

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

An increase in the companies competing in this industry could limit the ability of the Issuer to expand its operations. Current and new competitors may have better capitalization, a longer operating history, more expertise and able to develop higher quality equipment or products, at the same or a lower cost. The Issuer cannot provide assurances that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Issuer could have a material adverse effect on its business, operating results and financial condition.

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

The Issuer's success has depended and continues to depend upon its ability to attract and retain key management, including the Issuer's Chief Executive Officer, Chief Operating Officer, and technical experts. The Issuer 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 Issuer'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 Issuer'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 Issuer, results of operations of the business and could limit the Issuer's ability to develop and market its cannabis-related products. The loss of any of the Issuer's senior management or key employees could materially adversely affect the Issuer's ability to execute the Issuer's business plan and strategy, and the Issuer may not be able to find adequate replacements on a timely basis, or at all. The Issuer does not maintain key person life insurance policies on any of the Issuer's employees.

The Issuer's investors, directors, officers and employees may be considered inadmissible to enter the United States.

A traveler to the United States may be considered an “illicit trafficker” under U.S. law and therefore could be considered inadmissible if they are involved in the cannabis industry. There have been reports in 2019 of business travelers working in the cannabis industry who have been denied entry and, in some cases, received lifetime bans from the United States. The Issuer’s business and investments are located in the United States and while certain of the Issuer’s investors and the majority of the Issuer’s directors, officers and employees are currently resident and located in the United States, if any of the Issuer’s investors, directors, officers and employees are determined to be inadmissible to enter the United States, this could have a negative impact on the Issuer’s ability to raise additional capital and operate in the United States. In addition, the perception that involvement in the cannabis industry could lead to inadmissibility to the United States could make it more difficult for the Issuer to continue to raise additional capital and retain and engage qualified directors, officers and employees in the future.

There is no assurance that the Issuer will obtain and retain any relevant licenses.

Current and new state or local licenses obtained in the U.S. are expected to be subject to ongoing compliance and reporting requirements, as well as, in certain cases, annual renewal thereof. Failure by the Issuer to comply with the requirements of licenses or any failure to maintain licenses would have a material adverse impact on the business, financial condition and operating results of the Issuer. Should any jurisdiction in which the Issuer requires a license not issue, extend or renew such license or should it extend or renew such license on different terms, or should it decide to issue more than the total anticipated number of licenses, the business, financial condition and results of the operation of the Issuer could be materially adversely affected.

Historically, MJIC, through one of its operating subsidiaries, contractually provides management services to three entities licensed to conduct commercial cannabis operations in California that are owned in whole, or in part, by an executive of MJIC. For accounting purposes, it has been deemed that MJIC effectively controls these licensed entities, and, as such, these licensed entities have been consolidated into the financial statements of MJIC in accordance with the relevant accounting standards. However, MJIC has not disclosed MJIC or its operating subsidiary as an owner of these licensed entities with the relevant regulatory bodies. There is a risk that the relevant regulatory bodies could deem that MJIC and/or its operating subsidiary are owners of these licensed entities, but have not been properly disclosed as such, which could subject MJIC and these licensed entities to adverse action by the relevant regulatory bodies.

Failure to successfully integrate acquired businesses, its products and other assets into the Issuer, or if integrated, failure to further the Issuer’s business strategy, may result in the Issuer’s inability to realize any benefit from such acquisition.

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The Issuer has grown and expects to continue growing by acquiring businesses. The consummation and integration of any acquired business, product or other assets into the Issuer may be complex and time consuming and, if such businesses and assets are not successfully integrated, the Issuer may not achieve the anticipated benefits, cost-savings or growth opportunities. Furthermore, these acquisitions and other arrangements, even if successfully integrated, may fail to further the Issuer’s business strategy as anticipated, expose the Issuer to increased competition or other challenges

with respect to the Issuer's products or geographic markets, and expose the Issuer to additional liabilities associated with an acquired business, technology or other asset or arrangement.

When the Issuer acquires cannabis businesses, it may obtain the rights to applications for licenses as well as licenses; however, the procurement of such applications for licenses and licenses generally will be subject to governmental and regulatory approval. There are no guarantees that the Issuer will successfully consummate such acquisitions, and even if the Issuer consummates such acquisitions, the procurement of applications for licenses may never result in the grant of a license by any state or local governmental or regulatory agency and the transfer of any rights to licenses may never be approved by the applicable state and/or local governmental or regulatory agency.

The Issuer currently has insurance coverage; however, because the Issuer operates within the Cannabis Industry, there are additional difficulties and complexities associated with such insurance coverage.

The Issuer believes that it and its subsidiaries currently have insurance coverage with respect to workers' compensation, general liability, fire and other similar policies customarily obtained for businesses to the extent commercially appropriate; however, because the Issuer 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 Issuer to suffer uninsured losses, which could adversely affect the Issuer's business, results of operations, and profitability. There is no assurance that the Issuer will be able to fully utilize such insurance coverage, if necessary.

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

The Issuer 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 Issuer that violate government regulations. It is not always possible for the Issuer to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Issuer to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Issuer 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 Issuer, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Issuer's business, including the imposition of civil, criminal and administrative penalties, loss of relevant licenses damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Issuer's operations, any of which could have a material adverse effect on the Issuer's business, financial condition and results of operations.

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

The Issuer has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with its operations. The Issuer'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 Issuer'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 Issuer's reputation and results of operations.

The Issuer 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 Issuer will not incur such losses in the future. The Issuer'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 Issuer may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

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

The Issuer 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 Issuer'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 Issuer. In some cases, the Issuer's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Issuer's business and affairs and that could adversely affect the Issuer's operations. These business interests could require significant time and attention of the Issuer's executive officers and directors.

In addition, the Issuer 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 Issuer 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 Issuer. In addition, from time to time, these persons may be competing with the Issuer 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 Issuer'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 Issuer are required to act honestly, in good faith and in the best interests of the Issuer.

In certain circumstances, the Issuer's reputation could be damaged.

Damage to the Issuer'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 Issuer and its activities, whether true or not. Although the Issuer 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 Issuer 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 Issuer's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

No guarantee on the use of available funds by the Issuer.

The Issuer cannot specify with certainty the particular uses of the proceeds. Management has broad discretion in the application of its proceeds. Accordingly, a purchaser of Issuer Shares will have to rely upon the judgment of management with respect to the use of proceeds, with only limited information concerning management's specific intentions. The Issuer's management may spend a portion or all of the proceeds in ways that the Issuer's shareholders might not desire, that might not yield a favourable return and that might not increase the value of a purchaser's investment. The failure by management to apply these funds effectively could harm the Issuer's business. Pending use of such funds, the Issuer might invest the proceeds in a manner that does not produce income or that loses value.

Force majeure events could result in a material adverse effect on the Issuer.

The Issuer and its suppliers, partners and customers are exposed to the effects of severe weather, natural disasters, diseases, and other catastrophic and force majeure events beyond the Issuer's control, as well as those that may be caused by climate change, and such events could result in a material adverse effect on the Issuer.

An outbreak of infectious disease, a pandemic or a similar public health threat, such as the recent outbreak of the novel coronavirus known as COVID-19, or a fear of any of the foregoing, could adversely impact the Issuer by causing operating, supply chain and project development delays and disruptions, labour shortages, reduced product demand, travel and shipping disruption and shutdowns (including as a result of government regulation and prevention measures), and increased costs to the Issuer.

COVID-19 could have a material adverse effect on the Company's business.

The World Health Organization has declared COVID-19 a pandemic. The Company is actively assessing and responding where possible to the potential impact of the COVID-19 pandemic. The COVID-19 pandemic poses risks to the Company, the health of its employees and to those third-party vendors that support the Company and its operations. Any impact on the Company arising from the pandemic could have a material adverse effect on the Company's business, results of operations and financial condition.

Enforcement of Civil Liabilities.

The Issuer's subsidiaries were formed outside of Canada and the Issuer's assets will be located outside of Canada. Also, the Issuer's directors reside outside of Canada. Although the directors have appointed the Issuer as their agent for service of process in Canada, it may still not be possible for shareholders to effect service within Canada upon the directors. Furthermore, it may be difficult to realize upon or enforce in Canada any judgment of a court of Canada against the Issuer's subsidiaries or directors, since the Issuer's assets are located outside of Canada.

Risk Factors Related to the Regulatory System

Regulatory Regime

The business and activities of the Issuer are heavily regulated in all jurisdictions where it will carry on business. The Issuer's operations will be subject to various laws, regulations and guidelines by governmental authorities. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Issuer, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Issuer's products and services. Achievement of the Issuer's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Issuer cannot predict the impact of the compliance regime that is implementing for the United States Cannabis Industry. Similarly, the Issuer cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

The Issuer will incur ongoing costs and obligations related to regulatory compliance in both Canada and the United States. Failure to comply with regulations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate the Issuer's business, the suspension or expulsion from a particular market or jurisdiction or of its key personnel, and the imposition of fines and censures. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Issuer'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 Issuer.

Changes in Laws, Regulations and Guidelines

The Issuer's operations will be subject to various laws, regulations, guidelines and licensing requirements both in Canada and the United States. While, with the exception of United States federal laws and regulations which continue to classify cannabis as a Schedule I controlled substance, the Issuer is expected to be in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Issuer could have a material adverse effect on the Issuer's business, results of operations and financial condition. Additionally, as noted above, cannabis remains a Schedule I controlled substance under United States federal law, and the Issuer's activities in the states of the United States in which the Issuer operates may constitute a violation of United States federal criminal laws applicable to such conduct, including, but not limited to, the Controlled Substances Act, anti-money laundering laws, and the *Racketeer Influenced and Corrupt Organizations Act*.

The Issuer is subject to certain legal constraints in marketing its products

The development of the Issuer's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory and legal environments in the United States, particularly the existence of federal criminal laws that may prohibit certain marketing of Cannabis Products, limits companies' abilities to compete for market share in a manner similar to other industries. If the Issuer 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 Issuer's sales and results of operations could be adversely affected.

Environmental Risk and Regulation

The Issuer's operations are subject to environmental regulation in the various jurisdictions in which it will operate. 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 stricter 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 (or the equivalent thereof) and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Issuer's operations.

Government approvals and permits are currently, and may in the future, be required in connection with the Issuer's operations.

Failure to comply with applicable 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 Issuer may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of medical cannabis, or more stringent implementation thereof, could have a material adverse impact on the Issuer and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Our business success is reliant upon our ability to identify compliant locations and to secure applicable licenses to conduct cannabis operations.

As various locations within California and throughout the United States legalize cannabis our ability to efficiently identify locations and license opportunities will determine our eventual financial success. There can be no assurance that we will be successful in identifying such opportunities and if we do identify them that we will be successful in securing control over a location or license opportunity.

Public opinion and perception about the Cannabis Industry can impact the Issuer's Business

Government policy changes or public opinion may also result in a significant influence over the regulation of the Cannabis Industry the United States. Public opinion and support for medical and adult-use cannabis has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical cannabis as opposed to legalization in general). A negative shift in the public's perception of 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 and/or adult-use cannabis, thereby limiting the number of new state jurisdictions into which the Issuer could expand. Any inability to fully implement the Issuer's expansion strategy may have a material adverse effect on its business, results of operations or prospects.

The Issuer's business could be impacted by the economic environment

The Issuer's operations could be affected by general economic conditions should the unemployment level, interest rates or inflation reach levels that influence consumer trends, and consequently, impact the Issuer's sales and profitability. As well, general demand for banking services and alternative banking or financial services cannot be predicted, and future prospects of such areas might be different from those predicted by the Issuer's management.

The Company's business could be impacted by global financial conditions

Following the onset of the credit crisis in 2008, global financial conditions were characterized by extreme volatility and several major financial institutions either went into bankruptcy or were rescued by governmental authorities. While global financial conditions subsequently stabilized, there remains considerable risk in the system given the extraordinary measures adopted by government authorities to achieve that stability. Global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises.

Future economic shocks may be precipitated by a number of causes, including a rise in the price of oil, geopolitical instability and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact the Issuer's ability to obtain equity or debt financing in the future on terms favourable to the Issuer. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Further, in such an event, the Issuer's operations and financial condition could be adversely impacted.

Furthermore, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the Cannabis Industry, supply and demand for commodities, political developments, legislative or regulatory changes, social or labour unrest and stock market trends will affect the Issuer's operating environment and its operating costs, profit margins and share price. Any negative events in the global economy could have a material adverse effect on the Issuer's business, financial condition, results of operations or prospects.

Risks Specifically Related to the United States

Cannabis Continues to be a Controlled Substance under the United States Federal Controlled Substances Act

The Issuer will be directly engaged in the medical and adult-use Cannabis Industry in the U.S. in those states which have legalized medical and/or adult-use cannabis; however, all such activities remain illegal under U.S. federal law. Investors are cautioned that even in those states in the U.S. which have legalized medical or adult-use cannabis, the growing, processing, and distribution of cannabis is highly regulated. To our knowledge, there are to date a total of 33 states, and the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, and the Northern Mariana Islands that have legalized medical cannabis in some form, including California, although not all states have fully implemented their legalization programs. Eleven states, the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, and the Northern Mariana Islands have legalized cannabis for adult use. Fourteen additional states have legalized high-CBD, low THC oils for a limited class of patients. But cannabis continues to be categorized as a Schedule I controlled substance under the federal Controlled Substances Act. A Schedule I drug is considered to have a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the substance under medical supervision. Federal law prohibits commercial production and sale of Schedule I controlled substances, and as such, cannabis-related activities, including without limitation, the importation, cultivation, manufacture, distribution, sale and possession of cannabis remain illegal under U.S. federal law. It is also illegal to aid or abet such activities or to conspire or

attempt to engage in such activities. Strict compliance with state and local laws with respect to cannabis may neither absolve the Issuer of liability under U.S. federal law, nor provide a defense to any federal proceeding brought against the Issuer. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including, but not limited to, forfeiture of his, her or its entire investment, fines, and/or imprisonment.

Although the Cole Memorandum has been rescinded, the United States Congress has repeatedly enacted legislation to protect the medical marijuana industry from prosecution. The United States Congress has passed appropriations bills each of the last four years that included the Rohrabacher Amendment Title: H.R.2578 — Commerce, Justice, Science, and Related Agencies Appropriations Act, 2016, which by its terms does not appropriate any federal funds to the U.S. DOJ for the prosecution of medical cannabis offenses of individuals who are in compliance with State medical cannabis laws. Subsequent to the issuance of the Sessions Memorandum on January 4, 2018, the United States Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained the Rohrabacher-Blumenauer Amendment language (formerly, the "**Leahy Amendment**" and currently the "**Joyce Amendment**") and continued the protections for the medical cannabis marketplace and its lawful participants from interference by the DOJ up and through the 2018 appropriations deadline of September 30, 2018. In September 2018, United States Congress passed the Continuing Appropriations Act, 2019 that extends the deadline of the March 2018 omnibus spending bill until December 7, 2018. Following the much-publicized shutdown of the United States Federal Government, the Consolidated Appropriations Act of 2019 was signed into law on February 15, 2019 with the Joyce Amendment intact (section 538). On June 20, 2019, the House voted 267–165 to approve a broader amendment that protected state medical and recreational cannabis programs. On September 26, 2019 the Senate Appropriations Committee declined to take up the broader amendment but did approve the Joyce Amendment for the FY 2020 spending bill. On September 27 the Joyce Amendment was renewed as part of a stopgap spending bill, in effect through November 21, 2019.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges and penalties, including, but not limited to, disgorgement of profits, cessation of business activities, divestiture, forfeiture of property or funds or prison time. This could have a material adverse effect on the Issuer, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical and adult-use cannabis licenses in the U.S., the listing of its securities on the CSE, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Issuer to estimate the time or resources that would be needed for the investigation or defense of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Some of the Issuer's planned business activities, while believed to be compliant with applicable United States state and local law, are illegal under federal law.

Although certain states and territories of the United States authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under federal law in the United States, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law under any and all circumstances under the Controlled Substances Act. 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 our entire investment.

Since the possession and use of cannabis and any related drug paraphernalia is illegal under federal law in the United States, we may be deemed to be aiding and abetting illegal activities through the contracts it has entered into and the products that it intends to provide. We intend to manufacture, distribute and sell medical cannabis. As a result, United States law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Issuer, including, but not limited, a claim regarding our possession, use and sale of cannabis, and 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 our commission, is punishable as a principal." As a result of such an action, we may be forced to cease operations and our investors could lose their entire investment. Such an action would have a material negative effect on our business and operations.

Uncertainty Surrounding Existing Protection from U.S. Federal Prosecution

Pursuant to the Joyce Amendment, the DOJ was prohibited through November 21, 2019 from expending any funds for the prosecution of medical cannabis businesses operating in compliance with state and municipal laws pursuant to the Rohrabacher-Blumenauer Amendment. If the Joyce Amendment or an equivalent thereof is not successfully included in the next or any subsequent federal omnibus spending bill, the protection which has been afforded thereby to U.S. medical cannabis businesses in the past would lapse, and such businesses would be subject to a higher risk of prosecution under federal law. Although unlikely, there is a possibility that all amendments may be banned from federal omnibus spending bills, and if this occurs and the substantive provisions are not included in the base federal omnibus spending bill or other law, these protections would lapse.

Approach to Federal Enforcement of Cannabis Laws may be Subject to Change

As a result of the conflicting views between states and the federal government regarding cannabis, investments in, and the operations of, cannabis businesses in the U.S. are subject to inconsistent laws and regulations. The Cole Memorandum issued by former Deputy Attorney General James Cole on August 29, 2013 and other Obama-era cannabis policy guidance, discussed below, and provided the framework for managing the tension between federal and state cannabis laws. Subsequently, as discussed below, then Attorney General Jeff Sessions rescinded the Cole Memorandum and related policy guidance. Although no longer in effect, these policies, and the enforcement priorities established within, appear to continue to be followed during the Trump administration and remain critical factors that inform the past and future trend of state-based legalization.

The Cole Memorandum directed U.S. Attorneys not to prioritize the enforcement of federal cannabis laws against individuals and businesses that comply with state medical or adult-use cannabis regulatory programs, provided certain enumerated enforcement priorities (such as diversion or sale of cannabis to minors) were not implicated. In addition to general prosecutorial guidance issued by the DOJ, the U.S. Department of the Treasury's Financial Crimes Enforcement Network issued the FinCEN Memorandum on February 14, 2014 outlining *Bank Secrecy Act*-compliant pathways for financial institutions to service state-sanctioned cannabis businesses, which echoed the enforcement priorities outlined in the Cole Memorandum. On the same day the FinCEN Memorandum was published, the DOJ issued complimentary policy guidance directing prosecutors to apply the enforcement priorities of the Cole Memorandum when determining whether to prosecute individuals or institutions with crimes related to financial transactions involving the proceeds of cannabis-related activities.

On January 4, 2018, then Attorney General Jeff Sessions rescinded the Cole Memorandum and all other related Obama-era DOJ cannabis enforcement guidance. While the rescission did not change federal law, as the Cole Memorandum and other DOJ guidance documents were not themselves laws, the rescission removed the DOJ's formal policy that state-regulated cannabis businesses in compliance with the Cole Memorandum guidelines should not be a prosecutorial priority. Notably, former Attorney General Sessions' rescission of the Cole Memorandum has not affected the status of the FinCEN Memorandum issued by the Department of Treasury, which remains in effect. In addition to his rescission of the Cole Memorandum, Attorney General Sessions issued the Sessions Memorandum. The Sessions Memorandum explains the DOJ's rationale for rescinding all past DOJ cannabis enforcement guidance, claiming that Obama-era enforcement policies are "unnecessary" due to existing general enforcement guidance adopted in the 1980s, in chapter 9.27.230 of the USAM. The USAM enforcement priorities, like those of the Cole Memorandum, are based on the use of the federal government's limited resources and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community." Although the Sessions Memorandum emphasizes that cannabis is a federally illegal Schedule I controlled substance, it does not otherwise instruct U.S. Attorneys to consider the prosecution of cannabis-related offenses a DOJ priority, and in practice, most U.S. Attorneys have not changed their prosecutorial approach to date. However, due to the lack of specific direction in the Sessions Memorandum as to the priority federal prosecutors should ascribe to such cannabis activities, there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law.

Such potential proceedings could involve significant restrictions being imposed upon the Issuer or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Issuer's business, revenues, operating results and financial condition as well as the Issuer's reputation and prospects, even if such proceedings were concluded successfully in favour of the Issuer. In the extreme case, such proceedings could ultimately involve the criminal prosecution of key executives of the Issuer, the seizure of corporate assets, and consequently, the inability of the Issuer to continue its business operations. Strict compliance with state and local laws with respect to cannabis does not absolve the Issuer of potential liability under U.S. federal law, nor provide a defense to any federal proceeding which may be brought against the Issuer. Any such proceedings brought against the Issuer may adversely affect the Issuer's operations and financial performance.

The Issuer is operating at a regulatory frontier. The cannabis industry is a new industry that may not succeed.

Should the federal government in the United States change course and decide to prosecute those dealing in medical or adult-use cannabis under applicable law, there may not be any market for our 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 us to succeed. We are treating the cannabis industry as a deregulating industry with significant unsatisfied demand for our proposed products and will adjust our future operations, product mix and market strategy as the industry develops and matures.

Risks Associated with Banking, Financial Transactions, and Anti-Money Laundering Laws and Regulations

The Issuer will be subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including the *Bank Secrecy Act*, as amended by *Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* (USA PATRIOT Act), the *Proceeds of Crime (Money Laundering)* and *Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Since the cultivation, manufacture, distribution and sale of cannabis remains illegal under the Controlled Substances Act, 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 *Bank Secrecy Act*, among other applicable federal statutes. Banks or other financial institutions that provide cannabis businesses with financial services such as a checking account or credit card in violation of the *Bank Secrecy Act* could be criminally prosecuted for willful violations of money laundering statutes, in addition to being subject to other criminal, civil, and regulatory enforcement actions. Banks often refuse to provide banking services to businesses involved in the Cannabis Industry due to the present state of the laws and regulations governing financial institutions in the U.S. The lack of banking and financial services presents unique and significant challenges to businesses in the Cannabis Industry. The potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented by the unavailability of traditional banking and financial services. 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 which 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 Controlled Substances Act. The Issuer may also be exposed to the foregoing risks.

As previously introduced, in February 2014, FinCEN issued the FinCen Memorandum providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of the *Bank Secrecy Act*. It refers to supplementary guidance that former Deputy Attorney General James M. Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the Controlled Substances Act. Although the FinCEN Memorandum remains in effect today, it is unclear at this time whether the current administration will follow the guidelines of the FinCEN Memorandum. Overall, the DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the *Bank Secrecy Act*, that occur in any state, including in states that have legalized the applicable conduct and the DOJ’s current enforcement priorities could change for any number of reasons. A change in the DOJ’s enforcement priorities could result in the DOJ prosecuting banks and financial institutions for crimes that previously were not prosecuted. If the Issuer does not have access to a U.S. banking system, its business and operations could be adversely affected.

The *Racketeer Influenced Corrupt Organizations Act* (“**RICO**”) may also criminalize cannabis-related activities. RICO is a federal statute providing criminal penalties in addition to a civil cause of action for acts performed as part of an ongoing criminal organization. Under RICO, it is unlawful for any person who has received income derived from a pattern of racketeering activity (which includes

most felonious violations of the Controlled Substances Act), to use or invest any of that income in the acquisition of any interest, or the establishment or operation of, any enterprise which is engaged in interstate commerce. RICO also authorizes private parties whose properties or businesses are harmed by such patterns of racketeering activity to initiate a civil action against the individuals involved. Although RICO suits against the Cannabis Industry are rare, a few cannabis businesses have been subject to a civil RICO action. Defending such a case has proven extremely costly, and potentially fatal to a business' operations.

In the event that any of the Issuer's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations 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 our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada, and subject the Issuer to civil and/or criminal penalties. Furthermore, while there are no current intentions to declare or pay dividends on the Issuer Shares in the foreseeable future, in the event that a determination was made that the Issuer's proceeds from operations (or any future operations or investments in the United States) could reasonably be shown to constitute proceeds of crime, we may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time. The Issuer could likewise be required to suspend or cease operations entirely.

The Issuer may not be able to complete build-out of its facilities or obtain and/or renew all necessary municipal and state licenses and permits, which could, among other things, delay or prevent us from becoming profitable.

The Issuer's ability to complete the build-out of, and commence and continue operations at, its facilities is subject to obtaining and/or renewing all necessary building permits, municipal business licenses and other necessary municipal and state licenses and approvals. There can be no certainty that such permits, licenses, and approvals will be granted, or, if granted, will be granted within the proposed timeframe or on terms expected by the Issuer, and/or renewed. If such permit, licenses, and approvals are not obtained within the proposed timeframe and/or renewed, the Issuer may not realize the expected benefits and could suffer adverse consequences, including loss of investor confidence and other material adverse effects on its business.

The Issuer's business success is reliant upon its ability to identify compliant locations and to secure applicable licenses to conduct its Cannabis Operations.

As various location within California and throughout the United States legalize cannabis, the Issuer's ability to efficiently identify locations and license opportunities will determine its eventual financial success. There can be no assurance that the Issuer will be successful in identifying such opportunities and if the Issuer does identify them that it will be successful in securing control over a location or license opportunity.

State and municipal laws and regulations may heavily regulate brands and forms of Cannabis Products and there is no guarantee that our proposed products and brands will be approved for sale and distribution in any state.

States generally only allow the manufacture, sale and distribution of Cannabis Products that are grown in that state and may require advance approval of such products. Certain states and municipal jurisdictions have promulgated certain requirements for approved Cannabis Products based on the form of the product and the concentration of the various cannabinoids in the product. While the Issuer intend to follow the guidelines and regulations of each applicable state and

municipal 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 municipal jurisdiction may revoke our approval for such products based on changes in laws or regulations or based on our discretion or otherwise. Following guidance under the Cole Memorandum, the Issuer is not planning on the export of Cannabis Products beyond California. In the event, the Issuer expands into other United States jurisdictions, we plan to undertake no cross-border commerce between states until the federal regulatory environment permits such commerce to occur.

Federal and State Forfeiture Laws

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, seizure of assets, disgorgement of profits, cessation of business activities or divestiture. As an entity that conducts business in the Cannabis Industry, the Issuer will be potentially subject to federal and state forfeiture laws (criminal and civil) that permit the government to seize the proceeds of criminal activity. Civil forfeiture laws could provide an alternative for the federal government or any state (or local police force) that wants to discourage residents from conducting transactions with cannabis related businesses but believes criminal liability is too difficult to prove beyond a reasonable doubt. Also, an individual can be required to forfeit property considered to be the proceeds of a crime even if the individual is not convicted of the crime, and the standard of proof in a civil forfeiture matter is lower than the standard in a criminal matter. Depending on the applicable law, whether federal or state, rather than having to establish liability beyond a reasonable doubt, the federal government or the state, as applicable, may be required to prove that the money or property at issue is proceeds of a crime only by either clear and convincing evidence or a mere preponderance of the evidence.

Shareholders of the Issuer located in states where cannabis remains illegal may be at risk of prosecution under federal and/or state conspiracy, aiding and abetting, and money laundering statutes, and be at further risk of losing their investments or proceeds under forfeiture statutes. Many states remain fully able to take action to prevent the proceeds of cannabis businesses from entering their state. Because state legalization is relatively new, it remains to be seen whether these states would take such action and whether a court would approve it. Members and prospective members of the Issuer should be aware of these potentially relevant federal and state laws in considering whether to invest in the Issuer.

Risk of Heightened Scrutiny by Regulatory Authorities

For the reasons set forth above, intended operations of the Issuer in the United States, and any future operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Issuer may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on our ability to operate or invest in the United States or any other jurisdiction, in addition to those described herein.

It has been reported by certain publications in Canada that The Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS, refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settlement hub settling trades in the Canadian equity, fixed income and money markets. CDS or its parent company has not issued any public statement in regard to these reports. If CDS were to proceed in the manner suggested by these publications, and apply such a policy to the Issuer, it would have a material adverse effect on the ability of holders of Issuer Shares

to make trades. In particular, the Issuer Shares would become highly illiquid as investors would have no ability to affect a trade of the Issuer Shares through the facilities of a stock exchange.

In the United States, many clearing houses for major broker-dealer firms, including Pershing LLC, the largest clearing, custody and settlement firm in the United States, have refused to handle securities or settle transactions of companies engaged in cannabis related business. Many other clearing firms have taken a similar approach. This means that certain broker-dealers cannot accept for deposit or settle transactions in the securities of companies, which may inhibit the ability of investors to trade in our securities and could negatively affect the liquidity of our securities.

In addition, on November 24, 2017, the TMX Group provided an update regarding issuers with cannabis-related activities in the United States and confirmed that TMX Group will rely on the Canadian Securities Administrators' recommendation to defer to individual exchange's rules for companies that have cannabis-related activities in the United States and to determine the eligibility of individual issuers to list based on those exchanges' listing requirements. On February 8, 2018, CDS signed a memorandum (the "**CDS MOU**") with 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 currently is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S. However, if CDS were to proceed in the manner suggested by these publications, and apply such a policy to the Issuer, it would have a material adverse effect on the ability of holders of Issuer Shares to make trades. In particular, the Issuer Shares would become highly illiquid as investors would have no ability to affect a trade of Issuer Shares through the facilities of a stock exchange.

Any restrictions imposed by the CSE or other applicable exchange on the business of the Issuer and/or the potential delisting of the Issuer Subordinate Voting Shares from the CSE or other applicable exchange would have a material adverse effect on the Issuer and on the ability of holders of Issuer Shares to make trades.

Negative Impact of Regulatory Scrutiny on Raising Capital

The Issuer's business activities will rely on newly established and/or developing laws and regulations in multiple jurisdictions. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Issuer's profitability or cause it to cease operations entirely. The Cannabis Industry may come under scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the DOJ, the Financial Industry Regulatory Authority or other applicable federal, state, or non-governmental regulatory authorities or self-regulatory organizations. 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 Issuer's industry may adversely affect the business and operations of the Issuer, 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 U.S. for securities of the Issuer or to find a suitable acquirer, which could reduce, delay or eliminate any return on investment in the Issuer.

Risk of Regulatory or Political Change

The success of the Issuer's business strategy depends on the legality of the Cannabis Industry. The political environment surrounding the Cannabis Industry in general can be volatile and the regulatory framework remains in flux. To our knowledge, there are to date a total of 33 states and the District of Columbia, Puerto Rico and Guam that have legalized cannabis in some form, including

California, and additional states have pending legislation regarding the same; however, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the industry as a whole, adversely impacting the Issuer's business, results of operations, financial condition or prospects.

Delays in enactment of new state or federal regulations could restrict the Issuer's ability to reach strategic growth targets and lower return on investor capital. The strategic growth strategy of the Issuer is reliant upon certain federal and state regulations being enacted to facilitate the legalization of medical and adult-use cannabis. If such regulations are not enacted, or enacted but subsequently repealed or amended, or enacted with prolonged phase-in periods, the growth targets of the Issuer, and thus, the effect on the return of investor capital, could be detrimental. We are unable to predict with certainty when and how the outcome of these complex regulatory and legislative proceedings will affect its business and growth.

Further, there is no guaranty that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Issuer's business, results of operations, financial condition and prospects would be materially adversely affected. It is also important to note that local and city ordinances may strictly limit and/or restrict distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business that is necessary for the continued operation of the Cannabis Industry. Federal actions against individuals or entities engaged in the Cannabis Industry or a repeal of applicable cannabis related legislation could adversely affect the Issuer and its business, results of operations, financial condition and prospects.

The Issuer is aware that multiple states are considering special taxes or fees on businesses in the Cannabis Industry. It is a potential yet unknown risk at this time that other states are in the process of reviewing such additional fees and taxation. This could have a material adverse effect upon the Issuer's business, results of operations, financial condition or prospects.

The commercial, medical and adult-use cannabis industries are in their infancy and we anticipate such regulations will be subject to change as the jurisdictions in which the Issuer will carry on business mature. The Issuer expects to put in place a detailed compliance program that will oversee, maintain, and implement the compliance program and personnel.

Overall, the medical and adult-use Cannabis Industry is subject to significant regulatory change at both the state and federal level. The inability of the Issuer to respond to the changing regulatory landscape may cause it to not be successful in capturing significant market share and could otherwise harm its business, results of operations, financial condition or prospects.

General Regulatory Risks

The Issuer's business will be subject to a variety of laws, regulations and guidelines and licensing requirements in Canada and the United States. Achievement of the Issuer's business objectives will be contingent, in part, upon compliance with applicable regulatory requirements and obtaining all requisite regulatory approvals.

The Issuer will be required to obtain or renew further government permits and licenses for its contemplated operations. Obtaining, amending or renewing the necessary governmental permits and licenses can be a time-consuming process potentially involving numerous regulatory agencies, involving public hearings and costly undertakings on the Issuer's part. The duration and success of

the Issuer's efforts to obtain, amend and renew permits and licenses will be contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. The Issuer may not be able to obtain, amend or renew permits or licenses that are necessary to its operations. Any unexpected delays or costs associated with the permitting and licensing process could impede the ongoing or proposed operations of the Issuer. To the extent permits or licenses are not obtained, amended or renewed, or are subsequently suspended or revoked, the Issuer may be curtailed or prohibited from proceeding with its ongoing operations or planned development and commercialization activities. Such curtailment or prohibition may result in a material adverse effect on the Issuer's business, financial condition, results of operations or prospects.

There is no assurance that the Issuer's licenses will be renewed by each applicable regulatory authority in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process for any of the licenses held by the Issuer could impede the ongoing or planned operations of the Issuer and have a material adverse effect on the Issuer's business, financial condition, results of operations or prospects.

The Issuer may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Issuer's reputation, require the Issuer to take, or refrain from taking, actions that could harm its operations or require the Issuer to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Issuer's business, financial condition, results of operations or prospects.

The Issuer may be subject to certain tax risks related to controlled substances.

Section 280E of the U.S. Internal Revenue Code of 1986 (the "**Code**"), as amended, prohibits businesses from deducting certain expenses associated with trafficking controlled substances (within the meaning of Schedule I and II of the Controlled Substances Act). The Internal Revenue Service (the "**IRS**") has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are permitted under applicable state laws. Although the IRS issued a clarification allowing the deduction of certain expenses, the scope of such items is interpreted very narrowly, and 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. MJIC's current financial plans include federal tax payable on gross profit rather than is typical in other jurisdictions on earnings before tax.

Differing Local Rules and Regulations May Limit Ability to Expand into New Markets

Expansion of the Issuer's business into new markets with different rules and regulations or distant from then-existing operations, may not succeed. Any such expansion may expose the Issuer to new operational, regulatory and/or legal risks. In addition, expanding into new localities may subject the Issuer to unfamiliar or uncertain local rules and regulations that may adversely affect the operations of the Issuer. For example, different localities may impose different rules on how cannabis may be cultivated, manufactured, processed, distributed and/or transported. Each of the political subdivisions of California currently has or may in the future obtain the right to subject participants in the Cannabis Industry operating within its jurisdiction to its own set of rules and regulations regarding the acquisition and maintenance of required licenses, and the conduct of business, including prohibiting such operations and business in full or in part, regardless of the rules and

regulations of adjacent political subdivisions. Newly entered localities may also have competitive conditions, consumer preferences and spending patterns that are more difficult to predict or satisfy than the existing markets.

Re-classification of Cannabis in the United States

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 improved; however, rescheduling cannabis may materially alter enforcement policies across many federal agencies, primarily the U.S. Food and Drug Administration ("**FDA**"). FDA is responsible for ensuring public health and safety through regulation of food, drugs, supplements, and cosmetics, among other products, through its enforcement authority pursuant to the *Federal Food Drug and Cosmetic Act* ("**FFDCA**"). FDA's responsibilities include regulating the ingredients as well as the marketing and labeling of drugs sold in interstate commerce. Because cannabis is federally illegal to produce and sell, and because it has no federally recognized medical uses, the FDA has historically deferred enforcement related to cannabis to the DEA; however, the FDA has enforced the FFDCA with regard to products derived from industrial hemp, especially CBD, sold outside of state-regulated cannabis businesses. If cannabis were to be rescheduled to a federally controlled, yet legal, substance, FDA would likely play a more active regulatory role. Further, in the event that the pharmaceutical industry directly competes with state-regulated cannabis businesses for market share, as could potentially occur with rescheduling, the pharmaceutical industry may urge the DEA, FDA, and others to enforce the Controlled Substances Act and FFDCA against businesses that comply with state but not federal law. The potential for multi-agency enforcement post-rescheduling could threaten or have a materially adverse effect on the operations of existing state-legal cannabis businesses, including the Issuer.

Until recently, hemp (defined as *Cannabis sativa* L. with a THC concentration of not more than 0.3 percent on a dry weight basis) and hemp's extracts (except mature stalks, fiber produced from the stalks, oil or cake made from the seeds, and any other compound, manufacture, salt derivative, mixture, or preparation of such parts) were illegal Schedule I controlled substances under the Controlled Substances Act. The 2014 Farm Bill legalized the cultivation of industrial hemp for research under programs established by states. The majority of states established programs purportedly in compliance with the 2014 Farm Bill. Many industry participants and even states interpreted the law to include "research" into commercialization and commercial markets

In December 2018, the U.S. government changed the legal status of hemp. The 2018 Farm Bill, removed hemp and extracts of hemp, including CBD, from the Controlled Substances Act schedules. Accordingly, the production, sale, and possession of hemp or extracts of hemp including CBD no longer violate the CSA. For hemp farmers and hemp product producers, the law expands banking options, expands intellectual property protection and enforceability, decreases tax liabilities, and makes crop insurance available. The law also grandfathers 2014 Farm Bill industrial hemp research programs for at least one year.

Notably, the 2018 Farm Bill did not make hemp nationally legal and did not even implement the legalization in permissive states. States can still prohibit hemp or limit hemp more stringently than the federal regulations will, although hemp may pass through all states, regardless of the particular state's law on growth and sales. The 2018 Farm Bill directs the USDA to create federal regulations and to set the framework for states to regulate their regulations. No timing for that has been set. Following the USDA issuing the draft regulations, there will be a notice and comment period for 30-180 days. For states choosing to permit and regulate hemp and hemp extracts, the state department of agriculture, in consultation with the state's governor and chief law enforcement officer, will devise a plan, which the USDA must approve. For states permitting, but opting out of regulating, hemp, the USDA must construct a regulatory program under which hemp cultivators

must apply for licenses and comply with the federally run program. Federal requirements for producers will include maintaining information about land and procedures for testing THC levels and disposing of hemp or by-products that exceed 0.3% THC. The consequences for negligent violations are fairly light. "Other violations" will be reported to the local U.S. Attorney and the state's chief law enforcement officer.

The section of the 2018 Farm Bill establishing a framework for hemp production also states explicitly that it does not affect or modify the FDCA, section 351 of the Public Health Service Act (addressing the regulation of biological products), the authority of the Commissioner of the FDA under those laws, or the Commissioner's authority to regulate hemp production under those laws.

CBD classified as Schedule I controlled substance. The DEA recently published a final rule in the Federal Register creating a new drug code for "marihuana extracts".

In connection with the new drug code, the DEA has determined that all CBD products, regardless of origin, shall be considered Schedule I controlled substances. We are unable to determine what the impact of this will be on our business.

Reliance on Third-Party Suppliers

The Issuer will be reliant on third-party suppliers to develop, manufacture and distribute its products. Due to the uncertain regulatory landscape for regulating cannabis in the United States, the Issuer's third-party suppliers, manufacturers and contractors may elect, at any time, to decline or withdraw services necessary for the Issuer's operations. Loss of these suppliers, manufacturers and contractors may have a material adverse effect on the Issuer's business and operational results.

Enforceability of Contracts

Due to the nature of the Issuer's intended business and the fact that its contracts will involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Issuer may face difficulties in enforcing its contracts in federal and certain state courts. The inability to enforce any of the Issuer's contracts could have a material adverse effect on the Issuer's business, operating results, financial condition or prospects.

Potential Disclosure of Personal Information

The Issuer owns, manages, or provides services to or may in the future acquire interests, manage, or provide services to various U.S. state licensed cannabis operations. Acquiring even a minimal and/or indirect interest in a U.S. state-licensed cannabis business can trigger requirements to disclose investors' personal information. While these requirements vary by jurisdiction, some require interest holders to apply for regulatory approval and to provide tax returns, compensation agreements, fingerprints for background checks, criminal history records and other documents and information. Some states require disclosures of directors, officers and holders of more than a certain percentage of equity of the applicant. While certain states include exceptions for investments in publicly traded entities, not all states do so, and some such exceptions are confined to companies traded on a U.S. securities exchange. If these regulations were to extend to the Issuer, investors would be required to comply with such regulations, or face the possibility that the relevant cannabis license could be revoked or cancelled by the state licensing authority.

Risks Related to the Issuer's Securities

The Issuer cannot assure you that a market will continue to develop or exist for the Issuer Shares or what the market price of the Issuer Shares will be.

Prior to the Issuer's proposed listing on the CSE, the Issuer's shares were listed on the NEX Board of the TSXV, and the Issuer cannot assure that a market will continue to develop or be sustained. If a market does not continue to develop or is not sustained, it may be difficult for investors to sell Issuer Shares at an attractive price or at all. The Issuer cannot predict the prices at which the Issuer Shares will trade.

If the Issuer issues additional shares, shareholders may experience further dilution.

Within the limits of its governing instruments, the board of directors has the authority, without the consent of any of its shareholders, to cause the Issuer to issue additional Issuer shares. Consequently, shareholders may experience dilution in their ownership of the Issuer in the future.

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 Issuer Shares. The Issuer's articles permit the issuance of an unlimited number of Issuer Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Issuer have discretion to determine the price and the terms of issue of further issuances. Moreover, additional Issuer Shares will be issued by the Issuer on the exercise of outstanding Options and Warrants. In addition, from time to time, the Issuer 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 Issuer'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 Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Issuer may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Issuer's ability to pursue its business objectives.

If an investor purchases Issuer Shares in an 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 Issuer Shares that you acquire. This dilution is due in large part to the fact that the Issuer's earlier investors will have paid substantially less than a public offering price when they purchased their shares of the Issuer's capital stock.

The Issuer may be subject to additional regulatory burden resulting from its public listing on the CSE

Prior to the RTO Transaction, MJIC has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the CSE. The Issuer is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to the Issuer's financial management control systems to manage its obligations as a public company listed on the CSE. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. The Issuer has made, and will continue to make, changes in these and other areas, including the Issuer's internal controls over financial reporting. However, the Issuer cannot assure holders of Issuer Shares that these and other measures that the Issuer might take will be sufficient to allow us to satisfy the Issuer's obligations as a public company listed on the CSE on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies listed on the CSE will create additional costs for the Issuer and will require the time and attention of management. The Issuer cannot predict the amount of the additional costs that the Issuer might

incur, the timing of such costs or the impact that management's attention to these matters will have on the Issuer's business.

It may be difficult, if not impossible, for U.S. holders of the Issuer Shares to resell them over the CSE.

It has recently come to management's attention that all major securities clearing firms in the U.S. have ceased participating in transactions related to securities of Canadian public companies involved in the medical and adult use Cannabis Industry. This appears to be due to the fact that marijuana continues to be listed as a controlled substance under U.S. federal law, with the result that marijuana-related practices or activities, including the cultivation, possession or distribution of marijuana, are illegal under U.S. federal law. However, management understands that the action by U.S. securities clearing firms also extends to securities of companies that carry on business operations entirely outside the U.S. Accordingly, U.S. residents who acquire Issuer Shares as "restricted securities" (including any Issuer Shares pursuant to the exercise of Warrants or Options) may find it difficult – if not impossible – to resell such shares over the facilities of any Canadian stock exchange on which the shares may then be listed. It remains unclear what impact, if any, this and any future actions among market participants in the U.S. will have on the ability of U.S. residents to resell any Issuer Shares that they may acquire in open market transactions.

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

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

- actual or anticipated fluctuations in the Issuer'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 Issuer operates;
- addition or departure of the Issuer's executive officers and other key personnel;
- release or expiration of lock-up or other transfer restrictions on outstanding Issuer Shares;
- sales or perceived sales of additional Issuer Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or the Issuer's competitors;
- operating and share price performance of other companies that investors deem comparable to us; 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 Issuer 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 Issuer'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 Issuer Shares may decline even if the Issuer'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 Issuer's operations could be adversely affected, and the trading price of the Issuer Shares might be materially adversely affected.

The Issuer does not anticipate paying cash dividends.

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

The Issuer and holders of Issuer Shares may be subject to certain risks as a result of United States tax classification of the Issuer.

Although the Issuer is and will continue to be a Canadian corporation, the Issuer is classified as a United States corporation for United States federal income tax purposes under section 7874 of the U.S. Tax Code and will be subject to United States federal income tax on its worldwide income. However, regardless of any application of section 7874 of the U.S. Tax Code, the Issuer will be treated as a Canadian resident corporation for all Canadian income tax purposes under Tax Act. As a result, the Issuer will be subject to taxation both in Canada and the United States which could have a material adverse effect on its financial condition and results of operations.

It is unlikely that the Issuer will pay any dividends on the Issuer Shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purpose of the Tax Act will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available under the Tax Act in respect of such U.S. withholding tax.

Dividends received by U.S. resident shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax under the Tax Act. Dividends paid by the Issuer will be characterized as U.S. source income for purposes of the foreign tax credit rules under the U.S. Tax Code. Accordingly, U.S. shareholders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor U.S. residents will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Issuer, subject to examination of the relevant treaty.

Because the Issuer Shares will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of Issuer Shares.

EACH SHAREHOLDER SHOULD SEEK TAX ADVICE, BASED ON SUCH SHAREHOLDER'S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.

Future sales of Issuer Shares by existing shareholders could reduce the market price of the Issuer shares.

Sales of a substantial number of Issuer Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Issuer Shares intend to sell Issuer Shares, could reduce the market price of the Issuer Shares. Additional Issuer Shares may be available for sale into the public market, subject to applicable securities laws, which could reduce the market price for Issuer Shares. Holders of Options or Warrants or Issuer Broker Warrants will have an immediate income inclusion for tax purposes when they exercise their Options, Warrants or Issuer Broker Warrants (that is, tax is not deferred until they sell the underlying Issuer Shares). As a result, these holders may need to sell Issuer Shares purchased on the exercise of Issuer Options, Warrants or Issuer Broker Warrants in the same year that they exercise their options. This might result in a greater number of Issuer Shares being sold in the public market, and fewer long-term holds of Issuer Shares by the Issuer's management and employees.

IN ADDITION TO THE ABOVE RISKS, BUSINESSES ARE OFTEN SUBJECT TO RISKS NOT FORESEEN OR FULLY APPRECIATED BY OUR MANAGEMENT. IN REVIEWING THIS LISTING STATEMENT, POTENTIAL INVESTORS SHOULD KEEP IN MIND THAT THERE MAY BE OTHER POSSIBLE RISKS THAT COULD BE IMPORTANT.

18. PROMOTERS

Other than the below, no person or company is or has been within the two years immediately preceding the date of this Listing Statement a promoter of the Issuer.

Name and principal position	Number and percentage of voting securities of the Issuer ⁽¹⁾	Share-based awards (\$)	Option-based awards (\$)	Nature and amount of services received by the Issuer
Sturges Karban <i>CEO</i>	210,000 Issuer Proportionate Voting Shares (20.7%)	4,855,000 Issuer Subordinate Non-Voting Shares	180,000	Full time service as CEO of the Issuer and, prior to the RTO Transaction, MJIC
Urban Smedeby <i>President and Director</i>	90,000 Issuer Proportionate Voting Shares (8.9%)	4,246,667 Issuer Subordinate Non-Voting Shares	180,000	Full time service as President of the Issuer and, prior to the RTO Transaction, MJIC
Lawrence Horwitz <i>Former Director, General Counsel and Corporate Secretary</i>	300,000 Issuer Proportionate Voting Shares (28.78%)	Nil	Nil	Service as the former General Counsel and Corporate Secretary of MJIC prior to the RTO Transaction

Notes:

(1) Percentage calculated after giving effect to the RTO Transaction.

19. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

As of the date of this Listing Statement, there are no material legal proceedings, and no contemplated legal proceedings known to be material, to the Issuer or its expected subsidiaries, to which the Issuer or its expected subsidiaries is a party or of which any of the Issuer or its expected subsidiaries' respective property is the subject matter.

In January 2018, a SW Principal and former director and officer of MJIC, who had been employed with MJIC since closing of the SW Acquisition, tendered his notice of termination of his employment agreement with MJIC. Two additional SW Principals and former MJIC employees, also employed as part of the SW Acquisition, resigned around the same time. In March 2018, MJIC was named as a co-defendant in litigation filed by the SW Principals through SB and FFD ("**SW Litigation**"). The SW Litigation claimed breach of contract and fraud against MJIC and certain of its representatives. On January 29, 2019, all parties to the SW Litigation entered into a Confidential Mutual Release & Settlement Agreement ("**SW Settlement**"), dismissing all claims and crossclaims in connection with the SW Litigation. On or about February 6, 2019, all claims by and against MJIC in connection with the SW Litigation were dismissed with prejudice.

On July 21, 2020 certain DPH Sellers filed a lawsuit against M7R in the Superior Court of the State of California for the County of Yolo, alleging that the share purchase agreement entered into in connection with the DPH Acquisition (the "**DPH Share Purchase Agreement**") was terminated in accordance with its terms, due to certain alleged breaches including the failure to pay all consideration due under the DPH Share Purchase Agreement and to obtain all regulatory approvals required under the SPA. The DPH Sellers are seeking a declaration that the DPH Share Purchase Agreement is terminated and for compensatory and consequential damages. On August 17, 2020, M7R filed a cross-complaint in the Superior Court of the State of California for the County of Yolo, alleging the breach by the DPH Sellers of the DPH Share Purchase Agreement, including intentionally failing to cooperate with M7R in obtaining certain regulatory approvals and improperly attempting to terminate the DPH Share Purchase Agreement. M7R is seeking compensatory, punitive and exemplary damages against the DPH Sellers.

As of the date of this Listing Statement, none of the Issuer nor any of its expected subsidiaries has been subject to any penalties or sanctions imposed by any court or regulatory authority relating to provincial and territorial securities legislation or by a securities regulatory authority, within the three years immediately preceding the date hereof, nor has any party entered into a settlement agreement with a securities regulatory authority within the three years immediately preceding the date hereof, or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Issuer's securities or would be likely to be considered important to a reasonable investor making an investment decision.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than services as directors, executive officers and employees of the Issuer or as disclosed below, the Issuer has not acquired any assets or been provided any services in any material transaction, or in any proposed material transaction, from any director, executive officer, insider or promoter of the Issuer, the proposed nominees for election as directors of the Issuer, the proposed executive officers, insiders or promoters of the Issuer, or their associates and Affiliates. Except as disclosed herein, no director, executive officer, insider or promoter of the Issuer or any associate or Affiliate of any such person or company has or had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect the Issuer.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditor

The Issuer's Shareholders have conditionally approved the appointment of Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, located at 1500 – West Pender Street, Vancouver, BC V6E 4G1, as the auditors of the Issuer following the RTO Transaction.

21.2 Transfer Agent and Registrar

Odyssey Trust Company, located at Suite 323 – 409 Granville St., Vancouver, BC V6C 1T2, acts as the transfer agent and registrar of the Issuer following the RTO Transaction.

22. MATERIAL CONTRACTS

22.1 Material Contracts

Except for contracts entered into by the Issuer in the ordinary course of business, the only current material contracts entered into within the last two years or currently anticipated to be entered into by the Issuer which can reasonably be regarded as presently material are:

- Merger Agreement;
- the Coattail Agreement; and
- the P&P Warrant Purchase Agreement.

22.2 Co-tenancy, Unitholders or Limited Partnership Agreements

This section is not applicable to the Issuer.

23. INTEREST OF EXPERTS

The following is a list of persons or companies whose profession or business gives authority to a statement made by such person or company named in this Listing Statement as having prepared or certified a part of that document or report described in the Listing Statement:

- Dale Matheson Carr-Hilton LaBonte LLP, auditors of MJIC, which prepared the auditor's report for the audited financial statements of MJIC as at and for the fiscal years ended November 30, 2019 and 2018. They are independent as determined by the Institute of Chartered Accountants of British Columbia; and
- Manning Elliott LLP, former auditors of P&P, which prepared the auditor's report for the audited annual financial statements of P&P as at and for the fiscal years ended December 31, 2019 and 2018. They are independent as determined by the Institute of Chartered Accountants of British Columbia.

No expert has, and is not entitled to receive, any registered or beneficial interest, direct or indirect, in the property of the Issuer and is not expected to own any securities of the Issuer or any associate, Affiliate or Related Person of the Issuer.

24. OTHER MATERIAL FACTS

There are no other material facts about the Issuer or Issuer Shares that are not disclosed under any other Section of this Listing Statement and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer or Issuer Shares.

25. FINANCIAL STATEMENTS

The following financial statements are appended hereto and form an integral part of this Listing Statement:

- annual audited consolidated financial statements of P&P including the auditor's report from Manning Elliott LLP, for the financial years ended December 31, 2019 and 2018 (see Appendix "H");
- unaudited interim consolidated financial statements of P&P for the six months ended June 30, 2020 and 2019 (see Appendix "I");
- annual audited consolidated financial statements of MJIC including the auditor's report from Dale Matheson Carr-Hilton LaBonte LLP, for the financial years ended November 30, 2019 and 2018 (see Appendix "D");
- unaudited interim consolidated financial statements of MJIC for the six months ended May 31, 2020 and 2019 (see Appendix "E"); and
- pro forma financial statements of the Issuer giving effect to the RTO Transaction as of June 30, 2020 (see "Appendix "C").

26. GLOSSARY

“\$” means United States dollars;

“**2014 Farm Bill**” means the *Agricultural Act of 2014*;

“**2018 Farm Bill**” means the *Agriculture Improvement Act of 2018*;

“A\$” means Australian dollars;

“**Ancillary Products**” means consumables, accessories, and paraphernalia, including rolling papers, rolling trays, and cigarette lighters, often used by consumers of Cannabis Products, as well as products infused with CBD oil extracted from industrial hemp, including tinctures, edibles, topicals, concentrates, vaporizer cartridges, and capsules;

“**Affiliate**” means a corporation that is affiliated with another corporation as described below. A corporation is an “Affiliate” of another corporation if:

- one of them is the subsidiary of the other; or
- each of them is controlled by the same Person;

“**Applicable U.S. Shareholders**” means certain MJIC Shareholders resident in the United States that received Issuer Proportionate Voting Shares in connection with the RTO Transaction;

“**B2B**” means business-to-business;

“**B2C**” means business-to-consumer;

“**B2E**” means business-to-everyone;

“**BCBCA**” means the Business Corporations Act (British Columbia), as amended;

“**BCC**” means the California Department of Consumer Affairs, Bureau of Cannabis Control;

“**BDS**” means Brisbane Distribution Solutions, LLC, a California limited liability company and a wholly-owned subsidiary of MJIC (and the Issuer upon the Closing);

“**Brokers**” means the brokers in connection with the MJIC \$2.25 Private Placement;

“C\$” means Canadian dollars.

“**Cannabis Products**” means cannabis and products derived therefrom that contain more than 0.3% THC by concentration, such as raw cannabis flower and biomass, oil extracted from cannabis, and products infused with cannabis oil, including tinctures, edibles, topicals, concentrates, vaporizer cartridges, and capsules;

“**CBD**” means cannabidiol, a naturally occurring cannabinoid constituent of cannabis;

“**CEO**” means Chief Executive Officer;

“**CFO**” means Chief Financial Officer;

“**CIO**” means Chief Investment Officer;

“**CLO**” means Chief Legal Officer, General Counsel and Corporate Secretary;

“**Closing**” means the closing of the RTO Transaction;

“**CMS**” means CM Sales, LLC, an Arizona limited liability company and a wholly-owned subsidiary of MJIC (and the Issuer upon the Closing);

“**COO**” means Chief Operating Officer;

“**Consolidation**” means the consolidation of the P&P Shares, on a one (1) new for 1.33333225 old basis, completed in connection with the RTO Transaction;

“**Controlled Substances Act**” means the *Controlled Substances Act of 1970* (United States of America);

“**CSE**” means the Canadian Securities Exchange;

“**CSE Listing**” means the listing of the Issuer Subordinate Voting Shares upon the Closing;

“**CDPH**” means the California Department of Public Health;

“**DOJ**” means the U.S. Department of Justice;

“**DV**” means Dargos Ventures, LLC, an Arizona limited liability company and a wholly-owned subsidiary of MJIC (and the Issuer upon the Closing);

“**Effective Date**” means the effective date of the MJIC Merger;

“**Effective Time**” means the effective time of the MJIC Merger;

“**H3O**” means Healthy Healing Holistic Options Inc., a California corporation and a subsidiary of MJIC (and the Issuer upon the Closing);

“**IFRS**” means the International Financial Reporting Standards of the IFRS Foundation applicable as of the date of the financial statements, document or event in question;

“**Issuer**” has the meaning given to such terms in Section 1.1 to this Listing Statement;

“**Issuer Brokers’ Warrants**” means the MJIC Brokers’ Warrants after the RTO Transaction;

“**Issuer Convertible Securities**” means, collectively, Options and Warrants;

“**Issuer Pro Forma Financial Statements**” means the unaudited pro forma consolidated financial statements of the Issuer as at June 30, 2020 and attached as Appendix “C” hereto;

“Issuer Options” means stock options to acquire Issuer Subordinate Voting Shares or Issuer Proportionate Voting Shares, as applicable;

“Issuer Proportionate Voting Shares” means the Class C proportionate voting shares in the capital of the Issuer;

“Issuer Securities” means, collectively, Issuer Shares and Issuer Convertible Securities;

“Issuer Shareholders” means holders of Issuer Shares;

“Issuer Shares” means, collectively, Issuer Subordinate Voting Shares, Issuer Proportionate Voting Shares and Issuer Subordinate Non-Voting Shares;

“Issuer Subordinate Non-Voting Shares” means the Class B subordinate non-voting shares in the capital of the Issuer;

“Issuer Subordinate Voting Shares” means the subordinate voting shares in the capital of the Issuer;

“Issuer Warrants” means warrants to acquire Issuer Subordinate Voting Shares;

“LBDS” means Long Beach Distribution Solutions, LLC, a California limited liability company and an Affiliate of MJIC (and the Issuer upon the Closing);

“Listing Statement” means this amended and restated listing statement made by the Issuer to list the Issuer Subordinate Voting Shares on the CSE dated October 9, 2020;

“M7” means, upon completion of the MJIC Merger, ManifestSeven, Inc., a wholly owned subsidiary of Issuer and the surviving entity of the MJIC Merger;

“M7I” means M7 Infrastructure Inc., a California corporation and a wholly-owned subsidiary of MJIC (and the Issuer upon the Closing);

“M7IP” means M7 IP Inc., a California corporation and a wholly-owned subsidiary of MJIC (and the Issuer upon the Closing);

“M7R” means M7 Regulated Inc., a California corporation and a wholly-owned subsidiary of MJIC (and the Issuer upon the Closing);

“M7S” means M7 Solutions, LLC, a California limited liability company and a wholly-owned subsidiary of MJIC (and the Issuer upon the Closing);

“M7U” means M7 Unregulated Inc., a California corporation and a wholly-owned subsidiary of MJIC (and the Issuer upon the Closing);

“Material Adverse Effect” or **“Material Adverse Change”** means, with respect to a person, any matter or action that has an effect or change that is, or would reasonably be expected to be, material and adverse to the business, results of operations, assets, capitalization, financial condition, rights, liabilities or prospects, contractual or otherwise, of such person and its subsidiaries, if applicable, taken as a whole, other than any matter, action, effect or change relating to or resulting from: (i) a matter that has been publicly disclosed prior to the date of

this Listing Statement or otherwise disclosed in writing by a party to the other party prior to the date of this Listing Statement; (ii) any action or inaction taken by such person to which the other person had consented in writing; (iii) the announcement of the transactions contemplated by the RTO Transaction or this Listing Statement; or (iv) general economic, financial, currency exchange, securities, banking or commodity market conditions in the United States, Canada or worldwide;

"MD&A" means Management Discussion and Analysis;

"MD" means M Delivers, a California non-profit mutual benefit corporation and a wholly-owned subsidiary of MJIC (and the Issuer upon the Closing);

"Merger Agreement" means the merger agreement dated March 28, 2019 between P&P, SubCo and MJIC, as amended by agreements dated July 31, 2019 and October 31, 2019;

"MJIC" has the meaning set forth in Section 1.1 to this Listing Statement;

"MJIC 10% Convertible Notes" means, collectively, the Subordinate MJIC 10% Convertible Notes and the Senior MJIC 10% Convertible Notes;

"MJIC 14% Convertible Notes" means the aggregate principal amount of \$500,000 of MJIC Convertible Notes which carried compounded interest semi-annually at a rate of 14% per annum over a twenty-four-month term;

"MJIC 15% Convertible Notes" means the aggregate principal amount of \$2,483,055 of MJIC Convertible Notes, which carry non-compounding interest at a rate of 15% per annum over an 18-month term;

"MJIC 15% Convertible Note Private Placement" has the meaning set forth in Section 3.1 to this Listing Statement;

"MJIC 15% Note Conversion Price" has the meaning set forth in Section 3.1 to this Listing Statement;

"MJIC 17.5% Convertible Notes" means the aggregate principal amount of \$5,410,000 of MJIC Convertible Notes, which carry non-compounding interest at a rate of 17.5% per annum;

"MJIC Brokers' Warrants" means share purchase warrants granted by MJIC to the Brokers selling the MJIC \$2.25 Private Placement, with each such warrant exercisable for one MJIC Class A common Share, at an exercise price of \$2.25 for 24 months from the closing of the MJIC \$2.25 Private Placement;

"MJIC Class A Common Shares" means Class A common shares in the capital of MJIC;

"MJIC Class B Common Shares" means Class B common shares in the capital of MJIC;

"MJIC Convertible Notes" means, collectively, the MJIC 10% Convertible Notes, the MJIC 14% Convertible Notes, MJIC 15% Convertible Notes and MJIC 17.5% Convertible Notes;

"MJIC Convertible Securities" means, collectively, the MJIC Convertible Notes, the MJIC Warrants and the MJIC Options;

"MJIC Financial Statements" means collectively the annual audited consolidated financial statements of MJIC for the financial years ended November 30, 2019 and 2018 attached as Appendix "D" hereto and the interim financial statements of MJIC for the six months ended May 31, 2020, and attached as Appendix "E" hereto;

"MJIC Option" means options to acquire MJIC Class A Common Shares or MJIC Class B Common Shares, as applicable;

"MJIC Option Plan" means the stock option plans adopted by MJIC prior to the Effective Date, as each may be amended from time to time;

"MJIC Merger" means the merger under the *General Corporation Law* (Delaware), pursuant to which MJIC was merged with and into SubCo, with SubCo as the surviving entity and a wholly-owned subsidiary of P&P;

"MJIC Merger Consent Resolution" means the special consent resolution of MJIC Shareholders holding at least 66 and 2/3^{rds} of the MJIC Shares in respect of the RTO Transaction and related transactions to be considered by the MJIC Shareholders;

"MJIC Preferred Shares" means Series A preferred shares in the capital of MJIC;

"MJIC \$2.25 Private Placement" means the private placement of up to 11,777,777 MJIC Class A Common Shares at a price of \$2.25 per MJIC Class A Common Share for gross proceeds of up to approximately \$26,500,000;

"MJIC Securities" means, collectively, MJIC Shares and MJIC Convertible Securities;

"MJIC Shares" means, collectively, MJIC Class A Common Shares, MJIC Class B Common Shares and MJIC Preferred Shares;

"MJIC Shareholders" means the holders of MJIC Shares prior to the MJIC Merger;

"MJIC Warrants" means warrants exercisable to acquire MJIC Shares;

"MyJane" means MyJane, LLC, a California limited liability company and a wholly-owned subsidiary of MJIC (and the Issuer upon the Closing);

"NDES" means NorCal Delivery Solutions, LLC, a California limited liability company and an Affiliate of MJIC (and the Issuer upon the Closing);

"NDIS" means NorCal Distribution Solutions, LLC, a California limited liability company and an Affiliate of MJIC (and the Issuer upon the Closing);

"NP 46-201" means National Policy 46-201 – Escrow for Initial Public Offerings;

"OTC" means the over-the-counter market;

"Option" means an Issuer Option or an MJIC Option that is exercisable into 3 Issuer Subordinate Voting Shares following the Effective Time, as applicable.

"P&P" has the meaning set forth in Section 1.1 to this Listing Statement;

"P&P Common Shares" means the common shares in the capital of P&P, prior to the Share Restructuring;

"P&P Convertible Notes" means the \$1,000,000 principal amount convertible notes of P&P, which shall be convertible concurrently with the CSE Listing into an aggregate of up to 15,000,000 P&P Units (on a post-Consolidation basis);

"P&P Financial Statements" means collectively the annual audited consolidated financial statements of P&P for the financial years ended December 31, 2019 and 2018 and the interim financial statements of P&P for the six months ended June 30, 2020;

"P&P Meeting" means the annual general and special meeting of the P&P Shareholders to consider, among other things, the RTO Transaction;

"P&P Options" means stock options to acquire P&P Subordinate Voting Shares or P&P Proportionate Voting Shares, as applicable;

"P&P Preferred Shares" means the preferred shares in the capital of P&P, prior to the Share Restructuring;

"P&P Proportionate Voting Shares" means the Class C proportionate voting shares in the capital of P&P;

"P&P RTO Transaction Resolution" means the special resolution of P&P Shareholders holding at least 66 and 2/3^{ths} of the P&P Shares in respect of the RTO Transaction and related transactions to be considered by the P&P Shareholders at the P&P Meeting;

"P&P Shareholders" means holders of P&P Shares;

"P&P Shares" means P&P Subordinate Voting Shares, P&P Proportionate Voting Shares and P&P Subordinate Non-Voting Shares;

"P&P Subordinate Non-Voting Shares" means the Class B subordinate non-voting shares in the capital of P&P;

"P&P Subordinate Voting Shares" means the subordinate voting shares in the capital of P&P;

"P&P Units" means units consisting of one P&P Subordinate Voting Share and one P&P Warrant, with each such P&P Warrant exercisable to purchase one P&P Subordinate Voting Share at an exercise price of C\$0.055 for one year after the date of closing of the RTO Transaction;

"P&P Warrants" means warrants to acquire P&P Subordinate Voting Shares;

"P&P Warrant Purchase" has the meaning set forth in Section 3.1 to this Listing Statement;

"P&P Warrant Purchase Agreement" has the meaning set forth in Section 3.1 to this Listing Statement;

"P&P Warrant Purchaser" has the meaning set forth in Section 3.1 to this Listing Statement;

"PDES" means Peninsula Delivery Solutions, LLC, a California limited liability company and a wholly-owned subsidiary of MJIC (and the Issuer upon the Closing);

"PDIS" means Peninsula Distribution Solutions, LLC, a California limited liability company and a wholly-owned subsidiary of MJIC (and the Issuer upon the Closing);

"Related Person" has the meaning given to such term in CSE Policy 1 – Interpretation and General Provisions;

"RPD" means Rolling Paper Depot, LLC, an Arizona limited liability company and a wholly-owned subsidiary of MJIC (and the Issuer upon the Closing);

"RTO Transaction" means the reverse takeover of P&P by the MJIC Shareholders pursuant to the MJIC Merger;

"SEDAR" means the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators;

"Senior MJIC 10% Convertible Note" has the meaning set forth in Section 3.1 to this Listing Statement;

"Senior MJIC 10% Convertible Note Maturity Date" has the meaning set forth in Section 3.1 to this Listing Statement;

"Senior MJIC 10% Note Fixed Conversion Price" has the meaning set forth in Section 3.1 to this Listing Statement;

"Senior MJIC 10% Note Floating Conversion Price" has the meaning set forth in Section 3.1 to this Listing Statement;

"Share Restructuring" means the alteration of P&P's notice of articles to effect the creation of the P&P Subordinate Voting Shares, the P&P Subordinate Non-Voting Shares and the P&P Proportionate Voting Shares and the removal of the P&P Common Shares and P&P Preferred Shares, completed in connection with the RTO Transaction;

"SSDS" means San Diego Delivery Solutions, LLC, a California limited liability company and a wholly-owned subsidiary of MJIC (and the Issuer upon the Closing);

"SubCo" means, prior to the MJIC Merger, ManifestSeven, Inc., a corporation existing under the laws of the State of Delaware, and a wholly-owned subsidiary of P&P incorporated for the purpose of completing the RTO Transaction;

"Subordinate MJIC 10% Convertible Note" has the meaning set forth in Section 3.1 to this Listing Statement;

"THC" means delta-9-tetrahydrocannabinol, a psychoactive chemical compound in cannabis;

"Transfer Agent" or **"Odyssey"** means Odyssey Trust Company;

"TSXV" means the TSX Venture Exchange, including the NEX board of the TSXV;

"U.S. Securities Act" – means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder; and

"U.S." or **"US"** means the United States of America, its territories and possessions, and any state of the United States, and the District of Columbia.

"Warrants" means an Issuer Warrant or an MJIC Warrant that is exercisable into 3 Issuer Subordinate Voting Shares following the Effective Time, as applicable.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its board of directors, ManifestSeven Holdings Corporation hereby applies for the listing of the above-mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to ManifestSeven Holdings Corporation. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Irvine, California this 9th day of October, 2020.

"Sturges Karban"

Sturges Karban

Chief Executive Officer

"Jordan Gerber"

Jordan Gerber

Chief Financial Officer

"Sturges Karban"

Sturges Karban

Promoter

"Urban Smedeby"

Urban Smedeby

Promoter

"Lawrence Horwitz"

Lawrence Horwitz

Promoter

"Daniel Sekers"

Daniel Sekers

Director

"Scott Wessler"

Scott Wessler

Director

APPENDIX "A"

INFORMATION CONCERNING P&P VENTURES INC.

The information in this Appendix "A" (unless stated otherwise) is provided as of September 25, 2020, immediately prior to giving effect to the RTO Transaction.

Terms not otherwise defined in this Appendix have the meanings given to them in the Listing Statement under Section 26 – *Glossary*. This Appendix is qualified in its entirety by, and should be read together with, the detailed information contained or referred to elsewhere, or incorporated by reference, in the Listing Statement and applicable Appendices.

Jurisdiction of Incorporation

P&P was incorporated pursuant to the provisions of the BCBCA on March 31, 2007 under the name "Amicus Capital Corp.". On November 21, 2008, P&P changed its name to "Polo Biology Global Group Corporation" and, on November 23, 2012, P&P changed its name to "P&P Ventures Inc."

On December 14, 2007, P&P completed its initial public offering and the P&P Common Shares commenced trading on the TSXV on December 17, 2007 under the symbol "AIC.P". P&P was designated as a Capital Pool Company by the TSXV.

Intercorporate Relationships

The following tables described the subsidiaries owned by P&P, their place of incorporation, continuance or formation and the percentage of voting securities beneficially owned, controlled or directed by P&P.

Name of Subsidiary	Percentage of Voting Securities Owned	Jurisdiction of Incorporation or Continuance
ManifestSeven, Inc. ⁽¹⁾	100%	Delaware

Notes:

- (1) Incorporated on January 29, 2019 in the State of Delaware for the sole purpose of completing the RTO Transaction.

General Development of the Business

The development of P&P's business is described in the Listing Statement in Section 3 – *General Development of the Business*.

Narrative Description of the Business

Immediately prior to the RTO Transaction, P&P had no active business operations.

Selected Consolidated Financial Information

The following table summarizes financial information of P&P for the last three completed financial years ended December 31, 2019, 2018 and 2017. This summary financial information should only be read in conjunction with P&P Financial Statements attached hereto as Appendix "H" and Appendix "I".

	Year ended December 31		
	2019 (C\$)	2018 (C\$)	2017 (C\$)
Total revenues	-	-	-
Net Income (Loss)	(213,652)	(74,390)	(87,438)
Basic and Diluted Income (Loss) per Share ⁽¹⁾	(0.07)	(0.03)	(0.04)
Total Assets	1,193,661	688,489	393,754
Total Long-Term Liabilities	-	-	-
Cash dividends declared per share	-	-	-

Notes:

On a pre-Consolidation basis but reflecting the two (2) for one (1) share consolidation completed by P&P on July 5, 2018.

Quarterly Information

The following tables summarize the financial results for each of P&P's eight most recently completed quarters preceding the end of P&P's most recently completed financial year. This financial data has been prepared in accordance with IFRS and is expressed in Canadian dollars.

	Q2 2020 (C\$)	Q1 2020 (C\$)	Q4 2019 (C\$)	Q3 2019 (C\$)	Q2 2019 (C\$)	Q1 2019 (C\$)	Q4 2018 (C\$)	Q3 2018 (C\$)
Total revenues	-	-	-	-	-	-	-	-
Net Income (Loss)	(23,869)	(37,471)	(82,770)	(11,114)	(24,116)	(58,255)	(19,845)	(13,102)
Basic and Diluted Income (Loss) per Share ⁽¹⁾	(0.01)	(0.02)	(0.04)	(0.00)	(0.01)	(0.03)	(0.01)	(0.01)

Notes:

(1) On a pre-Consolidation basis, but reflecting the two (2) for one (1) share consolidation completed by P&P on July 5, 2018.

Dividends

P&P has not paid dividends prior to the RTO Transaction.

Foreign GAAP

P&P's financial statements have been prepared in accordance with IFRS from incorporation.

Management's Discussion and Analysis

P&P's annual MD&A for its most recent fiscal year ended December 31, 2019 are attached to this Listing Statement as Appendix "J" and interim MD&A for the six months ended June 30, 2020 are attached to this Listing Statement as Appendix "K". The P&P MD&A should be read in conjunction with the P&P Financial Statements and the notes thereto.

Market for Securities

Immediately prior to the RTO Transaction, P&P Common Shares were posted for trading on the NEX Board of the TSXV under the symbol "PPV.H".

Consolidated Capitalization

On September 25, 2020, in connection with the RTO Transaction, P&P consolidated its issued and outstanding shares on a one (1) new share for 1.33333225 old shares basis (the "**Consolidation**").

Immediately prior to the RTO Transaction, P&P had 1,852,501 P&P Common Shares (on a pre-Consolidation basis), C\$1,000,000 aggregate principal amount of P&P Convertible Notes, and no other securities issued and outstanding.

On September 25, 2020, in connection with the RTO Transaction, P&P altered its notice of articles to create the following classes of shares (the "**Share Restructuring**"):

- P&P Subordinate Voting Shares;
- P&P Proportionate Voting Shares; and
- P&P Subordinate Non-Voting Shares.

The following table sets forth the share and loan capital of P&P as at December 31, 2019 and immediately prior to the RTO Transaction.

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding as of December 31, 2019	Amount Outstanding immediately prior to the RTO Transaction
P&P Subordinate Voting Shares	Unlimited	1,852,501 ⁽¹⁾	1,852,501 ⁽¹⁾
P&P Subordinate Non-Voting Shares	Unlimited	Nil	Nil
P&P Proportionate Voting Shares	Unlimited	Nil	Nil
P&P Warrants	N/A	Nil	Nil
P&P Options	10% rolling	Nil	Nil
P&P Convertible Notes ⁽²⁾	N/A	C\$1,000,000	C\$1,000,000

Notes:

- (1) On a post-Consolidation and post-Share Restructuring basis.
- (2) Issued in connection with a private placement of P&P Convertible Notes. The P&P Convertible Notes were convertible into 15,000,000 P&P Units (on a post-Consolidation basis) on the earlier of the date that P&P has obtained either (i) TSXV conditional acceptance of a reactivation transaction that on closing would result in P&P, at a minimum, qualifying for Tier 2 listing of the P&P Common Shares (or P&P Subordinate Voting Shares after the Share Restructuring), or (ii) CSE conditional acceptance with respect to the listing of the P&P Common

Shares (or P&P Subordinate Voting Shares after the Share Restructuring) on the CSE, which each such P&P Unit consisting of one P&P Common Shares (or P&P Subordinate Voting Shares after the Share Restructuring) and one P&P Warrant (or Issuer Warrant) exercisable for one P&P Common Shares (or P&P Subordinate Voting Shares after the Share Restructuring) at an exercise price of C\$0.073 per P&P Common Shares (or P&P Subordinate Voting Shares after the Share Restructuring) (on a post-Consolidation basis) for a term of one year from the date of closing of the RTO Transaction.

Options to Purchase Securities

No P&P Options were outstanding immediately prior to the RTO Transaction.

Description of the Securities

The authorized capital of P&P includes: (i) an unlimited number of P&P Subordinate Voting Shares; (ii) an unlimited number of P&P Proportionate Voting Shares and (iii) an unlimited number of P&P Subordinate Non-Voting Shares.

Immediately prior to the RTO Transaction, there were: (i) 1,852,501 P&P Subordinate Voting Shares (on a post-Consolidation and Share Restructuring basis); (ii) no P&P Proportionate Voting Shares; and (iii) no P&P Subordinate Non-Voting Shares issued and outstanding. See below for detail on the conversion of P&P Subordinate Non-Voting Shares or P&P Proportionate Voting Shares to P&P Subordinate Voting Shares and "Consolidated Capitalization" for further information on outstanding P&P Shares.

P&P Subordinate Voting Shares

The holders of Class A subordinate voting shares of P&P ("**P&P Subordinate Voting Shares**") shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of P&P except a meeting at which only the holders of another class or series of shares is entitled to vote. Each P&P Subordinate Voting Share shall entitle the holder thereof to one vote at each such meeting.

So long as any P&P Subordinate Voting Shares remain outstanding, P&P will not, without the consent of the holders of P&P Subordinate Voting Shares expressed by separate special resolution, alter or amend its Articles if the result of such alteration or amendment would: (i) prejudice or interfere with any right or special right attached to P&P Subordinate Voting Shares; or (ii) affect the rights or special rights of the holders of P&P Subordinate Voting Shares, P&P Proportionate Voting Shares or P&P Subordinate Non-Voting Shares on a per share basis as provided for herein.

The holders of P&P Subordinate Voting Shares shall be entitled to receive such dividends payable in cash or property of P&P as may be declared thereon by the directors from time to time. The directors may declare no dividend payable in cash or property on P&P Subordinate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on P&P Proportionate Voting Shares, in an amount per P&P Proportionate Voting Share equal to the amount of the dividend declared per P&P Subordinate Voting Share, multiplied by ten (10).

The directors may declare a stock dividend payable in P&P Subordinate Voting Shares on P&P Subordinate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in: (i) P&P Proportionate Voting Shares on P&P Proportionate Voting Shares, in a number of shares per P&P Proportionate Voting Share equal to the amount of the dividend declared per P&P Subordinate Voting Share; or (ii) P&P Subordinate Voting Shares on P&P Proportionate Voting Shares, in a number of shares per P&P Proportionate Voting Share equal to the amount of the dividend declared per P&P Subordinate Voting Share, multiplied by ten (10).

Holders of fractional P&P Subordinate Voting Shares shall be entitled to receive any dividend declared on P&P Subordinate Voting Shares in an amount equal to the dividend per P&P Subordinate Voting Share multiplied by the fraction thereof held by such holder.

In the event of the liquidation, dissolution or winding-up of P&P, whether voluntary or involuntary, or in the event of any other distribution of assets of P&P to its shareholders for the purposes of winding up its affairs, the holders of P&P Subordinate Voting Shares shall be entitled to participate *pari passu* with the holders of P&P Proportionate Voting Shares and P&P Subordinate Non-Voting Shares, with the amount of such distribution per P&P Subordinate Voting Share equal to each of: (i) the amount of such distribution per P&P Proportionate Voting Share divided by ten (10); and (ii) the amount of such distribution per P&P Subordinate Non-Voting Share; and each fraction of a P&P Subordinate Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole P&P Subordinate Voting Share.

P&P Subordinate Voting Shares shall not be consolidated or subdivided unless P&P Proportionate Voting Shares and P&P Subordinate Non-Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

In the event that an offer is made to purchase P&P Proportionate Voting Shares, and such offer is: (i) required, pursuant to applicable securities legislation or the rules of any stock exchange on which: (i) P&P Proportionate Voting Shares; or (ii) P&P Subordinate Voting Shares which may be

obtained upon conversion of P&P Proportionate Voting Shares; may then be listed, to be made to all or substantially all of the holders of P&P Proportionate Voting Shares in a province or territory of Canada to which the requirement applies (such offer to purchase, an "**Offer**"); and (ii) not made to the holders of P&P Subordinate Voting Shares for consideration per P&P Subordinate Voting Share equal to one-tenth (0.10) of the consideration offered per P&P Proportionate Voting Share; each P&P Subordinate Voting Share shall become convertible at the option of the holder into P&P Proportionate Voting Shares on the basis of ten (10) P&P Subordinate Voting Shares for one (1) P&P Proportionate Voting Share, at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the "**P&P Subordinate Voting Share Conversion Right**"). For avoidance of doubt, fractions of P&P Proportionate Voting Shares may be issued in respect of any amount of P&P Subordinate Voting Shares in respect of which P&P Subordinate Voting Share Conversion Right is exercised which is less than ten (10).

P&P Subordinate Voting Share Conversion Right may only be exercised for the purpose of depositing P&P Proportionate Voting Shares acquired upon conversion under such Offer, and for no other reason. If P&P Subordinate Voting Share Conversion Right is exercised, P&P shall procure that the transfer agent for P&P Subordinate Voting Shares shall deposit under such Offer P&P Proportionate Voting Shares acquired upon conversion, on behalf of the holder.

If P&P Proportionate Voting Shares issued upon such conversion and deposited under such Offer are withdrawn by such holder, or such Offer is abandoned, withdrawn or terminated by the offeror, or such Offer expires without the offeror taking up and paying for such P&P Proportionate Voting Shares, such P&P Proportionate Voting Shares and any fractions thereof issued shall automatically, without further action on the part of the holder thereof, be reconverted into P&P Subordinate Voting Shares on the basis of one (1) P&P Proportionate Voting Share for ten (10) P&P Subordinate Voting Shares, and P&P will procure that the transfer agent for P&P Subordinate Voting Shares shall send to such holder a direct registration statement, certificate or certificates representing P&P Subordinate Voting Shares acquired upon such reconversion. If the offeror under such Offer takes up and pays for P&P Proportionate Voting Shares acquired upon exercise of P&P Subordinate Voting Share Conversion Right, P&P shall procure that the transfer agent for P&P Subordinate Voting Shares shall deliver to the holders of such P&P Proportionate Voting Shares the consideration paid for such P&P Proportionate Voting Shares by such Offeror.

P&P Subordinate Non-Voting Shares

The holders of Class B subordinate non-voting shares of P&P ("**P&P Subordinate Non-Voting Shares**") shall be entitled to receive notice of and to attend all meetings of shareholders of P&P. Subject to applicable laws regarding class votes, P&P Subordinate Non-Voting Shares shall not entitle the holder thereof to vote at each such meeting.

So long as any P&P Subordinate Non-Voting Shares remain outstanding, P&P will not, without the consent of the holders of P&P Subordinate Non-Voting Shares expressed by separate special resolution, alter or amend its Articles if the result of such alteration or amendment would: (i) prejudice or interfere with any right or special right attached to P&P Subordinate Non-Voting Shares; or (ii) affect the rights or special rights of the holders of P&P Subordinate Non-Voting Shares, P&P Proportionate Voting Shares or P&P Subordinate Voting Shares on a per share basis as provided for herein.

The holders of P&P Subordinate Non-Voting Shares shall not be entitled to receive dividends or other distributions of cash, property or securities of P&P.

In the event of the liquidation, dissolution or winding-up of P&P, whether voluntary or involuntary, or in the event of any other distribution of assets of P&P to its shareholders for the purposes of winding up its affairs, the holders of P&P Subordinate Non-Voting Shares shall be entitled to participate *pari passu* with the holders of P&P Proportionate Voting Shares and P&P Subordinate Voting Shares, with the amount of such distribution per P&P Subordinate Non-Voting Share equal to each of: (i) the amount of such distribution per P&P Proportionate Voting Share divided by ten (10); and (ii) the amount of such distribution per P&P Subordinate Voting Share; and each fraction of a P&P Subordinate Non-Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole P&P Subordinate Non-Voting Share.

P&P Subordinate Non-Voting Shares shall not be consolidated or subdivided unless P&P Proportionate Voting Shares and P&P Subordinate Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

In the event that an offer is made to purchase P&P Proportionate Voting Shares, and such offer is: (i) required, pursuant to applicable securities legislation or the rules of any stock exchange on which: (i) P&P Proportionate Voting Shares; or (ii) P&P Subordinate Voting Shares which may be obtained upon conversion of P&P Proportionate Voting Shares; may then be listed, to be made to all or substantially all of the holders of P&P Proportionate Voting Shares in a province or territory of Canada to which the requirement applies (such offer to purchase, an “**Offer**”); and (ii) not made to the holders of P&P Subordinate Non-Voting Shares for consideration per P&P Subordinate Voting Share equal to one-tenth (0.10) of the consideration offered per P&P Proportionate Voting Share; each P&P Subordinate Non-Voting Share shall become convertible at the option of the holder into P&P Proportionate Voting Shares on the basis of ten (10) P&P Subordinate Non-Voting Shares for one (1) P&P Proportionate Voting Share, at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the “**P&P Subordinate Non-Voting Share Conversion Right**”). For avoidance of doubt, fractions of P&P Proportionate Voting Shares may be issued in respect of any amount of P&P Subordinate Voting Shares in respect of which P&P Subordinate Non-Voting Share Conversion Right is exercised which is less than ten (10).

P&P Subordinate Non-Voting Share Conversion Right may only be exercised for the purpose of depositing P&P Proportionate Voting Shares acquired upon conversion under such Offer, and for no other reason. If P&P Subordinate Non-Voting Share Conversion Right is exercised, P&P shall procure that the transfer agent for P&P Subordinate Non-Voting Shares shall deposit under such Offer P&P Proportionate Voting Shares acquired upon conversion, on behalf of the holder.

If P&P Proportionate Voting Shares issued upon such conversion and deposited under such Offer are withdrawn by such holder, or such Offer is abandoned, withdrawn or terminated by the offeror, or such Offer expires without the offeror taking up and paying for such P&P Proportionate Voting Shares, such P&P Proportionate Voting Shares and any fractions thereof issued shall automatically, without further action on the part of the holder thereof, be reconverted into P&P Subordinate Non-Voting Shares on the basis of one (1) P&P Proportionate Voting Share for ten (10) P&P Subordinate Non-Voting Shares, and P&P will procure that the transfer agent for P&P Subordinate Non-Voting Shares shall send to such holder a direct registration statement, certificate or certificates representing P&P Subordinate Non-Voting Shares acquired upon such reconversion. If the offeror under such Offer takes up and pays for P&P Proportionate Non-Voting Shares acquired upon exercise of P&P Subordinate Non-Voting Share Conversion Right, P&P shall procure that the transfer agent for P&P Subordinate Non-Voting Shares shall deliver to the holders of such P&P Proportionate Voting Shares the consideration paid for such P&P Proportionate Voting Shares by such Offeror.

Each P&P Subordinate Non-Voting Share shall be convertible at the option of the holder on the basis of one (1) P&P Subordinate Non-Voting Share for one (1) P&P Subordinate Voting Share., at any time after the date that is twelve (12) months following the CSE Listing (the "**Conversion Date**").

P&P Proportionate Voting Shares

The holders of Class C proportionate voting shares ("**P&P Proportionate Voting Shares**") shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of P&P except a meeting at which only the holders of another class or series of shares is entitled to vote. Subject to the terms set out in the articles of P&P, each P&P Proportionate Voting Share shall entitle the holder to ten (10) votes and each fraction of a P&P Proportionate Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by ten (10) and rounding the product down to the nearest whole number, at each such meeting.

So long as any P&P Proportionate Voting Shares remain outstanding, P&P will not, without the consent of the holders of P&P Proportionate Voting Shares and P&P Subordinate Non-Voting Shares, voting together, expressed by separate special resolution alter or amend its Articles if the result of such alteration or amendment would: (i) prejudice or interfere with any right or special right attached to P&P Proportionate Voting Shares; or (ii) affect the rights or special rights of the holders of P&P Subordinate Voting Shares, P&P Proportionate Voting Shares or P&P Subordinate Non-Voting Shares on a per share basis as provided for herein. Consent of the holders of a majority of the outstanding P&P Proportionate Voting Shares shall be required for any action that authorizes or creates shares of any class or series having preferences superior to or on a parity with P&P Proportionate Voting Shares.

The holders of P&P Proportionate Voting Shares shall be entitled to receive such dividends payable in cash or property of P&P as may be declared by the directors from time to time. The directors may declare no dividend payable in cash or property on P&P Proportionate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on the P&P Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per P&P Proportionate Voting Share divided by ten (10).

The directors may declare a stock dividend payable in P&P Proportionate Voting Shares on P&P Proportionate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in: (i) P&P Proportionate Voting Shares on P&P Subordinate Voting Shares, in a number of shares per P&P Subordinate Voting Share equal to the amount of the dividend declared per P&P Proportionate Voting Share divided by ten (10); or (ii) P&P Subordinate Voting Shares on P&P Subordinate Voting Shares, in a number of shares per P&P Subordinate Voting Share equal to the amount of the dividend declared per P&P Proportionate Voting Share divided by ten (10).

Holders of fractional P&P Proportionate Voting Shares shall be entitled to receive any dividend declared on P&P Proportionate Voting Shares, in an amount equal to the dividend per P&P Proportionate Voting Share multiplied by the fraction thereof held by such holder.

In the event of the liquidation, dissolution or winding-up of P&P, whether voluntary or involuntary, or in the event of any other distribution of assets of P&P to its shareholders for the purpose of winding up its affairs, the holders of P&P Proportionate Voting Shares shall be entitled to participate *pari passu* with the holders of P&P Subordinate Voting Shares and P&P Subordinate Non-Voting Shares, with the amount of such distribution per P&P Proportionate Voting Share equal to each of: (i) the amount of such distribution per P&P Subordinate Voting Share multiplied by ten (10); and (ii) the amount of such distribution per P&P Subordinate Non-Voting Share multiplied by ten (10); and

each fraction of a P&P Proportionate Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole P&P Proportionate Voting Share.

P&P Proportionate Voting Shares shall not be consolidated or subdivided unless P&P Subordinate Voting Shares and P&P Subordinate Non-Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

Subject to the FPI Restriction (defined below), holders of P&P Proportionate Voting Shares shall have the right to convert (the "**Share Conversion Right**") each P&P Proportionate Voting Share held, at the option of the holder, into such number of P&P Subordinate Voting Shares as is determined by multiplying the number of P&P Proportionate Voting Shares in respect of which the Share Conversion Right is exercised by ten (10). Fractions of P&P Proportionate Voting Shares may be converted into such number of P&P Subordinate Voting Shares as is determined by multiplying the fraction by ten (10), rounded down to the nearest whole share. P&P shall not give effect to any voluntary conversion of P&P Proportionate Voting Shares during the period (the "**Restricted Conversion Period**") prior to the date that is the later of six (6) months following December 31, 2018 and twelve (12) months following the CSE Listing, and the Share Conversion Right will not apply during the Restricted Conversion Period, to the extent that after giving effect to all permitted issuances after such conversion of P&P Proportionate Voting Shares, the aggregate number of P&P Subordinate Voting Shares, P&P Proportionate Voting Shares and P&P Subordinate Non-Voting Shares (calculated on the basis that each P&P Subordinate Voting Share, P&P Proportionate Voting Share and P&P Subordinate Non-Voting Share is counted once, without regard to the number of votes carried by such share) held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act ("**U.S. Residents**") would exceed forty-five percent (45%) of the aggregate number of P&P Subordinate Voting Shares and P&P Proportionate Voting Shares (calculated on the same basis) issued and outstanding (the "**FPI Restriction**").

Prior Sales

For the 12-month period prior to the date of this Listing Statement, P&P issued no P&P Shares or securities convertible into P&P Shares.

Principal Shareholders

No person beneficially owned, directly or indirectly, or exercises control or direction over 10% or more of the outstanding P&P Subordinate Voting Shares immediately prior to the RTO Transaction.

Directors and Officers

The following table sets forth the name of all directors and officers of P&P immediately prior to the RTO Transaction, their municipalities of residence, their current positions with P&P, their date of appointment or election, their principal occupations during the past five years and the number and percentage of P&P Shares beneficially owned, directly or indirectly, or over which control or direction was exercised immediately prior to the RTO Transaction:

Name, Municipality and Province of Residence and Position(s) to be Held at Closing ⁽¹⁾	Date of Appointment or Election	Principal Occupation Over the Past 5 Years ⁽²⁾	P&P Shares Beneficially Owned, Controlled or Directed ⁽³⁾	
			Number of Shares	Percentage (%)
Peter Born ⁽⁴⁾ Ontario, Canada <i>CEO and Director</i>	May 1, 2019	P. Geol. with the Association of Professional Geoscientists of Ontario and a Fellow of the Geological Association of Canada. Currently involved in capacities as VP Exploration and Qualified Person, director and Qualified Person or Qualified person at several public mining issuers, including Alba Minerals Ltd. (TSXV) since January 2018, Alchemist Mining Inc. (TSXV) since May 2017, Astorius Resources Inc. (TSXV) since January 2018, Red Rock Capital Corp. (TSXV) since May 2019, Unity Metals Inc. (TSXV) since September 2018, and Avarone Metals Inc. (TSXV) since February 2014.	Nil	Nil
Michael Woods ⁽⁴⁾ British Columbia, Canada <i>CFO, Corporate Secretary and Director</i>	March 16, 2018	Sole practitioner at Woods and Company, corporate securities law firm; Director of P&P; CFO and Director of P&P since March 2018, CEO of P&P from March – June 2018.	Nil	Nil
Mark Ferguson ⁽⁴⁾ Alberta, Canada <i>Director</i>	March 1, 2019	Chief Financial Officer of Red Rock Capital Corp. since July 17, 2017 and Vela Minerals Ltd. since January 2018. . Director of several public issuers, including Tisdale Resources Corp. (TSXV) since November 2018, Calaveras Resources Corp. since November 2018, Vela Minerals Ltd. (TSXV) since January 2018, and Red Rock Capital Corp. (TSXV) since July 2017.	Nil	Nil
Total:			Nil	Nil

Notes:

- (1) The information as to municipality of residence and principal occupation, not being within the knowledge of P&P, has been furnished by the respective directors and officers individually.
- (2) The information as to principal occupation, business or employment has been furnished by the respective directors and officers individually.
- (3) The information as to the number of P&P Shares beneficially owned, or controlled or directed, directly or indirectly, by the proposed directors and officers has been furnished by the respective directors and officers individually.
- (4) Member of Audit Committee of P&P.

Immediately prior to the RTO Transaction, the directors and officers of P&P as a group beneficially own, directly or indirectly, no P&P Shares.

Board Committees

Immediately prior to the RTO Transaction, P&P's audit committee consisted of Mr. Born, Mr. Woods and Mr. Ferguson. Mark Ferguson is "independent" within the meaning set out in NI 52-110 while Peter Born and Michael Woods are not independent. All of the members of the audit committee are financially literate within the meaning of NI 52-110.

Corporate Cease Trade Orders and Bankruptcies

No director, officer or promoter of P&P or a shareholder holding sufficient number of securities of P&P to affect materially the contract of P&P, is, or within the last ten years has been, a director or officer of P&P that, while that person was acting in that capacity:

- was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive;
- was subject to an order that was issued after he or she ceased to act in that capacity, which resulted from an event that occurred while that person was acting as director, officer or promoter;
- became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No director or officer of P&P, or a shareholder holding sufficient securities of P&P to affect materially the control of P&P, or a personal holding company of any such persons has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

Penalties or Sanctions

No director, officer, or promoter of P&P or any shareholder anticipated to hold a sufficient amount of securities of P&P, 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 has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of P&P's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest between P&P and any directors or officers of P&P, except that certain of the directors and officers serve as directors, officers, promoters and members of management of other companies and therefore it is possible that a conflict may

arise between their duties as a director or officers of P&P and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of P&P are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and P&P will rely upon such laws in respect of any directors and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the BCBCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Indebtedness of Directors and Executive Officers

Immediately prior to the RTO Transaction, no director, executive officer or senior officer of P&P, or any associates of such persons, was indebted to P&P and no indebtedness of such persons was the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by P&P.

Legal Proceedings and Regulatory Actions

As of the date immediately prior to the RTO Transaction, there were no material legal proceedings, and no contemplated legal proceedings known to be material, to P&P to which it was a party or of which any of its property was the subject matter.

As of the date immediately prior to the RTO Transaction, P&P nor any of its respective subsidiaries had not been subject to any penalties or sanctions imposed by any court or regulatory authority relating to provincial and territorial securities legislation or by a securities regulatory authority, within the three years immediately preceding the date of the RTO Transaction, nor had any party entered into a settlement agreement with a securities regulatory authority within the three years immediately preceding the RTO Transaction, or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to P&P's securities or would be likely to be considered important to a reasonable investor making an investment decision.

Interest of Management and Others in Material Arrangements

Other than services as directors, executive officers and employees of P&P, P&P has not acquired any assets or been provided any services in any material transaction, or in any proposed material transaction, from any director, executive officer, insider or promoter of P&P, the proposed nominees for election as directors of P&P of the Issuer, the proposed executive officers, insiders or promoters of P&P or the Issuer, or their associates and Affiliates. Other than as disclosed below, no director, executive officer, insider or promoter of P&P or any associate or Affiliate of any such person or company has or had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect P&P.

Auditors, Transfer Agents and Registrars

Immediately prior to the RTO Transaction, Manning Elliott LLP, located at Suite 1700, 1030 West Georgia St., Vancouver, BC V6E 2Y3, served as auditor of P&P and Odyssey Trust Company, located at Suite 323 – 409 Granville St., Vancouver, BC, served as the transfer agent of P&P.

Material Contracts

Except for contracts entered into by P&P in the ordinary course of business, as of the date of the RTO Transaction, the only material contract entered into or anticipated to be entered into by P&P which can reasonably be regarded are the following:

- Merger Agreement

Interests of Experts

As of the date immediately prior to the RTO Transaction, the auditors of P&P did not have, and were not entitled to receive, any registered or beneficial interests, direct or indirect, in the property of P&P and do not own any securities of P&P or any associates, Affiliates or Related Person of P&P.

Other Material Facts

As of the date immediately prior to the RTO Transaction, there are no other material facts about P&P or P&P Shares that are not disclosed under any other Section of this appendix or the Listing Statement and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to P&P or P&P Shares.

APPENDIX "B"

INFORMATION CONCERNING MJIC, INC.

The information in this Appendix "B" (unless stated otherwise) is provided as of September 25, 2020, immediately prior to giving effect to the RTO Transaction.

Terms not otherwise defined in this Appendix have the meanings given to them in the Listing Statement under Section 26 – *Glossary*. This Appendix is qualified in its entirety by, and should be read together with, the detailed information contained or referred to elsewhere, or incorporated by reference, in the Listing Statement and applicable Appendices.

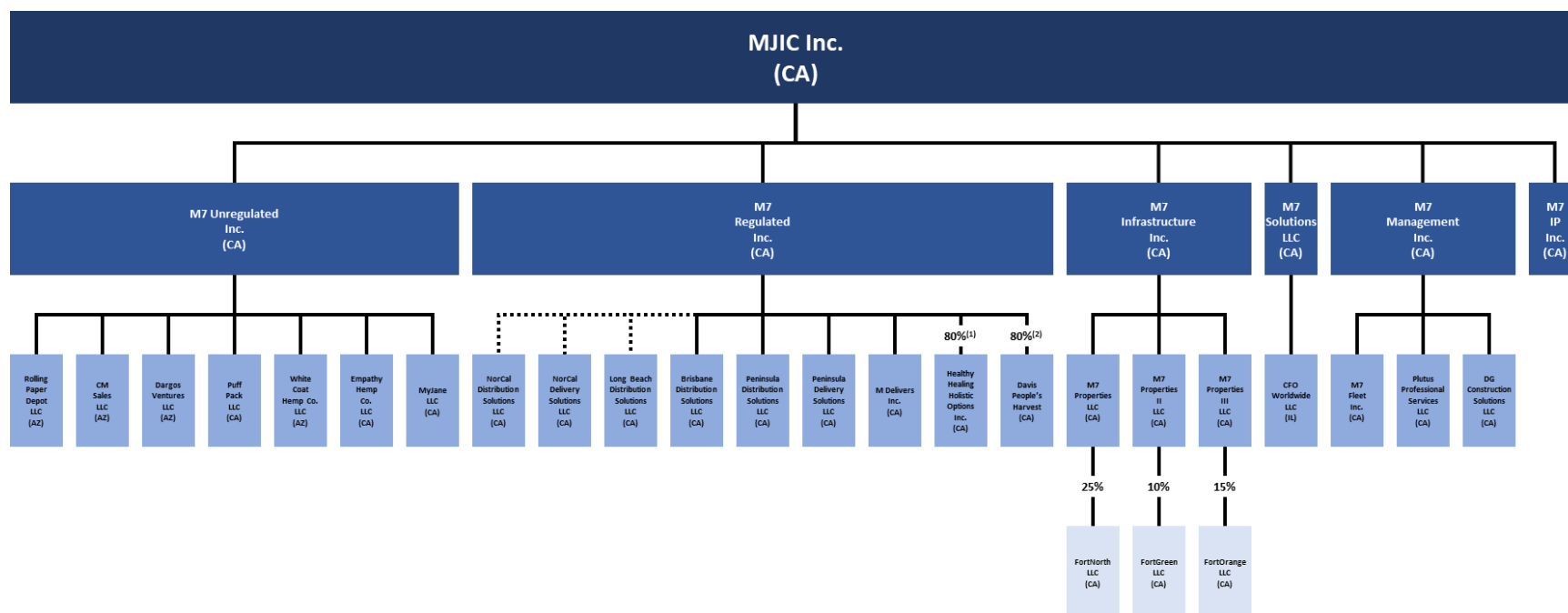
Name and Incorporation

MJIC was incorporated pursuant to the laws in the State of California on April 29, 2014 under the name "MJX Acquisition Corp." On July 20, 2014, MJIC changed its name to "MJX Ventures, Inc." and on June 5, 2017, it changed its name to "MJIC, Inc.".

The head office of MJIC is located at 111 Pacifica, Suite 100, Irvine, California, 92618, USA. The registered office of MJIC is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada V6E 0B6.

Intercorporate Relationships

MJIC has 31 Affiliates, consisting of 24 material wholly-owned subsidiaries, majority ownership interest in two companies, three material non-owned affiliated companies, and minority ownership interests in three companies. Such wholly-owned subsidiaries are incorporated or otherwise organized under the laws of the states of California, Arizona, Illinois, and Delaware, as described in the chart below. Unless otherwise noted in such diagram, MJIC owns 100% of the issued securities of the applicable subsidiary included therein.



Notes:

Dotted lines designate entities owned by Sturges Karban, CEO and director of the Issuer, and controlled by M7R by way of a management agreement.

(1) The Issuer owns 80% of the issued and outstanding equity securities of H3O and has agreed to acquire the remaining 20% of equity securities of H3O upon repayment or conversion of the H3O Note. See Section 4.1 – *Narrative Description of the Business – H3O Acquisition*.

(2) The Issuer owns 80% of the issued and outstanding equity securities of DPH and has agreed to acquire the remaining 20% of the equity securities of DPH at a future date to be determined at the Issuer's discretion. See Section 4.1 – *Narrative Description of the Business – DPH Acquisition*.

General Development of the Business

The development of MJIC's business is described in the Listing Statement in Section 3 – *General Development of the Business*.

Selected Consolidated Financial Information

MJIC was incorporated in the State of California on April 29, 2014 and has a fiscal year end of November 30. The following table presents certain selected financial data for the fiscal years ended November 30, 2019, 2018 and 2017. The selected financial information has been derived from MJIC's audited financial statements for the fiscal years ended November 30, 2019, 2018 and 2017, and should be read in conjunction with such financial statements, including the notes thereto, which were prepared in accordance with IFRS. See Appendix "D" and Appendix "E".

	Year ended November 30		
	2019 (\$)	2018 (\$)	2017 (\$)
Total revenues	10,825,037	5,118,980	4,229,581
Comprehensive Loss	(23,721,585)	(11,736,018)	(8,876,267)
Basic and Diluted Income (Loss) per Share	(1.14)	(0.98)	(0.83)
Total Assets	20,796,433	9,532,235	6,099,308
Total Long-Term Liabilities	40,950	43,968	-
Cash dividends declared per share	-	-	-

Quarterly Information

The summary of the quarterly results for each of MJIC's eight most recently completed quarters preceding the end of MJIC's most recently completed financial year is as follows:

	Q2 2020 (\$)	Q1 2020 (\$)	Q4 2019 (\$)	Q3 2019 (\$)	Q2 2019 (\$)	Q1 2019 (\$)	Q4 2018 (\$)	Q3 2018 (\$)
Total revenues	4,966,705	4,064,655	3,782,792	2,878,529	2,307,956	1,859,308	1,360,797	1,063,645
Comprehensive Loss	(1,080,924)	(5,095,913)	(14,227,491)	(4,409,084)	(3,025,975)	(2,066,853)	(7,059,603)	(2,100,842)
Basic and Diluted Income (Loss) per Share	(0.04)	(0.19)	(0.68)	(0.21)	(0.15)	(0.14)	(0.51)	(0.17)

Dividends

MJIC has not paid dividends in the past.

Foreign GAAP

The financial statements of MJIC are prepared in accordance with IFRS.

Management's Discussion and Analysis

MJIC's annual MD&A for its most recent fiscal year ended November 30, 2019 are attached hereto as Appendix "F" and interim MD&A for the period ended May 31, 2020 are attached hereto as Appendix "G".

Market for Securities

None of the MJIC Shares are listed or posted for trading on any stock exchange or quotation system.

Consolidated Capitalization

The following table sets forth the capitalization of MJIC as at November 30, 2019 and immediately prior to the RTO Transaction.

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding as of November 30, 2019	Amount Outstanding Immediately Prior to the RTO Transaction
MJIC Class A Common Shares	100,000,000	23,655,928	28,301,884
MJIC Class B Common Shares	10,000,000	2,361,061	9,834,894
MJIC Preferred Shares	10,000,000	250,000	250,000
MJIC Options	N/A	2,611,272	2,907,734
MJIC Warrants	N/A	2,509,995	12,448,418
MJIC Brokers' Warrants	N/A	125,926 ⁽¹⁾	125,926 ⁽¹⁾
MJIC Convertible Notes	N/A	\$10,534,350	\$18,619,060

Notes:

(1) Issued to the Brokers in connection with the MJIC \$2.25 Private Placement.

Options to Purchase Securities

Stock Option Plan

Effective April 8, 2019, MJIC adopted a rolling 10% option plan for the MJIC Class A Common Shares, pursuant to which MJIC is authorized to grant MJIC Options to officers, directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding MJIC Class A Common Shares. Immediately prior to the Closing there were 2,907,734 MJIC Options issued and outstanding.

Description of the Securities

The authorized capital of MJIC includes: (i) a maximum of 100,000,000 MJIC Class A Common Shares; (ii) a maximum of 10,000,000 MJIC Class B Common Shares; and (iii) a maximum of 10,000,000 MJIC Preferred Shares.

Immediately prior to the RTO Transaction, there were: (i) 28,301,884 MJIC Class A Common Shares; (ii) 9,834,894 MJIC Class B Common Shares; and 250,000 MJIC Preferred Shares issued and outstanding.

MJIC Class A Common Shares

The holders of MJIC Class A Common Shares were entitled to receive notice of and to attend and vote at all meetings of the MJIC Shareholders and each MJIC Class A Common Shares confers the right to one vote in person or by proxy at all meetings of the MJIC Shareholders.

The holders of MJIC Class A Common Shares were entitled to receive such dividends in any financial year as MJIC's board may by resolution determine.

In the event of the liquidation, dissolution or winding-up of MJIC, whether voluntary or involuntary, holders of MJIC Class A Common Shares are entitled to share ratably, together with the holders of MJIC Class B Common Shares, in such assets of MJIC as are available for distribution.

MJIC Class B Common Shares

The holders of MJIC Class B Common Shares were not entitled to receive notice of meetings of the MJIC Shareholders and holders of MJIC Class B Common Shares were not entitled to vote in person or by proxy at meetings of the MJIC Shareholders.

The holders of MJIC Class B Common Shares were entitled to receive such dividends in any financial year as MJIC's board may by resolution determine.

In the event of the liquidation, dissolution or winding-up of MJIC, whether voluntary or involuntary, holders of MJIC Class B Common Shares are entitled to share ratably, together with the holders of MJIC Class A Common Shares, in such assets of MJIC as are available for distribution.

Each MJIC Class B Common Share was entitled to convert, at the option of the holder of MJIC, on the date that is 12 months from the date the MJIC Class A Common Shares are listed on a public securities exchange, into MJIC Class A Common Shares, at a ratio of one MJIC Class B Common Share to one MJIC Class A Common Share.

MJIC Preferred Shares

Each MJIC Preferred Share confers the right to one vote for each MJIC Class A Common Share into which such MJIC Preferred Share could then be converted, and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of MJIC Class A Common Shares, and shall be entitled, notwithstanding any provision hereof, to notice of any shareholders' meeting and shall be entitled to vote, together with holders of MJIC Class A Common Shares, with respect to any question upon which holders of MJIC Class A Common Shares have the right to vote.

Each holder of MJIC Preferred Shares shall be entitled to receive dividends on such MJIC Preferred Shares equal (on an as converted basis) to and in the same form as dividends paid on MJIC Class A Common Shares. No other dividends shall be paid on MJIC Preferred Shares and MJIC shall not pay dividends on MJIC Class A Common Shares unless it also pays dividends on the MJIC Preferred Shares.

In the event of the liquidation, dissolution or winding-up of MJIC, whether voluntary or involuntary, holders of MJIC Preferred Shares are entitled to share ratably, together with the holders of MJIC Class A Common Shares and MJIC Class B Common Shares, as if such MJIC Preferred Shares had been converted into MJIC Class A Common Shares immediately prior to such liquidation, in such assets of MJIC as are available for distribution.

Each holder of MJIC Preferred Shares has a pre-emptive right to purchase up to its pro rata portion of all MJIC Securities that MJIC proposes to sell.

Each MJIC Preferred Share was convertible, at the option of the holder thereof, at any time, and from time to time thereafter, and without the payment of additional consideration by the holder thereof, into fully paid and non-assessable MJIC Class A Common Shares on a one-for-one basis, subject to certain adjustments in accordance with MJIC's articles of incorporation.

Prior Sales

The following table summarizes the issuances of MJIC Shares or securities convertible into MJIC Shares for the 12 months prior to the date of this Listing Statement.

Date of Issue	Class of Security	Number of Securities Issued	Price per Security	Total Issue Price
July 11, 2019 – November 28, 2019	MJIC Class A Common Shares	2,700,920 ⁽¹⁾	\$2.25	\$6,077,070
January 31, 2020	MJIC Class A Common Shares	518,997 ⁽³⁾	\$4.50	\$2,335,487
January 31, 2020	MJIC Warrants	259,498 ⁽³⁾	N/A	N/A
January 22, 2020 - April 13, 2020	MJIC Class A Common Shares	481,611 ⁽⁴⁾	\$4.50	N/A
June 22, 2020	MJIC Options	1,217,500 ⁽⁵⁾	\$3.00	N/A
June 22, 2020	MJIC Class B Common Shares	7,449,833 ⁽⁶⁾	N/A	N/A
June 22, 2020	MJIC Warrants	3,343,889 ⁽⁶⁾	N/A	N/A
June 22, 2020	MJIC Class A Common Shares	150,000 ⁽⁷⁾	N/A	N/A
November 28, 2019	MJIC Class A Common Shares	893,89 ⁽⁸⁾	\$2.50	\$2,234,728
January 31, 2020	DPH Note (Convertible Note)	\$240,000 ⁽⁹⁾	N/A	\$240,000
July 1, 2020	MJIC Class A Common Shares	2,502,222 ⁽¹⁰⁾	N/A	N/A
August 14, 2020	MJIC Class B Common Shares	24,000 ⁽⁵⁾	N/A	N/A
August 17, 2020	MJIC 15% Convertible Notes	\$2,483,055 ⁽¹¹⁾	N/A	\$2,483,055
September 7, 2020	MJIC Class A Common Shares	516,059 ⁽¹²⁾	N/A	N/A
September 7, 2020	MJIC Warrants	466,069 ⁽¹²⁾	N/A	N/A
September 8, 2020	MJIC Class A Common Shares	30,103 ⁽¹³⁾	N/A	N/A
September 8, 2020	MJIC Class A Common Shares	60,206 ⁽¹³⁾	N/A	N/A

September 8, 2020	MJIC Class A Common Shares	13,333 ⁽¹⁴⁾	N/A	N/A
September 10, 2020	MJIC 17.5% Convertible Notes	\$5,410,000 ⁽¹⁵⁾	N/A	\$5,410,000
September 10, 2020	MJIC Warrants	6,000,855 ⁽¹⁵⁾	N/A	N/A
September 20, 2020	MJIC Class A Common Shares	3,000 ⁽¹⁶⁾	N/A	N/A

Notes:

- (1) Issued in connection with the MJIC \$2.25 Private Placement.
- (2) Issued an executive of MJIC for services provided.
- (3) Issued in connection with the MJIC \$4.50 Private Placement.
- (4) Issued to certain service providers of MJIC at a deemed price of \$4.50 per MJIC Class A Common Share.
- (5) Issued to certain employees of MJIC for services provided.
- (6) Issued to certain executives of MJIC for services provided.
- (7) Issued in connection with the MD Acquisition.
- (8) Issued upon conversion of certain Subordinate MJIC 10% Convertible Notes and the exercise of underlying warrants.
- (9) Issued in connection with the DPH Acquisition. The principal amount of the DPH Note, plus any accrued interest, is convertible at the discretion of the DPH Sellers during the DPH Note Term into MJIC Class A Common Shares (or Issuer Subordinate Voting Shares following the Closing) at a price equal to the higher of (a) \$3.00 per MJIC Class A Common Share (\$1.00 per Issuer Subordinate Voting Share), (b) if the DPH Earn-Out is achieved prior to the Closing, a 20% discount to the price of the MJIC Class A Common Shares in connection with the most recent private placement offering of MJIC Class A Common Shares completed by MJIC prior to the issuance of such MJIC Class A Common Shares, or (c) if the DPH Earn-Out is achieved following the Closing, a 20% discount to the volume weighted average price of the Issuer Subordinate Voting Shares for the 10 trading days immediately preceding the issuance of such Issuer Subordinate Voting Shares.
- (10) Issued pursuant to the Amendment and Restatement Issuance.
- (11) Issued in connection with the MJIC 15% Convertible Note Private Placement.
- (12) Issued to holders of the MJIC 14% Convertible Notes.
- (13) Issued in connection with the conversion of outstanding MJIC Subordinate 10% Convertible Notes.
- (14) Issued to certain service providers of MJIC at a deemed price of \$3.00 per MJIC Class A Common Share.
- (15) Issued in connection with the MJIC 17.5% Convertible Note Private Placement, inclusive of 154,571 warrants issued to brokers on terms identical to those MJIC Warrants issued in connection with the MJIC 17.5% Convertible Note Private Placement.
- (16) Issued as shares for debt at deemed price of \$3.00 per MJIC Class A Common Share.

Principal Shareholders

No person beneficially owned, directly or indirectly, or exercises control or direction over 10% or more of the outstanding MJIC Shares immediately prior to the RTO Transaction.

Directors and Officers

The following table sets forth the name of all directors and officers of MJIC immediately prior to the RTO Transaction, their municipalities of residence, their current positions with MJIC, their date of appointment or election, their principal occupations during the past five years and the number and percentage of MJIC Shares beneficially owned, directly or indirectly, or over which control or direction was exercised immediately prior to the RTO Transaction:

Name, Municipality and Province of Residence and Position(s) to be Held at Closing ⁽¹⁾	Principal Occupation Over the Past 5 Years ⁽²⁾	MJIC Shares Outstanding immediately prior to the RTO Transaction ^{(3) (4)}	
		Number and Class of Shares	Percentage of Class (%)
Sturges Karban California, USA <i>CEO and Director</i>	Director of MJIC since April 2014. Chief Executive Officer of MJIC since February 2017. Founder and principal of Meridian Advisors, a consulting firm, from January 2011 to April 2014.	700,000 MJIC Class A Common Shares	2.5%
		1,618,333 Class B Common Shares	16.5%
Urban Smedeby California, USA <i>President</i>	President of MJIC since February 2019. Chief Strategy Officer of MJIC from March 2015 to February 2019. Independent consultant from December 2014 to August 2015. Founder and principal of Bridgewater Capital, a boutique investment banking firm, from 1994 to 2014	300,000 MJIC Class A Common Shares	1.1%
		1,415,556 Class B Common Shares	14.4%
Jordan Gerber Illinois, USA <i>CFO</i>	CFO of MJIC since January 2016. President and former CFO of CFO Worldwide and Panther Micro Opportunity Fund I, LLC from May 2014 to January 2016 when they were acquired by MJIC.	351,794 MJIC Class A Common Shares	1.2%
		948,167 Class B Common Shares	9.7%
Pierre Rouleau California, USA <i>COO</i>	COO of MJIC since December 2018. COO and Chairman of Green Light District Holdings, Inc., a cannabis dispensary operator, from October 2015 to November 2018. CEO of Altair Pte, Ltd., a management consulting firm, from July 2008 to October 2015.	863,889 Class B Common Shares	8.8%
Dmitry Gordeychev California, USA <i>CIO</i>	CIO of MJIC since February 2017. Managing Director of Meridian Advisors, a consulting firm, from October 2012 to April 2017.	1,578,889 Class B Common Shares	16.1%
Dilshad Kasmani Texas, USA <i>CLO</i>	CLO of MJIC from September 2019 to present. Associate General Counsel and Assistant Corporate Secretary at American Midstream Partners, LP from November 2018 to September 2019. Associate General Counsel and Company Secretary at Cardtronics plc from January 2014 to February 2018.	840,000 Class B Common Shares	8.6%

Name, Municipality and Province of Residence and Position(s) to be Held at Closing ⁽¹⁾	Principal Occupation Over the Past 5 Years ⁽²⁾	MJIC Shares Outstanding immediately prior to the RTO Transaction ^{(3) (4)}	
		Number and Class of Shares	Percentage of Class (%)
Daniel Sekers Sydney, Australia <i>Director</i>	Independent businessperson since December 2014. Former COO of Global Group Australia Pty Ltd from October 2012 which was acquired by Invigor Group Limited and where Mr. Sekers served in same role until December 2014.	7,500 MJIC Class A Common Shares	0.03%
Kristin Fox Illinois, USA <i>Director</i>	Founder and principal of FoxInspires LLC, a consulting firm, from 2008 to present.	81,064 MJIC Class A Common Shares	0.29%
Scott Wessler California, USA <i>Director</i>	Founder of Canopi LLC, a family office focused primarily on commercial real estate. Consultant to MJIC from 2015 to 2018.	245,000 MJIC Class A Common Shares	0.87%
		15,000 MJIC Class B Common Shares	0.15%
Gaelan Bloomfield California, USA <i>Director</i>	Managing Director of Redfield Asset Management & Advisory since August 2015.	N/A	N/A
Total:		9,539,637 MJIC Class A Common Shares ⁽⁵⁾	25%

Notes:

- (1) The information as to municipality of residence and principal occupation, not being within the knowledge of MJIC, has been furnished by the respective directors and officers individually.
- (2) The information as to principal occupation, business or employment has been furnished by the respective directors and officers individually.
- (3) The information as to the number of MJIC Shares beneficially owned, or controlled or directed, directly or indirectly, by the directors and officers has been furnished by the respective directors and officers individually.
- (4) Based on 28,301,884 MJIC Class A Common Shares, 9,834,894 MJIC Class B Common Shares, and 250,000 MJIC Series A Convertible Preferred Shares for an aggregate of 38,286,778 MJIC Class A Common Shares (on an as converted to MJIC Class A Common Shares basis), outstanding immediately prior to the RTO Transaction, on an undiluted basis.
- (5) On an as converted to MJIC Class A Common Shares basis.

Please see the Listing Statement Section 13 – *Directors and Officers* for brief biographical descriptions of the management and directors of MJIC.

Board Committees

MJIC did not have any board committees.

Corporate Cease Trade Orders and Bankruptcy

Other than as described below, no director, officer or promoter of the Issuer or a shareholder holding sufficient number of securities of the Issuer to affect materially the contract of the Issuer, is, or within the last ten years has been, a director or officer of any company that, while that person was acting in that capacity:

- was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days;
- was subject to an order that was issued after he or she ceased to act in that capacity, which resulted from an event that occurred while that person was acting as director, officer or promoter;
- became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

Penalties or Sanctions

As of the date of the RTO Transaction, no director, officer, or promoter of MJIC or any shareholder anticipated to hold a sufficient amount of securities of MJIC 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 has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of MJIC's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest between MJIC and any directors or officers of MJIC, except that certain of the directors and officers serve as directors, officers, promoters and members of management of other companies and therefore it is possible that a conflict may arise between their duties as a director or officers of MJIC and their duties as a director, officer, promoter or member of management of such other companies.

MJIC currently leases office space from an entity controlled by one of its directors. The lease terms were reviewed, deemed to be consistent with market terms, and approved by the uninterested directors of MJIC.

A director of MJIC, Scott Wessler, has agreed to provide bridge debt financing to MJIC in the amount of \$250,000 that matures on December 11, 2019. The loan is unsecured and will bear interest at 10.0% per annum. The loan is personally guaranteed by Sturges Karban, CEO and a director of MJIC and may be prepaid at any time by MJIC.

The directors and officers of MJIC are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and MJIC will rely upon such laws in respect of any directors and officers conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the *California Corporations Code* and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Indebtedness of Directors and Executive Officers

Immediately prior to the RTO Transaction, no director, executive officer or senior officer of MJIC, or any associates of such persons, was indebted to MJIC and no indebtedness of such persons was the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by MJIC other than as set out in Section 16 – *Indebtedness of Directors and Executive Officers*.

Legal Proceedings and Regulatory Actions

As of the date of the RTO Transaction, there were no material legal proceedings, and no contemplated legal proceedings known to be material, to MJIC to which it is a party or of which any of its property is the subject matter.

On July 21, 2020 certain DPH Sellers filed a lawsuit against M7R in the Superior Court of the State of California for the County of Yolo, alleging that the share purchase agreement entered into in connection with the DPH Acquisition (the “**DPH Share Purchase Agreement**”) was terminated in accordance with its terms, due to certain alleged breaches including the failure to pay all consideration due under the DPH Share Purchase Agreement and to obtain all regulatory approvals required under the SPA. The DPH Sellers are seeking a declaration that the DPH Share Purchased is terminated and for compensatory and consequential damages. On August 17, 2020, M7R filed a cross-complaint in the Superior Court of the State of California for the County of Yolo, alleging the breach by the DPH Sellers of the DPH Share Purchase Agreement, including intentionally failing to cooperate with M7R in obtaining certain regulatory approvals and improperly attempting to terminate the DPH Share Purchase Agreement. M7R is seeking compensatory, punitive and exemplary damages against the DPH Sellers.

In January 2018, a SW Principal and former director and officer of MJIC, who had been employed with MJIC since closing of the SW Acquisition, tendered his notice of termination of his employment agreement with MJIC. Two additional SW Principals and former MJIC employees, also employed as part of the SW Acquisition, resigned around the same time. In March 2018, MJIC was named as a co-defendant in the SW Litigation. The SW Litigation claimed breach of contract and fraud against MJIC and certain of its representatives. On January 29, 2019, all parties to the SW Litigation entered into the SW Settlement, dismissing all claims and crossclaims in connection with the SW Litigation. On or about February 6, 2019, all claims by and against MJIC in connection with the SW Litigation were dismissed with prejudice.

As of the date of the RTO Transaction, none of MJIC or any of its subsidiaries had been subject to any penalties or sanctions imposed by any court or regulatory authority relating to provincial and territorial securities legislation or by a securities regulatory authority, within the three years

immediately preceding the date of the RTO Transaction, nor has any party entered into a settlement agreement with a securities regulatory authority within the three years immediately preceding the RTO Transaction, or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to MJIC's securities or would be likely to be considered important to a reasonable investor making an investment decision.

Interest of Management and Others in Material Arrangements

Other than services as directors, executive officers and employees of MJIC or as disclosed in the Listing Statement in Section 20 - *Interest of Management and Others in Material Transactions*, MJIC has not acquired any assets or been provided any services in any material transaction, or in any proposed material transaction, from any director, executive officer, insider or promoter of MJIC, the directors of the Issuer, the executive officers, insiders or promoters of the Issuer, or their associates and Affiliates. Other than as disclosed below, no director, executive officer, insider or promoter of MJIC or any associate or Affiliate of any such person or company has or had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect MJIC or the Issuer.

Auditors, Transfer Agents and Registrars

The auditors for MJIC were Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, located at 1500 – West Pender Street, Vancouver, BC V6E 4G1.

The transfer agent for MJIC was Vail Stock Transfer, LLC, a Nevada limited liability company, located at 11035 Lavender Hill DR, STE 160-606, Las Vegas, NV 89135.

Material Contracts

Except for contracts entered into by MJIC in the ordinary course of business, the only material contracts entered into or that were anticipated to be entered into by MJIC at the time of the RTO Transaction, which can reasonably be regarded as material were:

- Merger Agreement.

Interest of Experts

The auditors of MJIC did not have, and were not entitled to receive, any registered or beneficial interests, direct or indirect, in the property of MJIC and did not own any securities of the Issuer or any associates, Affiliates or Related Person of the Issuer.

Other Material Facts

There are no other material facts about MJIC or the MJIC Shares that are not disclosed under any other Section of this Appendix or the Listing Statement and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to MJIC or the MJIC Shares.

APPENDIX "C"
ISSUER PRO FORMA FINANCIAL STATEMENTS

(see attached)

MANIFESTSEVEN HOLDINGS CORPORATION

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

(UNAUDITED – PREPARED BY MANAGEMENT)

(Expressed in U.S. Dollars)

MANIFESTSEVEN HOLDINGS CORPORATION
PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020 (UNAUDITED)

(expressed in US Dollars)

	P&P VENTURES INC. JUNE 30, 2020		MJIC, INC. MAY 31, 2020		PRO FORMA ADJUSTMENTS		NOTE 3	PRO FORMA CONSOLIDATED	
ASSETS									
Current Assets									
Cash and cash equivalents	\$	871,789	\$	791,937	\$	13,420,229	e-h,j	\$	15,083,955
Accounts receivable		-		488,038		-			488,038
Inventory		-		1,406,316		-			1,406,316
Prepaid and other current assets		7,539		829,434		-			836,973
		879,328		3,515,725		13,420,229			17,815,282
Non-Current Assets									
Investments		-		1,285,512		-			1,285,512
Property and equipment		-		903,676		-			903,676
Intangible assets		-		3,591,419		-			3,591,419
Goodwill		-		11,814,462		-			11,814,462
Right of use assets		-		4,515,004		-			4,515,004
Security deposits		-		488,492		-			488,492
Total Assets	\$	879,328	\$	26,114,290	\$	13,420,229		\$	40,413,847
LIABILITIES AND SHAREHOLDERS' EQUITY									
Current Liabilities									
Accounts payable and accrued liabilities	\$	4,995	\$	5,724,294	\$	-		\$	5,729,289
Deferred revenues		-		-		-			-
Due to related parties		-		52,800		-			52,800
Convertible debentures		745,251		13,000,830		(11,496,081)	a,j		2,250,000
Derivative liability		-		1,980,507		(1,980,507)	j		-
Notes payable		-		2,808,540		(1,203,103)	e,j		1,605,437
Capital lease obligation – current portion		-		1,499,142		-			1,499,142
		750,246		25,066,113		(14,679,691)			11,136,668
Non-Current Liabilities									
Convertible debentures		-		-		18,118,885	g-h,j		18,118,885
Derivative liability		-		-		1,980,507	j		1,980,507
Notes payable		-		-		1,603,103	j		1,603,103
Capital lease obligation – noncurrent portion		-		3,531,322		-			3,531,322
Total Liabilities	\$	750,246	\$	28,597,435	\$	7,022,804		\$	36,370,485
Shareholders' Equity									
Share capital - preferred		-		250		(250)	k		-
Share capital - common		2,312,251		25,936		(2,207,437)	a-c,f,i-k		131,020
Additional paid-in capital		-		52,740,082		27,124,418	b-d,f,i-k		79,864,500
Reserves		177,933		4,773,734		(177,933)	e		4,773,734
Subscriptions received in advance		-		-		-			-
Accumulated deficit		(2,361,102)		(60,123,147)		(18,341,644)	d,j		(80,825,893)
Equity attributable to non-controlling interest		-		100,000		-			100,000
	\$	129,082	\$	(2,483,145)	\$	6,397,425		\$	4,043,362
Total Liabilities and Shareholders' Equity	\$	879,328	\$	26,114,290	\$	12,210,229		\$	40,413,847

The accompanying notes are an integral part of these pro-forma condensed consolidated financial statements

(expressed in US dollars, unless otherwise noted)

1. Proposed Transaction with P&P Ventures, Inc.

On March 28, 2019, MJIC, Inc. (d/b/a ManifestSeven) ("MJIC") entered into a merger agreement (the "Merger Agreement"), by and between P&P Ventures Inc. ("P&P"), ManifestSeven, Inc. ("Merger Sub"), and MJIC, pursuant to which MJIC will merge with and into Merger Sub (the "Transaction"). Upon completion of the Transaction, all of the Company's shareholders will become shareholders of P&P, P&P will be renamed "ManifestSeven Holdings Corporation" and the present business operations of MJIC will be wholly-owned and continued by P&P.

Upon closing of the Transaction, each Series A preferred share in the capital of MJIC will be converted into Class A common shares in the capital of MJIC ("MJIC Class A Common shares"). Each MJIC Class A Common Share issued and outstanding immediately prior to the Transaction will be exchanged by each holder thereof, other than the Applicable U.S. Shareholders (as defined in the Merger Agreement), for three (3) fully paid non-assessable Class A subordinate voting shares of P&P (the "Issuer Subordinate Voting Shares"). Each Class B common shares in the capital of MJIC (the "MJIC Class B Common Shares") will be exchanged for three Class B subordinate non-voting shares of P&P (the "Issuer Subordinate Non-Voting Shares"). The MJIC Class A Common Shares held by the Applicable U.S. Shareholders will be exchanged by each holder thereof for three tenths (0.3) of a fully paid and non-assessable Class C proportionate voting shares of P&P (the "Issuer Proportionate Voting Shares"). The Issuer Proportionate entitle the holder to ten (10) votes and each fraction of a Issuer Proportionate Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by ten (10) and rounding the product down to the nearest whole number, at each such meeting, and shall be convertible into ten (10) Issuer Subordinate Voting Shares, subject to certain conditions. As a result of the Transaction, P&P will become the sole registered owner of all of the issued share of Merger Sub. P&P will be filing a listing application moving from the TSX Venture Exchange ("TSXV") to the Canadian Stock Exchange ("CSE") and changing its name to ManifestSeven Holdings Corporation ("M7"). Upon completion of the Transaction, all MJIC shareholders will become shareholders of M7 and the present business operations of MJIC will be wholly owned and continued by M7.

Completion of the Transaction is subject to a number of conditions, including the receipt of all required regulatory approvals, including the approval of the CSE. The Transaction cannot close until these conditions are satisfied and the required approvals are obtained. There can be no assurance that the Transaction will be completed.

2. Basis of Presentation

The unaudited pro-forma condensed consolidated statement of financial position ("Pro-Forma Statement of Financial Position") of M7 gives effect to the Transaction as described above. In substance, the Transaction involves MJIC shareholders obtaining control of P&P. The Pro-Forma Statement of Financial Position gives effect to the acquisition of MJIC by P&P as a reverse takeover that does not constitute a business for accounting purposes. MJIC is deemed to be the acquiring company and its assets, liabilities, equity and historical operating results are included at their historical carrying values. The net assets of P&P will be recorded at fair value as at the Transaction date with any excess recorded as a public company listing expense. All of P&P's deficit and other equity balances prior to the Transaction are eliminated.

MANIFESTSEVEN HOLDINGS CORPORATION
NOTES TO PRO-FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION JUNE 30, 2020 (UNAUDITED)

(expressed in US dollars, unless otherwise noted)

The accompanying Pro-Forma Statement of Financial Position has been compiled for illustrative purposes by management to give effect to the Transaction as if it had been completed on May 31, 2020.

The Pro-Forma Statement of Financial Position is not intended to reflect the financial position that will exist following the Transaction. Actual amounts recorded should the Transaction take place will likely differ from those recorded in the Pro-Forma Statement of Financial Position.

The Pro-Forma Statement of Financial Position is presented in US dollars ("USD") and has been compiled by combining:

- P&P's unaudited financial statements as at and for the six-month period ended June 30, 2020;
- MJIC's reviewed financial statements as at and for the six-month period ended May 31, 2020;
- The additional information set out in Note 3 of these Pro-Forma Statement of Financial Position.

The functional currency of P&P is Canadian dollars (CAD), while the functional currency for MJIC is US dollars. For comparative purposes, the financial statements of P&P have been translated into US dollars as at July 31, 2020 for the purpose of presenting a Pro-Forma Statement of Financial Position.

This Pro-Forma Statement of Financial Position should be read in conjunction with the audited annual financial statements of P&P as at and for the year ended December 31, 2019 and MJIC's audited financial statements as at and for the years ended November 30, 2019 and 2018.

The accounting policies used in the preparation of the Pro-Forma Statement of Financial Position are those set out in the audited financial statements of MJIC as at and for the years ended November 30, 2019 and 2018. In preparing the Pro-Forma Statement of Financial Position, a review was undertaken to identify differences between P&P's accounting policies and those of MJIC that could have a material impact of the pro-forma financial statements. No material differences were noted. On closing of the Transaction, P&P will adopt the accounting policies set out in MJIC's financial statements.

The pro-forma adjustments and allocations of the purchase price of P&P by MJIC as a reverse takeover are based in part on estimates of the fair value of the assets acquired and liabilities assumed. The final allocation will be completed after asset and liability valuations are finalized. The final valuation will be based on the actual assets and liabilities of P&P that exists as of the date of completion of the acquisition.

(expressed in US dollars, unless otherwise noted)

3. Pro-Forma Adjustments and Assumptions

The Pro-Forma Statement of Financial Position incorporates the following pro-forma assumptions:

- (a) On January 4, 2019, P&P closed a private placement of convertible notes (the "P&P Convertible Notes"). The P&P Convertible Notes are convertible into an aggregate of up to 15,000,000 units (on a post-Consolidation basis) (the "P&P Units") consisting of one Issuer Subordinate Voting Share and 15,000,003 warrants to acquire Issuer Subordinate Voting Shares, with each such at an exercise price of C\$0.07 per Issuer Subordinate Voting Share for one year after the listing of the Issuer Subordinate Voting Shares on the CSE.
- (b) In connection with the Transaction, P&P consolidated its issued and outstanding shares on a one (1) new share for 1.33333225 old shares basis (the "Consolidation").
- (c) 3,474,464 of MJIC Class A Common Shares were exchanged for 1,042,339 Issuer Proportionate Voting Shares (1 share of Class A for 0.3 shares of Class C).
- (d) The Pro-Forma Statement of Financial Position has been adjusted for the elimination of P&P's share capital and accumulated deficit within shareholders' equity. As a result of the Transaction, a listing expense of \$14,322,079 has been recorded. This reflects the difference between the estimated fair value of MJIC shares to P&P shareholders less the fair value of net assets of P&P acquired. The preliminary allocation of estimated consideration transferred is subject to change and is summarized as follows:

Purchase Price		
16,852,500 common shares of MJIC at \$0.85	\$	14,324,625
Total Purchase Price	\$	14,324,625
Allocation of Purchase Price		
Prepaid assets	\$	7,539
Accounts and accrued liabilities		(4,995)
Charge related to public company listing		14,322,079
	\$	14,324,625

The pro-forma adjustments and allocations of the estimated consideration transferred are based in part on estimates of the fair value of assets to be acquired and liabilities to be assumed. The final determination of the consideration transferred and the related allocation of the fair value of the MJIC net assets to be acquired pursuant to the Transaction will ultimately be determined after the closing of the transactions. It is likely that the final determination of the consideration transferred and the related allocation of the fair value of the assets acquired and liabilities assumed will vary from the amounts present in the Pro-Forma Statement of Financial Position and that those differences may be material.

- (e) From June 1, 2020 through the date of these financial statements, MJIC has entered into short term notes payable totaling approximately \$400,000.

MANIFESTSEVEN HOLDINGS CORPORATION
NOTES TO PRO-FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION JUNE 30, 2020 (UNAUDITED)

(expressed in US dollars, unless otherwise noted)

- (f) P&P warrants are to be exercised within 30 days of the Closing Date, pursuant to the P&P Warrant Purchase Agreement. Funds are held in escrow pending release upon the exercise of the P&P Warrants. The gross proceeds received pursuant to the P&P Warrant Purchase Agreement is CAD \$7,800,000. For purposes of this pro forma, this figure has been converted to USD based on the Bank of Canada exchange rate of US\$1.00 = CAD \$1.34 as of July 31, 2020.
- (g) MJIC closed a 15% Convertible Note Private Placement on August 17, 2020, for estimated gross proceeds of \$2,483,055.
- (h) MJIC closed a 17.5% Convertible Note Private Placement on August 28, 2020, for estimated gross proceeds of \$5,410,000.
- (i) In June 2020, MJIC issued 1,227,500 options, 3,343,889 warrants and 7,473,833 Class B Common Shares to certain employees for services rendered. The options and warrants will be valued using a Black-Scholes model. For purposes of this pro forma balance sheet at June 30, 2020, the par value of the Class B shares is reflected in the Share Capital, but the remainder of the value, as well as the value of the options and warrants, are not reflected as the expense related to the issuances is expected to be accounted for over time and not on the date of issuance.
- (j) The reviewed financial statements of MJIC at May 31, 2020 reflect certain notes payable and convertible debentures as current liabilities. Due to subsequent amended terms and other restructuring, certain of these notes were repaid either partially or in full, and much of the remaining balances are now not expected to be repaid within the next twelve months. These liabilities have been reclassified to noncurrent liabilities for the purposes of this pro forma balance sheet. In addition, the derivative liability, the resolution of which is entirely tied to the resolution of the convertible debentures, was reclassified to noncurrent liabilities as well for consistency. In connection with the execution of the amended and restated Notes, 2,502,222 MJIC Class A Common Shares were issued to the holders of certain outstanding Senior Convertible Notes as consideration.
- (k) An exchange ratio of 3:1 for the exchange of all MJIC Class A Common Shares into Issuer Subordinate Voting Shares, and MJIC Class B Common Shares into Issuer Subordinate Non-Voting Shares.

MANIFESTSEVEN HOLDINGS CORPORATION
NOTES TO PRO-FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION JUNE 30, 2020 (UNAUDITED)

(expressed in US dollars, unless otherwise noted)

4. Pro-Forma Share Capital

As a result of the Transaction the share capital as at May 31, 2020 in the pro-forma condensed consolidated financial statements is comprised of the following:

Authorized

Unlimited common shares, \$.001 par value

	Note	Number of Shares	Share Capital	Share Issuance Cost	Reserves
Opening balance of P&P		2,469,998	\$ 2,312,251	\$ -	\$ 177,933
Mandatory conversion of P&P convertible notes into shares of common stock.	3(a)	15,000,000	745,251	-	-
Consolidation of P&P Common Shares on a basis of one post-consolidation Share for every 1.3333333 shares existing immediately before the consolidation	3(b)	(617,498)	(3,040,650)	-	3,040,650
Class A Common shares of MJIC exchanged for Class A shares of P&P		23,606,458	23,575	-	-
Class B Common shares of MJIC		2,361,061	2,361	-	-
Preferred shares of MJIC, converted into Class A Common shares at a conversion ratio of 1:1		250,000	250	-	-
Reserves of MJIC		-	-	-	57,513,816
Conversion of certain MJIC Class A Common shares into Class C Common shares	3(c)	(3,474,464)	(3,474)	-	3,474
		1,042,339	1,042	-	(1,042)
The Pro-Forma Statement of Financial Position has been adjusted for the elimination of P&P's share capital and accumulated deficit within shareholders' equity	3(d)	-	-	-	11,960,977
P&P warrants are to be exercised within 30 days of the Closing Date, pursuant to the P&P Warrant Purchase Agreement.	3(f)	15,000,003	15,000	-	5,637,174
Issuance of Class B shares of MJIC	3(i)	7,473,833	7,474	-	(7,474)
Issuance of Class A shares of MJIC as consideration for note modification	3(j)	2,502,222	2,502	-	6,378,164
Common Stock split at 3:1 ratio for all MJIC Class A and Class B shares	3(k)	(32,719,110)	(32,719)	-	32,719
		98,157,330	98,157	-	(98,157)
Pro-Forma Share Capital		131,052,172	\$ 131,020	\$ -	\$ 84,638,234

APPENDIX "D"
MJIC ANNUAL FINANCIAL STATEMENTS

(see attached)

MJIC, INC.

CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2019

(Expressed in US dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MJIC, Inc.

Opinion

We have audited the consolidated financial statements of MJIC, Inc. (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2019 and 2018, and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC

June 12, 2020



An independent firm
associated with Moore
Global Network Limited

MJIC, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in US dollars)

	November 30, 2019	November 30, 2018
ASSETS		
Current assets:		
Cash	\$ 1,287,973	\$ 2,357,697
Accounts receivable (Note 5)	263,508	60,331
Inventory (Note 6)	1,268,409	621,161
Prepaid and other current assets (Note 7)	484,700	242,260
Line of credit receivables (Note 7)	20,000	614,236
	<u>3,324,590</u>	<u>3,895,685</u>
Investments (Note 8)	1,285,412	1,377,240
Property and equipment (Note 12)	730,061	146,704
Intangible assets (Note 9)	3,993,261	689,198
Goodwill (Note 10)	11,004,571	2,940,980
Security deposits (Note 11)	458,538	482,428
Total assets	<u><u>\$ 20,796,433</u></u>	<u><u>\$ 9,532,235</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities:		
Accounts payable and accrued liabilities (Note 13)	\$ 3,676,737	\$ 1,623,807
Deferred revenue	-	22,334
Due to related parties (Note 14)	52,800	25,000
Convertible debentures (Note 15)	10,534,350	4,335,322
Derivative liability (Note 15)	4,482,607	3,775,732
Notes payable (Note 16)	1,033,630	750,359
Capital lease obligation – current portion (Note 17)	7,514	11,792
	<u>19,787,638</u>	<u>10,544,346</u>
Capital lease obligation (Note 17)	40,950	43,968
Total liabilities	<u>19,828,588</u>	<u>10,588,314</u>
Shareholders' equity (deficiency):		
Share capital – preferred (Note 18)	250	250
Share capital – common (Note 18)	24,765	13,960
Additional Paid-In Capital	49,304,422	25,099,336
Reserve (Note 18)	4,739,463	3,594,937
Subscriptions received in advance (Note 18)	385,092	-
Accumulated deficit	(53,586,147)	(29,864,562)
Equity attributable to controlling interest	867,845	(1,156,079)
Equity attributable to non-controlling interest (Note 8)	100,000	100,000
Total shareholders' equity (deficiency)	<u>967,845</u>	<u>(1,056,079)</u>
Total liabilities and shareholders' equity (deficiency)	<u><u>\$ 20,796,433</u></u>	<u><u>\$ 9,532,235</u></u>

Going Concern (Note 1)
Commitments and contingencies (Note 17)
Subsequent events (Notes 1 and 24)

Approved by the Board:

“Daniel Sekers”

Director

“Sturges Karban”

Director

See accompanying notes to the consolidated financial statements.

MJIC, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018
(Expressed in US dollars)

	2019	2018
REVENUE		
Product Sales	\$ 10,375,222	\$ 4,315,384
Consulting income	450,815	803,596
	<u>10,826,037</u>	<u>5,118,980</u>
COST OF REVENUE (Note 6)	<u>8,020,566</u>	<u>2,887,692</u>
Gross profit	<u>2,805,471</u>	<u>2,231,288</u>
OPERATING EXPENSES		
Automobile	48,084	9,120
Depreciation and amortization (Notes 9 and 12)	455,016	275,146
Meals and entertainment	123,786	41,533
Office and miscellaneous	4,048,256	1,595,364
Professional fees (Notes 14 and 18)	5,809,820	2,584,233
Sales and marketing	1,697,417	674,129
Stock-based compensation (Note 18)	895,826	1,413,397
Impairment of long-lived assets (Notes 9, 10 and 12)	-	35,631
Impairment of goodwill (Note 10)	4,862,934	-
Travel	623,943	257,844
Wages and benefits	7,240,627	2,515,264
Total operating expenses	<u>25,795,800</u>	<u>9,401,661</u>
Loss from operations	(22,990,329)	(7,170,373)
OTHER ITEMS		
Accretion expense (Notes 15 and 16)	(642,881)	(2,993,405)
Change in fair value of derivative liability (Note 15)	798,064	(894,902)
Interest expense (Notes 15 and 16)	(878,997)	(375,838)
Gain on equity accounted investment (Note 8)	41,161	-
Other income	23,365	28,495
Loss on securities and investments	<u>(71,970)</u>	<u>(329,994)</u>
Net and comprehensive loss	<u>\$ (23,721,585)</u>	<u>\$ (11,736,018)</u>
Loss per share - basic and diluted	<u>\$ (1.14)</u>	<u>\$ (0.98)</u>
Weighted average number of common shares outstanding – basic and diluted	<u>20,810,729</u>	<u>12,011,635</u>

See accompanying notes to the consolidated financial statements.

MJIC, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018
(Expressed in US dollars)

	Share Capital - Preferred		Share Capital - Common		Additional Paid-In Capital	Subscriptions Received in Advance	Reserve	Non-controlling Interest	Deficit	Total Shareholders' Equity (Deficiency)
	Shares Issued	Share Capital	Shares Issued	Share Capital						
Balance as of December 1, 2017	250,000	\$ 250	11,731,496	\$ 11,732	\$ 20,089,767	\$ -	\$ 1,929,265	\$ 100,000	\$ (18,128,544)	\$ 4,002,470
Units issued for cash	-	-	111,112	111	249,889	-	-	-	-	250,000
Shares issued for cash	-	-	1,790,110	1,790	4,025,960	-	-	-	-	4,027,750
Shares issued to acquire Puff Pack	-	-	27,500	28	61,847	-	-	-	-	61,875
Shares issued as finders' fees	-	-	170,735	171	383,983	-	-	-	-	384,154
Shares issued for services	-	-	117,008	117	263,151	-	-	-	-	263,268
Repurchase of common shares	-	-	(5,000)	(5)	(11,245)	-	-	-	-	(11,250)
Issued for employee compensation	-	-	16,000	16	35,984	-	-	-	-	36,000
Issuance of convertible debt	-	-	-	-	-	-	252,275	-	-	252,275
Stock-based compensation	-	-	-	-	-	-	1,413,397	-	-	1,413,397
Net loss for the year	-	-	-	-	-	-	-	-	(11,736,018)	(11,736,018)
Balance as of November 30, 2018	250,000	\$ 250	13,958,961	\$ 13,960	\$ 25,099,336	\$ -	\$ 3,594,937	\$ 100,000	\$ (29,864,562)	\$ (1,056,079)
Shares issued for cash	-	-	9,337,030	9,336	20,051,576	385,092	-	-	-	20,446,004
Issuance of convertible debt	-	-	-	-	-	-	248,700	-	-	248,700
Shares issued to acquire MyJane	-	-	1,500,000	667	1,499,334	-	-	-	-	1,500,001
Shares issued to acquire M Delivers	-	-	150,000	150	337,350	-	-	-	-	337,500
Shares issued for exercise of common stock warrants	-	-	111,112	111	11,000	-	-	-	-	11,111
Shares issued for services	-	-	1,025,051	1,026	2,305,341	-	-	-	-	2,306,367
Shares issued for compensation	-	-	166,667	-	-	-	-	-	-	-
Repurchase of shares	-	-	(12,500)	-	-	-	-	-	-	-
Return of shares in settlement of Speed Weed	-	-	(485,000)	(485)	485	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	-	895,826	-	-	895,826
Net loss for the year	-	-	-	-	-	-	-	-	(23,721,585)	(23,721,585)
Balance as of November 30, 2019	250,000	\$ 250	25,751,321	\$ 24,765	\$ 49,304,422	\$ 385,092	\$ 4,739,463	\$ 100,000	\$ (53,586,147)	\$ 967,845

See accompanying notes to the consolidated financial statements.

MJIC, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018
(Expressed in US dollars)

	2019	2018
Operating Activities		
Net loss	\$ (23,721,585)	\$ (11,736,018)
Items not involving cash:		
Depreciation and amortization	455,016	275,146
Accretion expense	642,881	2,993,406
Change in fair value of derivative liability	(798,065)	894,902
Interest expense	878,997	375,838
Impairment of goodwill	4,862,934	-
Gain on equity investments	(213,291)	329,994
Loss on sale of investment	139,970	-
Stock-based compensation	895,826	1,413,397
Common stock issued for services and compensation	2,306,367	683,422
Net changes in non-cash working capital items:		
Accounts receivable	(203,177)	48,793
Inventory	(970,556)	(312,124)
Prepaid expenses	(211,245)	(198,584)
Accounts payable and accrued liabilities	1,421,237	801,073
Deferred revenue	(22,333)	7,425
Cash used in operating activities	<u>(14,537,024)</u>	<u>(4,423,330)</u>
Investing Activities		
Cash paid for security deposits	-	(376,418)
Cash paid for investment in line of credit receivables	(1,145,255)	(614,236)
Cash received from notes receivable	12,390	-
Cash paid from equity investments	(473,200)	-
Cash received for equity investments	278,349	(403,581)
Cash paid for business combinations, net of cash received	(5,911,651)	2,546
Purchase of property and equipment	(642,100)	(32,738)
Cash used in investing activities	<u>(7,881,467)</u>	<u>(1,424,427)</u>
Financing Activities		
Proceeds from issuance convertible debentures	248,700	2,852,301
Proceeds from issuance of notes payable	1,063,923	1,249,996
Repayment of notes payable	(392,564)	-
Repayment of related party notes payable	(25,000)	(491,096)
Repayment of capital lease obligation	(7,296)	(3,280)
Proceeds from issuance of common shares	20,457,115	4,266,500
Cash provided by financing activities	<u>21,348,767</u>	<u>7,874,421</u>
Change in cash	(1,069,724)	2,026,664
Cash, beginning	2,357,697	331,033
Cash, ending	<u>\$ 1,287,973</u>	<u>\$ 2,357,697</u>

Supplemental cash flow information (Note 21)

See accompanying notes to the consolidated financial statements.

MJIC, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018
(Expressed in US dollars)

NOTE 1 – NATURE AND CONTINUANCE OF OPERATIONS

MJIC, Inc. (the “Company”) incorporated in the State of California on April 29, 2014. The Company is focused in the cannabis industry and operates under three business units:

1. M7 Regulated, Inc. (“Regulated”): an integrated infrastructure comprised of industrial warehouse and retail storefront properties and applicable licenses required to conduct cannabis operations throughout California, including the production and distribution of products;
2. M7 Unregulated, Inc. (“Unregulated”): wholesaling, distribution, and transportation of ancillary products to licensed cannabis operators and applicable ancillary operators, and the retail sale of ancillary products directly to consumers through e-commerce platforms; and
3. M7 Solutions, LLC (“Solutions”): provides a diversified portfolio of financial services, while also providing a capital hub and non-financial services related to building and owning brands and intellectual property.

On March 28, 2019, the Company entered into a merger agreement with P&P Ventures Inc., a British Columbia corporation (“P&P Ventures”), ManifestSeven, Inc., a Delaware corporation (“Merger Sub”), pursuant to which the Company will merge with and into Merger Sub (the “Merger”). Upon completion of the Merger, all of the Company’s shareholders will become shareholders of P&P Ventures, P&P Ventures will be renamed “ManifestSeven Holdings Corporation” and the present business operations of the Company will be wholly-owned and continued by P&P Ventures.

The Company has incurred losses and negative cash flows from operations from inception that has primarily been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand and proceeds from a financing done prior to the Merger.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

NOTE 2 – BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Reporting Interpretation Committee (“IFRIC”) for all periods presented.

Certain line items in the statements of financial position for the year ended November 30, 2018 have been reclassified according to the nature of the transaction.

The consolidated financial statements were authorized for issue by the Board of Directors on June 12, 2020.

MJIC, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018
(Expressed in US dollars)

NOTE 2 – BASIS OF PRESENTATION (Continued)

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in US dollars, except when otherwise indicated. The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the US dollar.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries with intercompany balances and transactions eliminated on consolidation. Subsidiaries are those entities over which the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. As of November 30, 2019 and 2018, the subsidiaries of the Company are as follows:

Name of subsidiary	Place of incorporation	Ownership interest	
		November 30, 2019	November 30, 2018
MJIC Media, LLC	Delaware	100%	100%
M7 Unregulated, Inc.	California	100%	100%
CFO Worldwide, LLC	Illinois	100%	100%
Panther Micro Opportunity Fund I, LLC	Delaware	100%	100%
CannaFundr, LLC	California	100%	100%
Rolling Paper Depot LLC	Arizona	100%	100%
CM Sales LLC	Arizona	100%	100%
Dargos Ventures, LLC	Arizona	100%	100%
Space Brain, LLC	California	0%	100%
Fleet Feet Delivery, LLC	California	0%	100%
GTI SPV, LLC	California	33%	33%
M7 Solutions, LLC	California	100%	100%
Brisbane Distribution Solutions, LLC	California	100%	100%
Peninsula Distribution Solutions, LLC	California	100%	100%
Peninsula Delivery Solutions LLC	California	100%	100%
Puff Pack LLC	California	100%	100%
M7 Properties LLC	California	100%	100%
M7 Properties II LLC	California	100%	100%
M7 Properties III LLC	California	100%	-
M7 Infrastructure, Inc.	California	100%	100%
M7 Regulated, Inc.	California	100%	100%
MyJane LLC	California	100%	-
M Delivers NPMBC	California	100%	-
West Coast Retail Solutions Inc.	California	100%	-
San Diego Delivery Solutions LLC	California	100%	-
M7 Fleet Inc.	California	100%	-
M7 Management Inc.	California	100%	-
Plutus Professional Services LLC	California	100%	-

MJIC, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018
(Expressed in US dollars)

NOTE 2 – BASIS OF PRESENTATION (Continued)

DG Construction Solutions LLC	California	100%	-
M7 IP Inc.	California	100%	-
Empathy Hemp Co., LLC	California	100%	-
Healthy Healing Holistic Options Inc.	California	100%	-
White Coat Hemp Co. LLC	Arizona	100%	100%
Monterey Retail Solutions LLC	California	51%	51%

The Company does not own the equity of Long Beach Distribution Solutions LLC; Nor-Cal Distribution Solutions LLC; or Nor-Cal Delivery Solutions LLC. However, the equity owner of these entities is an executive of the Company and it has been deemed that the Company effectively controls these entities, and as such as consolidated them in accordance with IFRS 10. In addition, the Company owns 33% of the equity of GTI SPV, LLC, but has been deemed to control this entity, and has consolidated this entity. All intercompany balances and transactions were eliminated upon consolidation.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Estimated useful lives and depreciation and amortization of property and equipment and intangible assets – depreciation and amortization of property and equipment and intangible assets are dependent on estimates of useful lives, which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market condition and useful lives of assets.

Carrying value and recoverability of property and equipment and intangible assets – the Company has determined that property and equipment and intangible assets that are capitalized may have future economic benefits and may be economically recoverable. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market condition and useful lives of assets.

Investment in associates - The Company uses judgment in its assessment of whether the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, including but not limited to, the ability to exercise significant influence through board representation, material transactions with the investee, provision of technical information, and the interchange of managerial personnel. Whether an investment is classified as an investment in associate can have a significant impact on the entries made on and after acquisition.

MJIC, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018
(Expressed in US dollars)

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS (continued)

Business combinations – considerable judgment is required to determine whether a set of assets acquired and liabilities assumed constitute a business and may require the Company to make certain judgments, taking into account all facts and circumstances. A business consists of inputs, including non-current assets and processes, including operational processes, than when applied to those inputs have the ability to create outputs and provide a return to the Company and its shareholders.

In business combinations, it generally requires time to obtain the information necessary to identify and measure the following as of the acquisition date:

- (i) The identifiable assets acquired and liabilities assumed;
- (ii) The consideration transferred in exchange for an interest in the acquire;
- (iii) The resulting goodwill.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Company will retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Company will also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date.

Convertible debentures - The identification of convertible note components is based on interpretations of the substance of the contractual arrangement and therefore requires judgement from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Stock-based compensation - management is required to make a number of estimates when determining the fair value of the payments resulting from stock-based transactions, including the forfeiture rate and expected life of the instruments.

Income taxes – in assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessment, management give additional weight to positive and negative evidence that can be objectively verified.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows. The preparation of these financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty, the fair value and classification of financial instruments and the classification of leases as either operating or finance type lease.

MJIC, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018
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NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES

New Standard IFRS 9 Financial Instruments

Effective December 1, 2018, the Company adopted all of the requirements of IFRS 9 Financial Instruments (“IFRS 9”) on a retrospectively in accordance with the transitional provisions. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). The standard promulgates a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. The adoption of IFRS 9 did not result in any change in the carrying values of any of the Company’s financial assets on the transition date.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial asset/ liability	Original classification IAS 39	New classification IFRS 9
Cash	Amortized cost	Amortized cost
Loans and receivables	Amortized cost	Amortized cost
Due from related parties	Amortized cost	Amortized cost
Investments in available-for-sale financial assets	FVTPL	FVTPL
Accounts payable	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost
Convertible debentures	Other financial liabilities	Amortized cost
Notes payable	Amortized cost	Amortized cost
Derivative liability	FVTPL	FVTPL

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Impairment of financial assets

IFRS 9 uses the expected credit loss (“ECL”) model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company’s receivables.

MJIC, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in US dollars)

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Inventory

Inventories are valued at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost basis. Products for resale and supplies and consumables are valued at cost.

Property and equipment

Property and equipment are recorded at cost net of accumulated amortization and impairment charges. The cost of repairs and maintenance is expensed as incurred. Upon sale or other disposition of a depreciable asset, cost and accumulated amortization are removed from property and equipment and any gain or loss is reflected as a gain or loss from operations. Depreciation is computed using the straight-line method over an estimated useful life of the assets, which are as follows:

Class of Property and Equipment	Estimated life (years)
Computers and equipment	3
Manufacturing equipment	5
Vehicles	5
Leasehold improvements	Lease Term

An asset’s residual value, useful life and amortization method are reviewed at the end of each reporting period and adjusted if appropriate.

MJIC, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018
(Expressed in US dollars)

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The following table summarizes the nature of the intangibles in the table above and their estimated life:

	Estimated life (years)
Website/domain, development	5
Customer relationships	2 – 3
Brand names	10
Licenses/Toll-free number	2 – 3

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- (i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (ii) The intention to complete the intangible asset;
- (iii) The ability to use or sell the intangible asset;
- (iv) How the intangible asset will generate probable future economic benefits;
- (v) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (vi) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Impairment of long-lived assets

Long-lived assets, including property and equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

MJIC, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018
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NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

The Company's corporate assets generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of comprehensive loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of assets other than goodwill and intangible assets that have indefinite useful lives, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed in a subsequent period when there has been an increase in the recoverable amount of a previously impaired asset or CGU. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Business combinations

The Company accounts for a transaction as a business combination when the acquisition of an asset or group of assets constitutes a business and when the Company obtains control of the entity being acquired. Business combinations are accounted for using the acquisition method. In applying the acquisition method, the Company separately records the identifiable assets acquired, the liabilities assumed, and goodwill acquired and any non-controlling interest in the acquired entity.

The Company measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values, less any non-controlling interest at fair value. Goodwill is measured as the excess of the fair value of the consideration transferred, less any non-controlling interest in the entity being acquired over the fair value of the net identifiable assets acquired. The consideration transferred in a business combination is measured as the aggregate of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquired entity and the equity interests issued by the Company. Acquisition costs in connection with a business combination are expensed as incurred.

Leases

The Company leases some items of property and equipment. A lease of property and equipment is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the Company. A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

MJIC, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018
(Expressed in US dollars)

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 were applied using the following five steps:

1. Identify the contract(s) with a customers
2. Identify the performance obligation in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation in the contract
5. Recognize revenue when (or as) the entity satisfies performance obligation

Product sales - The Company sells cannabis products and ancillary products both on retail, e-commerce and wholesale platforms. Revenue from these sales is recognized based on the price specified in the contract or invoice, net of the estimated discounts and returns. Accumulated experience is used to estimate and provide for the discounts and returns, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. To date, returns have not been significant. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

Some sales transactions include multiple deliverables, however these are generally multiple product sales and are not combined with consulting services. There are typically no further performance obligations after the product sale.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Consulting services - The Company provides consulting on a project by project basis under fixed-price and variable price contracts. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labor hours spent relative to the total expected labor hours. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Customers are invoiced on a monthly basis and consideration is payable when invoiced. Payments received from customers in advance of meeting all of the recognition criteria are recorded as deferred revenue and subsequently recognized as those criteria are met.

Stock-based compensation transactions

The Company grants stock options and warrants to purchase common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee, including directors of the Company. The fair value of the stock options and warrants granted are measured at grant date and each tranche is recognized on a graded basis over the vesting period. The fair value of the options and warrants granted are measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options and warrants were granted. At the end of each reporting period, the amount recognized as an expense for unvested options and warrants is adjusted to reflect the number of the options that are expected to vest. If the options or warrants are forfeited or expired, the amount recorded to the reserves is transferred to deficit.

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NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized on temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for amounts relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that do not affect either accounting or taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it is not recorded.

Basic and diluted loss per share

The Company presents basic loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options, warrants and similar instruments outstanding that may add to the total number of common shares. As at November 30, 2019 and 2018, the Company's diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.

Standards and interpretations not yet adopted

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

New standard IFRS 16 “Leases”

This new standard replaces IAS 17 “Leases” and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019. The Company intends to transition to the

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new standard using the modified retrospective approach and measure the lease liability based on the present value of the remaining lease payments

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

and the cumulative difference to deficit. The Company has evaluated the impact of this new guidance on its consolidated financial statements and has estimated that the adoption of the new standard will result in the recognition of additional right of use assets related to its leased premises and lease liability of approximately \$6,000,000.

NOTE 5 – ACCOUNTS RECEIVABLE AND REVENUE

Accounts receivables for the Company are broken down as follows:

	November 30, 2019	November 30, 2018
Trade receivable	\$ 135,679	\$ 30,998
Undeposited funds	127,829	29,333
	<u>\$ 263,508</u>	<u>\$ 60,331</u>

No customers accounted more than 10% of the Company's accounts receivable at November 30, 2019 and 2018; nor for more than 10% of revenues during either of the years ended November 30, 2019 and 2018.

NOTE 6 – INVENTORY

Inventory consists entirely of finished goods available for sale. Product costs reported in costs of goods sold amounted to \$5,599,372 for the year ended November 30, 2019 (2018 - \$2,196,564).

NOTE 7 – OTHER CURRENT ASSETS

Line of credit receivables

In October 2018, the Company entered into a secured Line of Credit ("LOC") with M Delivers NPMBC ("M Delivers") for \$1,000,000. The LOC bears interest at 5% and matures in 24 months. Through April 25, 2019, the Company had loaned approximately \$1,679,396 to M Delivers. On April 25, 2019, the LOC was cancelled and the Company released M Delivers from its obligations, pursuant to a membership interest and asset purchase agreement with a third party (Note 9).

In September 2019, the Company entered a similar secured LOC arrangement, bearing interest at 5% and maturing in 24 months. As at November 30, 2019, the Company has loaned \$20,000 (2018 - \$nil), which remains outstanding in full.

Prepaid and other current assets

Prepaid and other current assets is comprised of the following:

	November 30, 2019	November 30, 2018
Prepaid expenses	\$ 25,201	\$ 79,413
Prepaid insurance	100,040	43,898
Prepaid inventory	120,867	100,813

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Acquisition deposits - various	238,592	-
Other	-	18,136
Total	<u>\$ 484,700</u>	<u>\$ 242,260</u>

NOTE 8 – INVESTMENTS

	November 30, 2019	November 30, 2018
Investments in FVTPL financial assets	\$ 541,699	\$ 973,669
Investments in associates	743,713	403,571
Total	<u>\$ 1,285,412</u>	<u>\$ 1,377,240</u>

FVTPL financial assets

The Company has made investments in the equity of various entities in the cannabis industry, all of which are under 20% of the respective voting interests.

A summary of the investments in FVTPL financial assets is as follows:

	November 30, 2019	November 30, 2018
C4Ever Systems	\$ 30,000	\$ 30,000
MyDx	600	600
4811 Geary Blvd.	103,599	103,599
GCH, Inc.	-	499,970
Waller Union	25,000	25,000
Lexaria Bioscience Corporation	22,000	22,000
Quark Distribution, Inc.	264,000	117,500
Main Stem, Inc.	71,500	150,000
Poaster	25,000	25,000
	<u>\$ 541,699</u>	<u>\$ 973,669</u>

In July 2017, the Company entered into an agreement with a shareholder to sell its investment portfolio, along with certain intangible assets with a book value of \$60,000, for \$1,564,000, subject to certain conditions. The conditions were removed during the year ended November 30, 2018. The purchase price was scheduled to be remitted to the Company in increments through November 2018.

During the year ended November 30, 2018, the Company has received \$410,000 of the proceeds, of which \$50,000 was applied towards a convertible debenture with the shareholder and the remaining was accounted for as note payable. During the year ended November 30, 2019, it was deemed that the sale of an individual investment (GCH) had been consummated and the title had transferred for proceeds received. As a result, the note payable (Note 16) was applied against the underlying investment at the time of transfer, and as such, the Company has recognized a loss on investment of \$139,970.

The cost and fair values of the shares at November 30, 2019 and November 30, 2018 are as follows:

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	November 30, 2019	November 30, 2018
Cost	\$ 1,303,663	\$ 1,303,663
Fair value	\$ 541,699	\$ 973,669

NOTE 8 – INVESTMENTS (Continued)

Investments in associates

	Note	% Interest	Balance, November 30, 2018	Additional Investment	Loss on Investment in Associates	Balance, November 30, 2019
FortGreen LLC	(a)	10%	\$ 195,668	-	(40,381)	\$ 155,287
FortNorth LLC	(b)	25%	207,903	-	1,534	209,437
FortOrange LLC	(c)	15%	-	378,989	-	378,989
			\$ 403,571	378,989	(38,847)	\$ 743,713

(a) FortGreen LLC

The Company holds a 10% member interest in FortGreen LLC (“FortGreen”), registered in the State of California, through its wholly owned subsidiary, M7 Properties II LLC.

(b) FortNorth LLC

The Company holds a 25% member interest in FortNorth LLC (“FortNorth”), registered in the State of California, through its wholly owned subsidiary, M7 Properties LLC.

(c) FortOrange LLC

The Company holds a 15% member interest in FortOrange LLC (“FortOrange”), registered in the State of California, through its wholly owned subsidiary, M7 Properties III LLC.

The following is a summary of aggregate financial information for the Company’s investments in associates:

	FortGreen LLC	FortNorth LLC	ForthOrange LLC	November 30, 2019
	\$	\$	\$	\$
<i>Statement of financial position</i>				
Cash	170,357	91,026	2,896,007	3,157,390
Non-current assets	1,178,906	690,000	-	1,868,906
Current liabilities	(26,580)	(52,530)	-	(79,110)
<i>Statement of comprehensive loss</i>				
Revenue	115,158	105,875	25,200	246,233
Income from continuing operations	157,678	127,602	25,200	310,480

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NOTE 9 – INTANGIBLE ASSETS

A summary of activity with intangible assets and related amortization is as follows:

	Website/ domain, development	Customer Relationships	Brand Names	Licenses/ Toll-free number	Total
Cost					
Balance, December 1, 2017	\$ 696,965	\$ 532,650	\$ 598,000	\$ 132,500	\$ 1,960,115
Additions	-	20,579	-	-	20,579
Balance, November 30, 2018	696,965	553,229	598,000	132,500	1,980,694
Additions	-	-	-	3,656,000	3,656,000
Balance, November 30, 2019	<u>\$ 696,965</u>	<u>\$ 553,229</u>	<u>\$ 598,000</u>	<u>\$ 3,788,500</u>	<u>\$ 5,636,694</u>
Amortization					
Balance, December 1, 2017	\$ 636,965	\$ 233,935	\$ 56,797	\$ 93,756	\$ 1,021,453
Charge for the year	60,000	111,499	59,800	38,744	270,043
Balance, November 30, 2018	696,965	345,434	116,597	132,500	1,291,496
Charge for the year	-	119,221	59,800	172,916	351,937
Balance, November 30, 2019	<u>\$ 696,965</u>	<u>\$ 464,655</u>	<u>\$ 176,397</u>	<u>\$ 305,416</u>	<u>\$ 1,643,433</u>
Net book value					
November 30, 2018	<u>\$ -</u>	<u>\$ 210,795</u>	<u>\$ 481,403</u>	<u>\$ -</u>	<u>\$ 689,198</u>
November 30, 2019	<u>\$ -</u>	<u>\$ 88,574</u>	<u>\$ 421,603</u>	<u>\$ 3,483,084</u>	<u>\$ 3,993,261</u>

In November 2019, the Company performed an annual impairment analysis on the intangible assets and recorded an impairment of \$Nil.

Puff Pack LLC

On August 23, 2018, the Company acquired 100% of membership interest of Puff Pack LLC, a California limited liability company in the State of California (“Puff Pack”), for 183,334 Class A common shares with a fair value of \$412,502. Subsequent to August 31, 2018, settlement and release agreements were reached with certain of the sellers, under which 155,854 of these shares were returned to the Company. The remaining 27,500 shares were considered to be the adjusted purchase price for this acquisition.

The purchase price allocation (“PPA”) is as follows:

Cash	\$ 2,546
Inventories	42,896
Intangible assets	20,579
Accounts payable	(4,146)
Total consideration	<u>\$ 61,875</u>

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NOTE 9 – INTANGIBLE ASSETS (Continued)

Healthy Healing Holistic Options, Inc.

In June 2019, the Company entered into an agreement to acquire 100% of the issued and outstanding equity securities of Healthy Healing Holistic Options Inc., a California corporation (“H3O”), conducting cannabis dispensary operations under the trade name “ShowGrow” in Santa Ana, California (“H3O Acquisition”). The consideration in connection with the H3O Acquisition consists of: (i) \$6,000,000 in cash; and (ii) a secured Senior Convertible Note issued to the sellers in the principal amount of \$6,000,000, which has a term of 12 months, carries interest payable monthly at an annual interest rate of 12%, and is convertible at the option of the sellers into Class A Common Shares of the Company at the higher of (a) \$3.00 per Class A Common Shares or (b) a 20% discount to the volume weighted average price of the Class A Common Shares for the 10 trading days immediately preceding the conversion date. The note is secured by all assets of H3O and all equity securities of H3O owned by the Company.

At the time of the acquisition, the Company determined that H3O constituted a business as defined under IFRS 3, Business Combinations, and accounted for it as such on the date that control was acquired. The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values.

The Company performed an evaluation of the underlying assets acquired and determined that the license obtained supported a valuation of approximately \$3,081,000 and the excess of \$8,898,884 was allocated to goodwill, which primarily consisted of the assembled workforce.

The PPA is as follows. The PPA determined at the acquisition date is preliminary and subject to change up to a period of one year from the acquisition date upon finalization of fair value determination.

Cash	\$ 35,000
Inventories	248,442
Property and equipment	15,797
Intangible assets	3,081,000
Goodwill	8,898,884
Accounts payable	(279,123)
Total consideration	<u>\$ 12,000,000</u>

From the date of the acquisition to November 30, 2019, the acquired business contributed to \$1,512,976 of revenue and a net loss of \$153,775.

1-800-Cannabis

In June 2019, the Company entered into an agreement to acquire all of the rights to the vanity toll-free number “1-800-Cannabis”, as well as a series of domain names of various derivations of the same toll-free number. The purchase price for these assets comprised of \$300,000 in cash and a convertible note payable in the amount of \$275,000, which has a term of 12 months, carries interest payable monthly at an annual interest rate of 5%, and is convertible by the sellers into Class A Common Shares of the Company at the rate of approximately \$2.39 per share. This intangible asset will be amortized over its estimated life of 3 years.

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NOTE 10 – GOODWILL

The following table summarizes the continuity of the Company’s goodwill:

Balance, November 30, 2018 and 2017	\$ 2,940,980
Additions	
MyJane	1,675,483
M Delivers	2,352,158
H3O	8,898,884
	<u>12,926,525</u>
Impairment	<u>(4,862,934)</u>
Balance, November 30, 2019	<u><u>\$ 11,004,571</u></u>

MyJane LLC

In January 2019, the Company, through its subsidiary MyJane LLC (“MyJane”), entered into an agreement to acquire certain assets of MyJane, Inc., a California corporation. As consideration, the Company issued 666,667 shares of Class B Common Stock valued at \$1,500,001 to the selling shareholders and placed an additional 833,333 Class B common shares in an earnout escrow. The escrow shares were in two tranches contingent upon the achievement of certain operational and financial milestones in connection with the operations of MyJane during the 18 months immediately following completion of the acquisition of MyJane. The first milestone was not achieved, and one-half of the escrowed shares have been cancelled. The second milestone has not yet been achieved, and management has deemed it unlikely that they will be achieved, and as such the remaining shares held in escrow were not valued or recorded.

MyJane is an operational business selling curated cannabis products for women wellness. At the time of the acquisition, the Company determined that MyJane constituted a business as defined under IFRS 3, Business Combinations, and accounted for it as such on the date that control was acquired. The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values.

The Company performed an evaluation of the underlying assets acquired and determined that there are no identifiable assets and the \$1,675,483 was allocated to goodwill, which primarily consisted of the assembled workforce.

The PPA is as follows:

Inventories	\$ 26,620
Goodwill	1,675,483
Accounts payable	(202,102)
Total consideration	<u><u>\$ 1,500,001</u></u>

From the date of the acquisition to November 30, 2019, the acquired business contributed to \$6,825 of revenue and a net loss of \$1,914,505.

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NOTE 10 – GOODWILL (Continued)

M Delivers NPMBC

In April and May, 2019, the Company entered into a series of agreements, including a Membership Interest & Asset Purchase Agreement and a Cancellation and Release Agreement with M Delivers, San Diego Delivery Solutions, LLC, a California limited liability company (“SDDS”), Emerald Call Center, Inc., a California corporation, Green Ribbon Consulting, Inc., a California corporation, and individual partners. The Company acquired all rights, title and interest in M Delivers and SDDS, and acquired title to certain intellectual properties that were previously owned by individual partners of those companies. The purchase price pursuant to these agreements consists of an aggregate of 150,000 Class B Common Shares and forgiveness of the balance outstanding under the existing \$1.5 million line of credit agreement, under which the Company had loaned M Delivers approximately \$1,699,396 through the acquisition date. At the time of the acquisition, the Company determined that M Delivers constituted a business as defined under IFRS 3, Business Combinations, and accounted for it as such on the date that control was acquired. The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values.

The Company performed an evaluation of the underlying assets acquired and determined that there are no identifiable assets and the \$2,352,158 was allocated to goodwill, which primarily consisted of the assembled workforce.

The PPA is as follows:

Cash	\$ 98,595
Inventories	34,144
Leasehold improvements	4,649
Other assets	3,490
Goodwill	2,352,158
Accounts payable	(189,119)
Accrued expenses	(117,021)
Convertible debenture	(150,000)
Total consideration	<u>\$ 2,036,896</u>

From the date of the acquisition to November 30, 2019, the acquired business contributed to \$1,084,828 of revenue and a net loss of \$1,903,121.

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NOTE 11 – SECURITY DEPOSITS

Security deposits is comprised of the following:

	Brisbane Property	Long Beach Property	Oakland Property	Santa Ana Property	City of Commerce Property	Other	Total
Balance, December 1, 2017	\$ -	\$ -	\$ 105,000	\$ -	\$ -	\$ 1,000	\$ 106,000
Additions	220,228	106,200	-	-	50,000	-	376,428
Balance, November 30, 2018	220,228	106,200	105,000	-	50,000	1,000	482,428
Additions	-	-	-	43,200	65,000	-	108,200
Partial returns of deposits	-	(79,620)	(52,470)	-	-	-	(132,090)
Balance, November 30, 2019	\$ 220,228	\$ 26,580	\$ 52,530	\$ 43,200	\$ 115,000	\$ 1,000	\$ 458,538

During the year ended November 30, 2019 and 2018, the Company has commenced with the establishment of distribution and retail facilities in various locations throughout California, including Long Beach, Oakland, and Brisbane. The licensing plans and construction of these facilities are in process. Under current plans, the Company will not own the properties directly, but instead will maintain an investment in special purpose entities owned by Company executives or other affiliated entities and enter into certain lease or distribution arrangements with these entities, however the Company did initially need to fund security deposits on these properties.

The City of Commerce property has served as one of the Company's corporate offices.

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NOTE 12 – PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	Computers and equipment	Manufacturing equipment	Vehicles	Leasehold Improvements	Total
Cost					
Balance, December 1, 2017	\$ 20,526	\$ 48,392	\$ -	\$ -	\$ 68,918
Additions	9,346	-	59,040	79,383	147,769
Disposals	(11,921)	(48,392)	-	-	(60,313)
Balance, November 30, 2018	17,951	-	59,040	79,383	156,374
Additions	127,034	-	181,974	377,428	686,436
Balance, November 30, 2019	<u>\$ 144,985</u>	<u>\$ -</u>	<u>\$ 241,014</u>	<u>\$ 456,811</u>	<u>\$ 842,810</u>
Amortization					
Balance, December 1, 2017	\$ 8,889	\$ -	\$ -	\$ -	\$ 8,889
Charge for year	2,151	-	2,952	-	5,103
Disposals	(4,322)	-	-	-	(4,322)
Balance, November 30, 2018	6,718	-	2,952	-	9,670
Charge for year	15,773	-	23,549	63,757	103,079
Balance, November 30, 2019	<u>\$ 22,491</u>	<u>\$ -</u>	<u>\$ 26,501</u>	<u>\$ 63,757</u>	<u>\$ 112,749</u>
Net book value					
November 30, 2018	<u>\$ 11,233</u>	<u>\$ -</u>	<u>\$ 56,088</u>	<u>\$ 79,383</u>	<u>\$ 146,704</u>
November 30, 2019	<u>\$ 122,494</u>	<u>\$ -</u>	<u>\$ 214,513</u>	<u>\$ 393,054</u>	<u>\$ 730,061</u>

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NOTE 13 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

	November 30, 2019	November 30, 2018
Trade payables	\$ 2,750,270	\$ 377,552
Accrued liabilities	926,467	1,246,255
	<u>\$ 3,676,737</u>	<u>\$ 1,623,807</u>

NOTE 14 – RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel, not including normal employee compensation, made during the year ended November 30, 2019 and 2018 is set out below:

	November 30, 2019	November 30, 2018
Management fees	\$ 1,848,415	\$ 228,000
Stock-based compensation	352,313	124,000
	<u>\$ 2,200,728</u>	<u>\$ 352,000</u>

As at November 30, 2019, \$52,800 (November 30, 2018 - \$25,000) was owed to former executives. Amounts owing were non-interest bearing and unsecured.

NOTE 15 – CONVERTIBLE DEBENTURES

Issuances during the year ended November 30, 2019

As discussed in Note 9, the Company entered into an agreement to acquire of 100% of the issued and outstanding equity securities of H3O. The consideration in connection with the H3O Acquisition included a secured Subordinated Convertible Note issued to the sellers in the principal amount of \$6,000,000, which has a term of 12 months, carries interest payable monthly at an annual interest rate of 12%, and is convertible by the sellers into Class A Common Shares of the Company at the higher of (a) \$3.00 per Class A Common Shares or (b) a 20% discount to the volume weighted average price of the Class A Common Shares for the 10 trading days immediately preceding the conversion date. The note is secured by all assets of H3O and all equity securities of H3O owned by the Issuer. The convertible notes contain an embedded derivative representing the conversion feature.

As discussed in Note 9, the Company entered into an agreement to acquire all of the rights to the vanity toll-free number "1-800-Cannabis", as well as a series of domain names of various derivations of the same toll-free number. The purchase price for these assets included a convertible note payable in the amount of \$275,000, which has a term of 12 months, carries interest payable monthly at an annual interest rate of 5%, and is convertible by the sellers into Class A Common Shares of the Company at the rate of approximately \$2.39 per share. This intangible asset will be amortized over its estimated life of 3 years. The convertible notes contain an embedded derivative representing the conversion feature.

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NOTE 15 – CONVERTIBLE DEBENTURES (Continued)

As discussed in Note 10, the Company entered into a series of agreements to acquire all rights, title and interest in M Delivers and SDDS. One of these agreements was a convertible note payable issued to one of the sellers in the principal amount of \$150,000, which has a term of 24 months, carries interest payable monthly at an annual interest rate of 5%, and is convertible by the sellers into Class B Common Shares of the Company at a rate of \$3.00 per Class B Common Share. The convertible notes contain an embedded derivative representing the conversion feature, as due to triggering events in the debt that lead to a change in the conversion price, the conversion option does into meet the fixed-for-fixed test.

Issuances during the year ended November 30, 2018

During the year ended November 30, 2018, the Company issued convertible notes payable and warrants to third parties for gross proceeds of \$2,650,026 in two groups: Senior Convertible Notes of \$2,030,000 and Subordinated Convertible Notes of \$620,026. As part of the convertible debentures financing, the Company issued 140,735 Class A common shares as finder's fee with a fair value of \$316,654.

All of the convertible debentures have similar terms: interest accrues daily and compounds monthly at 10% per annum, principal and interest are due within one year from issuance, and each convertible note is convertible into Class A common shares of the Company at a price initially set at \$2.50 per share, which is adjustable to a 30% discount to the price per share offered in any initial public offering ("IPO"), if the convertible notes are converted as part of the IPO, subject to a minimum price of \$2.25 and a maximum price of \$2.75 per share. If the convertible notes are converted not in connection with an IPO, the conversion price will be adjusted to the ceiling of \$2.75 per share.

The Senior Convertible Notes rank in priority to any other outstanding notes payable, including the Subordinated Convertible Notes, but otherwise these note tranches are similar in their terms. The convertible note agreements do not contain any specific collateral, but do contain certain restrictions on the Company's ability to dispose of significant portions of its assets, to enter into additional future indebtedness outside of these convertible note offerings, or to enter into any equity funding transactions at prices that would dilute the value of the Company's common shares.

A continuity of Senior and Subordinated convertible debentures for the years ended November 30, 2019 and 2018 is as follows:

	Senior Convertible Notes	Subordinated Convertible Notes	Total
Balance, December 1, 2017	\$ 272,027	\$ 216,756	\$ 488,783
Proceeds from issuance of convertible debenture	2,030,000	620,026	2,650,026
Derivative liability	(1,665,296)	(213,572)	(1,878,868)
Transaction costs	(246,717)	-	(246,717)
Accretion expense	2,370,842	622,563	2,993,405
Interest expenses	210,604	118,089	328,693
Balance, November 30, 2018	\$ 2,971,460	\$ 1,363,862	\$ 4,335,322
Convertible debt issued at acquisitions	-	6,425,000	6,425,000
Derivative liability	-	(1,504,938)	(1,504,938)
Accretion expense	5,100	614,913	620,013
Interest expenses, net	338,723	320,230	658,953
Balance, November 30, 2019	\$ 3,315,283	\$ 7,219,067	\$ 10,534,350

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NOTE 15 – CONVERTIBLE DEBENTURES (Continued)

Derivative liability

The convertible notes contain an embedded derivative representing the conversion feature, as due to triggering events in the debt that lead to a change in the conversion price, the conversion option does into meet the fixed-for-fixed test.

A continuity of derivative liability for the years ended November 30, 2019 and 2018 is as follows:

	Senior Convertible Notes	Subordinated Convertible Notes	Total
Balance, December 1, 2017	\$ 606,390	\$ 395,572	\$ 1,001,962
Derivative liability on convertible note	1,665,296	213,572	1,878,868
Change in fair value	421,639	473,263	894,902
Balance, November 30, 2018	\$ 2,693,325	\$ 1,082,407	\$ 3,775,732
Derivative liability on convertible note	-	1,504,938	1,504,938
Change in fair value	(322,256)	(475,808)	(798,064)
Balance, November 30, 2019	\$ 2,371,069	\$ 2,111,537	\$ 4,482,606

The fair values of the derivative liability were estimated using the Black-Scholes Option Pricing Model using the following assumptions.

- The stock price was based upon the most recent share issuance price for shares issued to third parties;
- The risk-free interest rate assumption is based on the US Department of Treasury interest rates for a period consistent with the expected term of the option in effect at the time of the grant;
- The Company does not pay dividends on common stock and does not anticipate paying dividends on its common stock in the foreseeable future. Therefore, the expected dividend rate was 0%;
- The expected life of the derivative liability was estimated to be 67% of the remaining contractual term which is based on the estimated date that the Company anticipates for the initial public offering; and
- The expected volatility was based off the average volatility of comparable companies over a period equivalent to the expected life of the derivative liability.

The fair values of the derivative liability as of November 30, 2019 and 2018 were estimated using the Black-Scholes Option Pricing Model using the following inputs:

	November 30, 2019	November 30, 2018
Expected volatility	100%	100%
Expected life (years)	0.69	0.83
Dividends	0%	0%
Risk-free interest rate	1.63%	2.70%

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NOTE 16 – NOTES PAYABLE

A continuity of notes payable is as follows:

	November 30, 2019	November 30, 2018
Opening balance	\$ 750,359	\$ -
Issuance of notes payable	1,063,923	1,249,996
Transaction costs	(90,000)	-
Repayment of notes payable	(353,520)	(451,051)
Noncash elimination of notes payable	(360,000)	-
Reclassification to convertible debt	-	(50,000)
Accretion expense	22,868	-
Interest expense	39,044	41,459
Interest repaid	(39,044)	(40,045)
Ending balance	\$ 1,033,630	\$ 750,359

- I. In December 2017, the Company entered into promissory note agreements, whereby the Company would pay \$392,000 through short-term notes payable. These notes were due on January 2, 2018, unsecured and include a fixed fee of 10%, amounting to \$30,000, included in interest expense. As part of the agreement, the Company issued 30,000 Class A common shares to the note holders as equity consideration. These shares were valued at \$2.25 per share for a total of \$67,500, which were recognized as professional fees.

During the year ended November 30, 2018, \$373,000 of the principal and fees was repaid. As at November 30, 2019, the outstanding balance is \$49,000 (2018: \$49,000) and the short-term notes is in default.

- II. In August 2018, the Company entered into a lending application with one of its distributors, whereby the Company would pay \$412,000 through short-term notes payable. The note bore interest at 15.22% per annum and matured in August 2019. As at November 30, 2019, the note and all accrued interest has been paid in full and the outstanding balance is \$nil (2018: \$310,357). During the year ended November 30, 2019, the Company recognized and repaid \$19,981 in interest expense and repaid \$310,357 in principal.

On July 31, 2019, the Company entered into a new note with the same distributor for total borrowing of \$501,000. The note is interest bearing at 15.22% per annum, matures in February 2021 and is secured by assets now owned or which may be acquired in the future of the Company's Arizona based subsidiaries, comprised of Rolling Paper Depot, CM Sales and Dargos Ventures. As at November 30, 2019, \$501,000 is outstanding. During the year ended November 30, 2019, the Company recognized and repaid \$19,063 in interest expense.

- III. In September 2018, the Company entered into commercial insurance premium finance and security agreements, whereby the Company would pay \$35,996 through short-term notes payable. The notes matured in June 2019, interest bearing at 9 – 11% per annum and unsecured. In September 2019, the Company entered into similar insurance financing totaling \$62,923. As at November 30, 2019, the outstanding principal was \$50,761 (2018: \$31,002).

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NOTE 16 – NOTES PAYABLE (Continued)

- IV. In July 2017, the Company entered into a purchase and sale agreement with an existing shareholder to sell its investment portfolio, along with certain intangible assets with a net book value of \$60,000, for a combined sale price of approximately \$1,564,000, subject to certain contingencies. The contingencies were removed subsequent to November 30, 2017. The purchase price was scheduled to be remitted to the Company in increments through November 2018.

During the year ended November 30, 2018, the Company received \$410,000 of the scheduled proceeds, of which \$50,000 was applied toward convertible debenture with the existing shareholder. The note was non-interest bearing, unsecured and due on demand. During the year ended November 30, 2019, it was deemed that the sale of an individual investment (GCH) had been consummated and the title had transferred for proceeds received. As a result, the remaining note payable balance of \$360,000 was removed from notes payable. The underlying investment value of \$499,970 was also removed from the balance sheet and a loss on investment of \$139,970 was recognized at the time of recording (Note 8).

- V. In September 2019, the Company entered into a promissory note agreement related to its investment in FortOrange LLC, whereby the Company would pay \$250,000 through a short-term note payable. This note, as amended, was due on March 10, 2020, is secured by the investment, and bears interest 12% per annum. The promissory note is in default and the Company is currently in negotiation regarding an extension of the due date.
- VI. In October 2019, the Company entered into a promissory note agreement, whereby the Company would pay \$250,000 through a short-term note payable. This note, is interest bearing at 10% per annum and matured on December 11, 2019. Subsequently, on January 8, 2020, the note was amended to mature on February 28, 2020 and the Company is to issue 60,000 Class A shares as additional consideration, of which 40,000 Class A shares were issued during the year ended November 30, 2019.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of the relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

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NOTE 17 – COMMITMENTS AND CONTINGENCIES (Continued)

Separation Agreements

During the year ended November 30, 2019, the Company terminated a member of the key management. At separation, it is estimated that there were amounts due to the individual amounting to approximately \$52,800. The company has accrued for this amount at November 30, 2019, expected to be paid after resolution of remaining points of contention between the parties.

Operating Leases

The Company has obligations under the operating leases for its corporate office and for its warehouse facilities. The leases expire at various dates through 2023:

Year	Operating leases
2020	\$ 1,476,728
2021	1,472,178
2022	1,468,263
2023	1,254,722
Thereafter	1,331,336
Total	\$ 7,003,227

Capital Lease

In July 2018, the Company entered into a vehicle lease agreement, with a term of 72 months and with an initial payment of \$984 per month commencing August 2018. This lease is considered a capital finance type lease, and as such the asset has been capitalized and is being depreciated, and the present value of the lease payment obligation as been recorded as a capital lease obligation. The remaining balance of this obligation was \$48,464 at November 30, 2019 (\$55,760 –2018). The following is the summary of the Company’s outstanding liabilities (excluding interest):

	November 30, 2019
Current portion	\$ 7,514
Non-current portion	40,950
	\$ 48,464

Litigation

In January 2018, a Company executive and board member, who had been employed with the Company since the acquisition of certain assets of Space Brain, LLC and Fleet Feet Delivery, LLC (“Speed Weed”) in February 2017, tendered his notice of termination of his employment agreement with the Company. Two additional Company employees, also employed as part of the acquisition of Speed Weed, resigned around the same time. These three individuals were the principals of Speed Weed prior to its acquisition by the Company. In March 2018, the Company was named as a co-defendant in litigation filed by these former employees, through Space Brain, LLC and Fleet Feet Delivery, LLC, the predecessor companies of the acquired Speed Weed business. The litigation claimed breach of contract and fraud against the Company and certain of its representatives.

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Plaintiffs were seeking compensation for claimed damages and the rescinding of the original purchase agreement in which the Company acquired Speed Weed.

NOTE 17 – COMMITMENTS AND CONTINGENCIES (Continued)

Management anticipated that resolution may result in the rescinding of the original purchase agreement, which would result in the deconsolidation of Speed Weed and the return of the significant portion of the shares issued and the termination of warrants issued in connection with that agreement. The Company has consolidated Speed Weed for the year ended November 30, 2018 and recognized all expense expected to result from this separation.

During the year ended November 30, 2019, the Company settled its ongoing litigation with the previous owners of Speed Weed. The settlement called for the payment of \$775,000, previously recognized in accrued liabilities, by the Company, along with the relinquishment of any remaining assets from the original acquisition and the period of time that Speed Weed was operated as a consolidated subsidiary. In addition, the Company received the return of 485,000 shares of the Company's common stock originally issued by the Company in the acquisition.

NOTE 18 – SHARE CAPITAL

Authorized

10,000,000 Preferred shares, par value of \$0.001 per share.
100,000,000 Class A common shares, par value of \$0.001 per share.
10,000,000 Class B common shares, par value of \$0.001 per share.

Preferred Shares

The Company is authorized to issue, from time to time, shares of preferred stock in more than one series. The Company's Board of Directors designates and fixes the number of shares of any such series of preferred stock and determines and alters the rights, preferences, privileges and restrictions granted to or imposed upon on any wholly unissued series of preferred shares.

Series A Convertible Preferred Shares – Each share of Series A Convertible preferred shares shall be convertible at the option of the holder at any time without the payment of additional consideration into shares of Class A Common Stock on a one-for-one (1:1) basis (the "Conversion Ratio"). Each holder of shares of the Series A Convertible preferred shares is entitled to the number of votes equal to the number of shares of Class A common shares into which such shares of Series A Convertible preferred shares could be converted and have voting rights and powers equal to the voting rights and powers of the Class A common shares voting together with holders of Class A common shares as a single class.

Class A Common Shares

The holders of Class A common shares are entitled to one vote for each share of Class A common share held at all meetings of the shareholders and written actions in lieu of such meetings; provided, however, that, except as otherwise required by law, holders of Class A common shares shall not be entitled to vote on any amendment of the Articles of Incorporation that relates solely to the terms of one or more outstanding series of preferred shares. Upon liquidation or dissolution, the holder of each outstanding share of Class A common shares will be entitled to share equally in the assets of the Company legally available for distribution to such stockholder after payment of all liabilities and after distributions to preferred stockholders legally entitled to such distributions. Holders of Class A common shares do not have any preemptive, subscription or redemption rights. All outstanding shares of Class A common shares are fully paid and non-assessable. The holders of the Class A common shares do not have any registration rights with respect to the stock. Holders of

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Class A common shares are entitled to dividends only if, and when, a dividend is declared by the Company's Board of Directors.

Class B Common Shares

The Class B common shares do not carry a right to vote per share at meetings of the stockholders or written actions in lieu of such meetings; however, Class B common shares shall be convertible into Class A common shares at a ratio of one-for-one upon the one year anniversary of the commencement of trading of the Class A common shares on a public securities exchange. The Company shall at all times reserve and keep available a sufficient number of its authorized and unissued Class A common shares for the purpose of effecting the conversion of the shares of Class B common shares. There are no other rights, preferences, privileges, or restrictions relating to the Class B common shares other than those set forth herein.

In the event of shareholder election to convert Class B common shares into Class A common shares, all rights of the holder of shares of Class B common shares shall cease and the holder shall assume the rights of Class A common shares. Class B common shares that are converted into Class A common shares shall be cancelled and may not be reissued by the Company.

Issued

Year ended November 30, 2019

- i. During the year ended November 30, 2019, the Company issued 9,337,000 Class A common shares for gross proceeds of \$20,051,576.
- ii. During the year ended November 30, 2019, the Company received an additional \$385,092 in proceeds for stock subscriptions received in advance for shares issued subsequent to year end.
- iii. During the year ended November 30, 2019, the Company issued 998,662 Class A and 26,389 Class B common shares with a combined fair value of \$2,306,367 for services rendered.
- iv. During the year ended November 30, 2019, the Company issued 111,112 Class A common shares related to the exercise of stock warrants at an exercise price of \$0.10 per share.
- v. In January 2019, the Company issued 1,500,000 Class B common shares, of which 833,333 Class B common shares were placed in escrow for the acquisition of MyJane. The escrow shares were in two tranches contingent upon the achievement of certain operational and financial milestones in connection with the operations of MyJane during the 18 months immediately following completion of the acquisition of MyJane. The first milestone was not achieved, and one-half of the escrowed shares have been cancelled. The second milestone has not yet been achieved, and management has deemed it unlikely that they will be achieved, and as such the remaining shares held in escrow were not valued or recorded. As a result, the Company valued the consideration for the acquisition of MyJane through issuance of 666,667 Class B common shares at fair value of \$1,500,001 (Note 10).
- vi. In April 2019, the Company placed 150,000 Class B common shares into escrow for the acquisition of M Delivers valued at \$337,500 (Note 10).
- vii. In February 2019, the Company received 485,000 of its Class A common shares, which were returned as part of the Speed Weed settlement (Note 17).
- viii. During the year ended November 30, 2019, the Company issued 166,667 Class B common shares to employees for services rendered, subject to escrow vesting terms. As at November 30, 2019, no

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services were performed and the shares will be subsequently cancelled.

NOTE 18 – SHARE CAPITAL (Continued)

- ix. During the year ended November 30, 2019, the Company repurchased 12,500 Class B common shares that were issued in the prior year for consideration of \$Nil.

Year ended November 30, 2018

- i. During the year ended November 30, 2018, the Company issued 1,790,110 Class A common shares for gross proceeds of \$4,027,750.
- ii. On April 11, 2018, the Company issued 111,112 units for proceeds of \$250,000. Each unit consists of one Class A common share and one Class A common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at an exercise price of \$5.00. The warrants expire 12 months after the initial public offering.
- iii. In December 2017, the Company issued 30,000 Class A common shares with a fair value of \$67,500 for services.
- iv. In September 2018, pursuant to convertible debentures, the Company issued 140,735 Class A common shares as finders' fees to an existing shareholder with a fair value of \$316,654.
- v. During the year ended November 30, 2018, the Company issued 105,758 Class A common shares with a fair value of \$238,268 for professional services.
- vi. The Company issued 11,250 Class B common shares as part of the achievement of milestones outlined in the agreement for the acquisition of Dargos. These were valued at \$2.25 per share for a total value of \$25,000.
- vii. The Company issued 16,000 Class A common shares valued at \$2.25 per share for a total value of approximately \$36,000 as employee compensation.
- viii. The Company issued 183,354 Class A common shares for the acquisition of Puff Pack valued at \$412,547. Concurrently, the Company cancelled 155,854 Class A common shares due to amendment in the acquisition (Note 10).
- ix. The Company repurchased 5,000 Class A common shares from a shareholder with a fair value of \$11,250.

Warrants

Warrant transactions are summarized as follows:

	Number	Weighted average exercise price	Weighted average life (years)
Balance, December 1, 2017	2,117,044	\$ 2.79	1.87
Issued	142,112	4.45	3.39
Balance, November 30, 2018	2,259,156	\$ 2.89	1.66
Issued	125,926	2.25	3.00

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Exercised	(111,112)	0.10	1.00
Balance, November 30, 2019	2,273,970	\$ 2.75	1.50

NOTE 18 – SHARE CAPITAL (Continued)

Year ended November 30, 2019

The Company issued 125,926 warrants with a fair value of \$128,482 for broker services, accounted as share issue costs. The warrants have an exercise price of \$2.25 per share and a three-year term. The Company valued the warrants to be \$1.03 per warrant using the Black-Scholes Option Pricing Model with the following criteria: (i) dividend yield of 0%; (ii) expected volatility of 100%; (iii) risk free rate of 2.43%, (iv) share price of \$2.25; and (v) expected term of 1.5 years. The value of these issued warrants was offset against the proceeds from stock sales generated connected with the services provided.

Year ended November 30, 2018

The Company issued warrants at a price of \$2.25 and a warrant to purchase one additional Class A common at a price of \$5 per share. During the year ended November 30, 2018, the Company issued 111,112 warrants in connection with the sales of these units.

The Company issued 31,000 warrants with a fair value of \$28,292 for professional services. The warrants have an exercise price of \$2.50 per share and a three-year term. The Company valued the warrants to be \$1.74 per warrant using the Black-Scholes Option Pricing Model with the following criteria: (i) dividend yield of 0%; (ii) expected volatility of 140%; (iii) risk free rate of 2.62%, (iv) share price of \$2.25; and (v) expected term of 1.5 years.

Stock Options

On October 15, 2016, the Company designated 500,000 shares to be reserved subject to an employee stock option plan, the terms of which are to be determined by the Company's Board of Directors. Effective April 8, 2019, the Company adopted a rolling 10% option plan for its Class A Common Shares, pursuant to which the Company is authorized to grant options to officers, directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding MJIC Class A Common Shares.

Stock option transactions are summarized as follows:

	Number	Weighted average exercise price	Weighted average life (years)
Balance, December 1, 2017	889,035	\$ 2.51	2.78
Issued	1,705,123	2.92	4.83
Balance, November 30, 2018	2,594,158	\$ 2.35	3.72
Issued	320,000	3.00	5.00
Expired	(29,000)	-	-
Balance outstanding, November 30, 2019	2,885,158	\$ 2.58	0.58
Balance exercisable, November 30, 2019	2,710,158	\$ 2.74	0.58

In aggregate, the Company recognized \$767,344 in stock-based compensation for options granted and/or vesting during the year ended November 30, 2019 (2018 - \$1,384,644).

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NOTE 18 – SHARE CAPITAL (Continued)

The fair values of options granted during the year ended November 30, 2019 and 2018 were estimated using the Black-Scholes Option Pricing Model using the following inputs:

	November 30, 2019	November 30, 2018
Risk-free interest rate	2.18%	2.32%
Expected life (years)	2.12	1.78
Expected volatility	116.80%	111.57%
Expected dividend yield	0%	0%
Forfeiture rate	0%	0%

Reserve

The reserve records items recognized as share-based payments until such time of exercise, when the corresponding amount is transferred to share capital. The reserve also records a share premium for proceeds received from the issuance of common shares in excess of the par value.

During the year ended November 30, 2019, the Company issued Senior Convertible Notes payable and warrants to third parties for gross proceeds of \$248,700. The convertible note is automatically converted as at the expiry date of 2 years and thus was accounted for as reserve.

During the year ended November 30, 2018, the Company issued Senior Convertible Notes payable and warrants to third parties for gross proceeds of \$252,275. The convertible note is automatically converted as at the expiry date of 2 years and thus was accounted for as reserve.

NOTE 19 – INCOME TAXES

The provision for income taxes differs from the amount that would have resulted in applying the combined federal statutory tax rate as follows:

	November 30, 2019	November 30, 2018
Net loss	\$ (23,721,585)	\$ (11,736,018)
Statutory income tax rate	39%	39%
Expected income tax recovery at statutory income tax rates	(9,251,418)	(4,577,047)
Non-deductible expenses	533,068	2,967,674
Difference in tax rates, foreign exchange and other	-	24,303
Change in valuation allowance	8,718,350	1,585,070
Income tax provision (recovery)	\$ -	\$ -

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NOTE 19 – INCOME TAXES (Continued)

Temporary differences that give rise to the following deferred tax assets and liabilities are:

	November 30, 2019	November 30, 2018
Deferred tax asset:		
Non-capital loss carry-forwards	\$ 13,106,263	\$ 4,387,913
Valuation allowance	(13,106,263)	(4,387,913)
	<u>\$ -</u>	<u>\$ -</u>

As of November 30, 2019, the Company had approximately \$48,500,000 in loss carryforwards. These carryforwards will expire, starting in 2025 if not utilized.

NOTE 20 – CAPITAL MANAGEMENT

The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of shareholders' equity comprising of share capital, reserve and deficit. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment. In order to facilitate the management of capital, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new shares through private placement, incur debt or return of capital to shareholders.

There have been no changes made to the capital management policy during the year ended November 30, 2019.

NOTE 21 – SUPPLEMENTAL CASH FLOW INFORMATION

	November 30, 2019	November 30, 2018
Non-cash financing and investing transactions:		
Notes payable issued to acquire 1-800-Cannabis	\$ 275,000	\$ -
Notes payable issued to acquire Investment in FortGreen LLC	\$ 250,000	\$ -
Common shares issued to acquire MyJane	\$ 1,500,001	\$ -
Common shares issued to acquire M Delivers	\$ 337,500	\$ -
Purchase of equipment under capital lease	\$ -	\$ 59,040
Convertible note for acquisition of H3O	\$ 6,000,000	\$ -

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NOTE 22 – FINANCIAL RISK MANAGEMENT

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The carrying value of Company's financial assets and liabilities as at November 30, 2019 and 2018 approximate their fair value due to their short terms to maturity.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

Financial liabilities measured at fair value at November 30, 2019 and 2018 consisted of the derivative financial liability, which is measured using level 3 inputs. The fair value of the derivative liability is determined by the Black-Scholes option pricing model using the historical volatility as an estimate of future volatility.

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk, and foreign currency risk.

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to its holdings of cash. Cash is held with major US chartered banks, from which management believes the risk of loss to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in interest rate. The Company is exposed to interest rate risk on its cash and debt instruments and has determined there is no material exposure related to interest rate risk.

Foreign currency risk

The Company's functional and reporting currency is the US dollar and major purchases are transacted in US dollars. As a result, the Company's exposure to foreign currency risk is minimal.

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NOTE 23 – SEGMENT INFORMATION

The Company operates three business units, or segments: Regulated, Unregulated, and Solutions. Financial information by business segment is as follows:

	Regulated	Unregulated	Solutions	Total
For the years ended November 30, 2019 and 2018:				
Revenue:				
2019	\$ 5,433,702	\$ 4,923,870	\$ 468,465	\$ 10,826,037
2018	41,002	4,227,281	850,697	5,118,980
Loss from operations:				
2019	\$ (5,974,977)	\$ (1,710,738)	\$ (15,304,614)	\$ (22,990,329)
2018	(427,623)	(1,327,217)	(5,415,533)	(7,170,373)
Depreciation and amortization:				
2019	\$ 147,150	\$ 179,020	\$ 128,847	\$ 455,017
2018	1,587	174,294	99,265	275,146
Interest expense:				
2019	\$ 7,463	\$ 39,044	\$ 840,795	\$ 887,302
2018	-	10,819	365,019	375,838
As at November 30, 2019 and November 30, 2018:				
Goodwill:				
2019	\$ 8,063,591	\$ 2,564,050	\$ 376,930	\$ 11,004,571
2018	-	2,564,050	376,930	2,940,980
Total assets:				
2019	\$ 13,589,931	\$ 4,052,925	\$ 3,153,577	\$ 20,796,433
2018	820,934	3,709,299	5,002,002	9,532,235
Total liabilities:				
2019	\$ 3,649,943	\$ 735,245	\$ 15,443,400	\$ 19,828,588
2018	235,199	663,369	9,689,746	10,588,314

MJIC, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018
(Expressed in US dollars)

NOTE 24 – SUBSEQUENT EVENTS

The following events occurred subsequent to November 30, 2019:

- The Company issued 1,023,242 common shares for proceeds of approximately \$2,813,166, of which \$385,092 had been collected during the year ended November 30, 2019 and the remaining was received subsequent to November 30, 2019. The Company issued 412,445 shares valued at \$1,781,001 and 87,277 warrants valued at \$589,120 in exchange for professional services.
- In October 2019, the Company entered into Note Conversion and Warrant Exercise Price Reset agreements with certain holders of its Senior and Subordinated Convertible Notes Payable. Under these agreements, the note holders agreed to convert total outstanding note balances, including accrued interest, of \$4,270,707 into 1,898,093 shares of Class A Common Stock at \$2.25 per share. In addition, the stock warrants attached to the original notes were modified to fix the conversion price at \$2.25 per share and to amend the expiration date and certain other terms. As added consideration to the note holders to enter into these agreements, these shareholders were issued an additional 1,200,000 Class A common shares.
- In September 2019, the Company had entered into an Asset Purchase Agreement to acquire the assets of Highland Holistics LLC, a California limited liability company, for a total purchase price of \$6,000,000, which includes \$1,150,000 in cash and the issuance of a senior secured convertible note in the principal amount of up to \$4,850,000, subject to earn out provisions over a fifteen-month period from the closing date. The terms of the agreement are currently being negotiated and subject to change, and as a result the Company had not treated this as a consummated transaction.
- From December 1, 2019 through the date of these financial statements, the Company has entered into short term notes payable totaling approximately \$820,000, with proceeds primarily to be used for continued business combination activity, as discussed above.
- In January 2020, the Company entered into a Stock Purchase Agreement to acquire Davis People's Harvest d/b/a the People's Kush, a California corporation, for a total purchase price of up to \$770,000, which includes \$280,000 in cash, the issuance of a secured convertible note in the principal amount of \$240,000, up to \$250,000 in shares of the Company's common stock, subject to earn out provisions based on certain gross revenue milestones.
- In January 2020, the Company entered into a Stock Purchase Agreement to acquire Lady Chatterly Health, a California corporation, for a total purchase price of \$600,000, which includes \$300,000 in cash and the issuance of a senior secured convertible note in the principal amount of \$300,000.

APPENDIX "E"
MJIC INTERIM FINANCIAL STATEMENTS

(see attached)

MJIC, INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended May 31, 2020

(Expressed in US dollars)

MJIC, INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in US dollars)

	May 31, 2020 (unaudited)	November 30, 2019
ASSETS		
Current assets:		
Cash	\$ 791,937	\$ 1,287,973
Accounts receivable (Note 5)	488,038	263,508
Inventory (Note 6)	1,406,316	1,268,409
Prepaid and other current assets (Note 7)	730,954	484,700
Receivables	98,480	20,000
	<u>3,515,725</u>	<u>3,324,590</u>
Investments (Note 8)	1,285,512	1,285,412
Property and equipment (Note 13)	903,676	730,061
Intangible assets (Note 9)	3,591,419	3,993,261
Goodwill (Note 10)	11,814,462	11,004,571
Right of use assets (Note 14)	4,515,004	-
Security deposits (Note 12)	488,492	458,538
Total assets	<u><u>\$ 26,114,290</u></u>	<u><u>\$ 20,796,433</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities:		
Accounts payable and accrued liabilities (Note 16)	\$ 5,724,294	\$ 3,676,737
Due to related parties (Note 17)	52,800	52,800
Convertible debentures (Note 18)	13,000,830	10,534,350
Derivative liability (Note 18)	1,980,507	4,482,607
Notes payable (Note 19)	2,808,540	1,033,630
Lease obligations – current portion (Note 15)	1,499,142	7,514
	<u>25,066,113</u>	<u>19,743,670</u>
Lease obligations (Note 15)	3,531,322	40,950
Total liabilities	<u>28,597,435</u>	<u>19,828,588</u>
Shareholders' equity (deficiency):		
Share capital – preferred (Note 21)	250	250
Share capital – common (Note 21)	25,936	24,765
Additional Paid-In Capital	52,740,082	49,304,422
Reserve (Note 21)	4,773,734	4,739,463
Subscriptions received in advance (Note 21)	-	385,092
Accumulated deficit	(60,123,147)	(53,586,147)
Equity (deficiency) attributable to controlling interest	(2,583,145)	867,845
Equity attributable to non-controlling interest (Note 8)	100,000	100,000
Total shareholders' equity (deficiency)	<u>(2,483,145)</u>	<u>967,845</u>
Total liabilities and shareholders' equity (deficiency)	<u><u>\$ 26,114,290</u></u>	<u><u>\$ 20,796,433</u></u>

Going Concern (Note 1)
Commitments and contingencies (Note 20)
Subsequent events (Notes 1, 11 and 24)

Approved by the Board:

“Daniel Sekers”

Director

“Sturges Karban”

Director

See accompanying notes to the condensed consolidated financial statements.

MJIC, INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2020
(Expressed in US dollars)

	Three Months Ended		Six Months Ended	
	May 31,		May 31,	
	2020	2019	2020	2019
REVENUE				
Product Sales	\$ 4,966,705	\$ 2,152,907	\$ 8,984,282	\$ 3,837,174
Consulting income	28,006	155,049	75,084	330,090
	<u>4,994,711</u>	<u>2,307,956</u>	<u>9,059,366</u>	<u>4,167,264</u>
COST OF REVENUE (Note 6)	<u>3,240,827</u>	<u>1,752,987</u>	<u>6,053,300</u>	<u>2,821,124</u>
Gross profit	<u>1,753,884</u>	<u>554,969</u>	<u>3,006,066</u>	<u>1,346,140</u>
OPERATING EXPENSES				
Automobile	46,462	14,035	77,227	16,729
Depreciation and amortization (Notes 9, 13 and 14)	569,310	66,379	1,114,477	115,700
Meals and entertainment	9,233	48,355	45,444	66,432
Office and miscellaneous	684,112	1,109,218	1,384,687	1,851,524
Professional fees (Notes 17 and 21)	233,793	724,702	837,550	1,684,069
Sales and marketing	186,887	274,363	564,779	413,241
Stock-based compensation (Note 21)	14,606	520,799	34,271	663,427
Travel	26,345	126,364	146,627	218,579
Wages and benefits	<u>2,012,255</u>	<u>1,443,850</u>	<u>5,030,323</u>	<u>2,666,862</u>
Total operating expenses	<u>3,783,003</u>	<u>4,328,065</u>	<u>9,235,385</u>	<u>7,696,563</u>
Loss from operations	(2,029,119)	(3,773,096)	(6,229,319)	(6,350,423)
OTHER ITEMS				
Accretion expense (Notes 18 and 19)	(417,936)	(18,211)	(787,588)	(63,248)
Change in fair value of derivative liability (Note 18)	1,610,007	879,080	2,743,708	1,555,850
Interest expense (Notes 18 and 19)	(878,971)	(120,450)	(1,919,429)	(242,023)
Acquisition income (Note 11)	620,071	-	666	-
Other income	<u>15,024</u>	<u>6,702</u>	<u>15,125</u>	<u>7,017</u>
Net loss	<u>(1,080,924)</u>	<u>(3,025,975)</u>	<u>(6,176,837)</u>	<u>(5,092,827)</u>
Comprehensive loss	<u>\$ (1,080,924)</u>	<u>\$ (3,025,975)</u>	<u>\$ (6,176,837)</u>	<u>\$ (5,092,827)</u>
Loss per share - basic and diluted	<u>\$ (0.04)</u>	<u>\$ (0.15)</u>	<u>\$ (0.23)</u>	<u>\$ (0.30)</u>
Weighted average number of common shares outstanding – basic and diluted	<u>26,446,563</u>	<u>19,774,209</u>	<u>26,446,563</u>	<u>17,090,689</u>

See accompanying notes to the condensed consolidated financial statements.

MJIC, INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)
(UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2020
(Expressed in US dollars)

	Share Capital - Preferred		Share Capital - Common		Additional Paid-In Capital	Subscriptions Received in Advance	Reserve	Non-controlling Interest	Deficit	Total Shareholders' Equity (Deficiency)
	Shares Issued	Share Capital	Shares Issued	Share Capital						
Balance as of December 1, 2018	250,000	\$ 250	13,958,961	\$ 13,960	\$ 25,099,336	\$ -	\$ 3,594,937	\$ 100,000	\$ (29,864,562)	\$ (1,056,079)
Shares issued for cash	-	-	6,456,613	6,457	13,851,606	-	-	-	-	13,858,063
Issuance of convertible debt	-	-	-	-	-	-	248,700	-	-	248,700
Share subscriptions received in advance	-	-	-	-	-	134,230	-	-	-	134,230
Shares issued to acquire MyJane	-	-	667,000	667	1,500,083	-	1,874,999	-	-	3,375,749
Shares issued to acquire M Delivers	-	-	150,000	150	337,350	-	-	-	-	337,500
Shares issued for compensation	-	-	166,667	167	374,834	-	-	-	-	375,001
Shares issued for services	-	-	139,445	139	313,612	-	-	-	-	313,751
Return of shares in settlement of Speed Weed	-	-	(485,000)	(485)	485	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	-	288,426	-	-	288,426
Net loss	-	-	-	-	-	-	-	-	(5,092,827)	(5,092,827)
Balance as of May 31, 2019	250,000	\$ 250	21,053,686	\$ 21,055	\$ 41,477,306	\$ 134,230	\$ 6,007,062	\$ 100,000	\$ (34,957,389)	\$ 12,782,514
Balance as of December 1, 2019	250,000	\$ 250	25,751,321	\$ 24,765	\$ 49,304,422	\$ 385,092	\$ 4,739,463	\$ 100,000	\$ (53,586,147)	\$ 967,845
Adoption of IFRS 16	-	-	-	-	-	-	-	-	(360,163)	(360,163)
Shares issued for cash	-	-	578,076	578	2,102,628	(385,092)	-	-	-	1,718,114
Contingent consideration to acquire Davis People's Harvest	-	-	-	111	249,889	-	-	-	-	250,000
Shares issued for services	-	-	481,611	482	1,083,143	-	-	-	-	1,083,625
Stock-based compensation	-	-	-	-	-	-	34,271	-	-	34,271
Net loss	-	-	-	-	-	-	-	-	(6,176,837)	(6,176,837)
Balance as of May 31, 2020	250,000	\$ 250	26,811,008	\$ 25,936	\$ 52,740,082	\$ -	\$ 4,773,734	\$ 100,000	\$ (60,123,147)	\$ (2,583,145)

See accompanying notes to the condensed consolidated financial statements.

MJIC, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
FOR THE SIX MONTHS ENDED MAY 31, 2020
(Expressed in US dollars)

	2020	2019
Operating Activities		
Net loss	\$ (6,176,837)	\$ (5,092,827)
Items not involving cash:		
Depreciation and amortization	1,114,477	115,700
Accretion expense	787,588	63,248
Change in fair value of derivative liability	(2,743,708)	(1,555,850)
Interest expense	1,919,429	242,023
Loss on investment in associates	-	80,009
Stock-based compensation	34,271	288,426
Common stock issued for financing fees	-	375,001
Common stock issued for services and compensation	1,083,625	314,500
Acquisition expense	320,071	-
Net changes in non-cash working capital items:		
Accounts receivable	15,470	(87,883)
Inventory	(78,346)	(374,376)
Prepaid expenses	(246,254)	(2,825,496)
Accounts payable and accrued liabilities	1,367,512	(1,063,136)
Deferred revenue	-	(22,238)
Cash used in operating activities	<u>(2,602,702)</u>	<u>(9,542,899)</u>
Investing Activities		
Cash paid for security deposits	(29,954)	(68,000)
Cash paid for investment in line of credit receivables	(78,480)	(1,085,160)
Cash received for equity investments	-	-
Cash paid for business combinations; net of cash received	13,409	98,595
Purchase of property and equipment	(272,756)	(311,550)
Cash used in investing activities	<u>(367,781)</u>	<u>(1,366,115)</u>
Financing Activities		
Proceeds from issuance convertible debentures	305,584	248,700
Proceeds from issuance of notes payable	3,846,717	-
Repayment of notes payable	(2,893,074)	(239,088)
Repayment of related party notes payable	-	(24,000)
Repayment of lease obligations	(502,894)	(4,100)
Proceeds from issuance of common shares	1,718,114	13,858,063
Proceeds from stock subscriptions received in advance	-	134,230
Cash provided by financing activities	<u>2,474,447</u>	<u>13,973,805</u>
Change in cash	(496,036)	3,064,791
Cash, beginning	1,287,973	2,357,697
Cash, ending	<u>\$ 791,937</u>	<u>\$ 5,422,488</u>

Supplemental cash flow information (Note 22)

See accompanying notes to the condensed consolidated financial statements.

MJIC, INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2020
(Expressed in US dollars)

NOTE 1 – NATURE AND CONTINUANCE OF OPERATIONS

MJIC, Inc. (the “Company”) incorporated in the State of California on April 29, 2014. The Company is focused on the cannabis industry and operates under three business units:

1. M7 Regulated, Inc. (“Regulated”): an integrated infrastructure comprised of industrial warehouse and retail storefront properties and applicable licenses required to conduct cannabis operations throughout California, including the production and distribution of products;
2. M7 Unregulated, Inc. (“Unregulated”): wholesaling, distribution, and transportation of ancillary products to licensed cannabis operators and applicable ancillary operators, and the retail sale of ancillary products directly to consumers through e-commerce platforms; and
3. M7 Solutions, LLC (“Solutions”): provides a diversified portfolio of financial services, while also providing a capital hub and non-financial services related to building and owning brands and intellectual property.

On March 28, 2019, the Company entered into a merger agreement with P&P Ventures Inc., a British Columbia corporation (“P&P Ventures”), ManifestSeven, Inc., a Delaware corporation (“Merger Sub”), pursuant to which the Company will merge with and into Merger Sub (the “Merger”). Upon completion of the Merger, all of the Company’s shareholders will become shareholders of P&P Ventures, P&P Ventures will be renamed “ManifestSeven Holdings Corporation” and the present business operations of the Company will be wholly-owned and continued by P&P Ventures.

The Company has incurred losses and negative cash flows from operations from inception that has primarily been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand and proceeds from a financing done prior to the Merger.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

NOTE 2 – BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Reporting Interpretation Committee (“IFRIC”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

MJIC, INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2020
(Expressed in US dollars)

NOTE 2 – BASIS OF PRESENTATION (Continued)

The notes presented in these condensed consolidated interim financial statements include only significant events and transactions occurring since the Company's last fiscal year end and they do not include all of the information required in the Company's most recent annual consolidated financial statements. Except as noted below, these condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company's annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended November 30, 2019, which were prepared in accordance with IFRS as issued by IASB. There have been no significant changes in judgement or estimates from those disclosed in the consolidated financial statements for the year ended November 30, 2019.

The consolidated financial statements were authorized for issue by the Board of Directors on July 21, 2020.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in US dollars, except when otherwise indicated. The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the US dollar.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries with intercompany balances and transactions eliminated on consolidation. Subsidiaries are those entities over which the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. As of May 31, 2020, and November 30, 2019, the subsidiaries of the Company are as follows:

Name of subsidiary	Place of incorporation	Ownership interest	
		May 31, 2020	November 30, 2019
MJIC Media, LLC	Delaware	100%	100%
M7 Unregulated, Inc.	California	100%	100%
CFO Worldwide, LLC	Illinois	100%	100%
Panther Micro Opportunity Fund I, LLC	Delaware	100%	100%
CannaFundr, LLC	California	100%	100%
Rolling Paper Depot LLC	Arizona	100%	100%
CM Sales LLC	Arizona	100%	100%
Dargos Ventures, LLC	Arizona	100%	100%
GTI SPV, LLC	California	33%	33%
M7 Solutions, LLC	California	100%	100%
Brisbane Distribution Solutions, LLC	California	100%	100%
Peninsula Distribution Solutions, LLC	California	100%	100%
Peninsula Delivery Solutions LLC	California	100%	100%
Puff Pack LLC	California	100%	100%
M7 Properties LLC	California	100%	100%
M7 Properties II LLC	California	100%	100%
M7 Properties III LLC	California	100%	100%

MJIC, INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2020
(Expressed in US dollars)

NOTE 2 – BASIS OF PRESENTATION (Continued)

M7 Infrastructure, Inc.	California	100%	100%
M7 Regulated, Inc.	California	100%	100%
MyJane LLC	California	100%	100%
M Delivers NPMBC	California	100%	100%
West Coast Retail Solutions Inc.	California	100%	100%
San Diego Delivery Solutions LLC	California	100%	100%
M7 Fleet Inc.	California	100%	100%
M7 Management Inc.	California	100%	100%
Plutus Professional Services LLC	California	100%	100%
M7 IP Inc.	California	100%	100%
DG Construction Solutions LLC	California	100%	100%
Empathy Hemp Co., LLC	California	100%	100%
Healthy Healing Holistic Options Inc.	California	100%	100%
Davis People's Harvest	California	80%	-
White Coat Hemp Co. LLC	Arizona	100%	100%
Monterey Retail Solutions LLC	California	51%	51%

The Company does not own the equity of Long Beach Distribution Solutions LLC; Nor-Cal Distribution Solutions LLC; or Nor-Cal Delivery Solutions LLC. However, the equity owner of these entities is an executive of the Company and it has been deemed that the Company effectively controls these entities, and as such as consolidated them in accordance with IFRS 10. In addition, the Company owns 33% of the equity of GTI SPV, LLC, but has been deemed to control this entity, and has consolidated this entity. All intercompany balances and transactions were eliminated upon consolidation.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended November 30, 2019, with the exception of the following:

Adoption of new standards – Leases

The Company adopted the requirements of IFRS 16 effective December 1, 2019. This new standard replaces IAS 17 Leases and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant

MJIC, INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2020
(Expressed in US dollars)

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current accounting for finance leases, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is substantially changed.

On adoption, the Company's lease consisted of an office lease. The Company transitioned to the new standard using the modified retrospective approach and:

- Measured the lease liability based on the present value of the remaining lease payments discounted using the Company's incremental borrowing rate at December 1, 2019;
- Measured the right-of-use asset as if IFRS 16 had been applied since the commencement date, but discounted using the Company's incremental borrowing rate at December 1, 2019; and
- Recording the cumulative difference to deficit.

The net impact on retained earnings on December 1, 2019 was an increase of \$360,613.

The following is a reconciliation of total operating lease commitments at December 31, 2018 to the lease liabilities recognized at December 1, 2019:

	\$
Lease liabilities before discounting	6,635,773
Discounted using incremental borrowing rate	(1,172,182)
Operating lease liability	<u>5,463,591</u>

The following is a reconciliation of lease liabilities to right of use lease asset at December 1, 2019:

	\$
Operating lease liability at December 1, 2019	5,463,591
Lease payments prior to December 1, 2019	1,629,985
Interest expense prior to December 1, 2019	(624,963)
Depreciation prior to December 1, 2019	(1,365,185)
Right of use lease assets at December 1, 2019	<u>5,103,428</u>

For any new contracts entered into on or after January 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- i. the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- ii. the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- iii. the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

MJIC, INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2020
(Expressed in US dollars)

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included under non-current assets and lease liabilities have been included under current and non-current liabilities.

NOTE 5 – ACCOUNTS RECEIVABLE

	May 31, 2020	November 30, 2019
Trade receivable	\$ 363,724	\$ 135,679
Undeposited funds	124,314	127,829
	<u>\$ 488,038</u>	<u>\$ 263,508</u>

NOTE 6 – INVENTORY

Inventory consists entirely of finished goods available for sale. Product costs reported in costs of goods sold amounted to \$5,413,025 for the six months ended May 31, 2020 (2019 - \$1,836,529).

MJIC, INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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NOTE 7 – OTHER CURRENT ASSETS

	May 31, 2020	November 30, 2019
Prepaid expenses	\$ 260,398	\$ 25,201
Prepaid insurance	181,964	100,040
Prepaid inventory	-	120,867
Acquisition deposits - various	288,592	238,592
Total	<u>\$ 730,954</u>	<u>\$ 484,700</u>

NOTE 8 – INVESTMENTS

	May 31, 2020	November 30, 2019
Investments in FVTPL financial assets	\$ 541,699	\$ 541,699
Investments in associates	743,713	743,713
Total	<u>\$ 1,285,412</u>	<u>\$ 1,285,412</u>

FVTPL financial assets

The Company has made investments in the equity of various entities in the cannabis industry, all of which are under 20% of the respective voting interests.

	May 31, 2020	November 30, 2019
C4Ever Systems	\$ 30,000	\$ 30,000
MyDx	600	600
4811 Geary Blvd.	103,599	103,599
Waller Union	25,000	25,000
Lexaria Bioscience Corporation	22,000	22,000
Quark Distribution, Inc.	264,000	264,000
Main Stem, Inc.	71,500	71,500
Poaster	25,000	25,000
	<u>\$ 541,699</u>	<u>\$ 541,699</u>

The cost and fair values of the shares at May 31, 2020 and November 30, 2019 are as follows:

	May 31, 2020	November 30, 2019
Cost	\$ 1,303,663	\$ 1,303,663
Fair value	<u>\$ 541,699</u>	<u>\$ 541,699</u>

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NOTE 8 – INVESTMENTS (continued)

Investments in associates

	Note	% Interest	Balance, May 31, 2020	Balance, November 30, 2019
FortGreen LLC	(a)	10%	\$ 155,287	\$ 155,287
FortNorth LLC	(b)	25%	209,437	209,437
FortOrange LLC	(c)	15%	378,989	378,989
			<u>\$ 743,713</u>	<u>\$ 743,713</u>

(a) FortGreen LLC

The Company holds a 10% member interest in FortGreen LLC (“FortGreen”), registered in the State of California, through its wholly owned subsidiary, M7 Properties II LLC.

(b) FortNorth LLC

The Company holds a 25% member interest in FortNorth LLC (“FortNorth”), registered in the State of California, through its wholly owned subsidiary, M7 Properties LLC.

(c) FortOrange LLC

The Company holds a 15% member interest in FortOrange LLC (“FortOrange”), registered in the State of California, through its wholly owned subsidiary, M7 Properties III LLC.

The following is a summary of aggregate financial information for the Company’s investments in associates as at May 31, 2020 and for the six months then ended:

	FortGreen LLC	FortNorth LLC	FortOrange LLC	May 31, 2020
	\$	\$	\$	\$
<i>Statement of financial position</i>				
Cash	198,235	118,588	126,000	442,823
Non-current assets	1,178,906	690,000	2,870,807	4,739,713
Current liabilities	(41,602)	(52,530)	(25,200)	(119,332)
<i>Statement of comprehensive loss</i>				
Revenue	55,755	55,125	151,200	262,080
Income from continuing operations	40,732	55,125	151,200	247,057

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NOTE 9 – INTANGIBLE ASSETS

	Website/ domain, development	Customer Relationships	Brand Names	Licenses/ Toll-free number	Total
Cost					
Balance, December 1, 2018	\$ 696,965	\$ 553,229	\$ 598,000	132,500	\$ 1,980,694
Additions	-	-	-	3,656,000	3,656,000
Balance, November 30, 2019 and May 31, 2020	\$ 696,965	\$ 553,229	\$ 598,000	\$ 3,788,500	\$ 5,636,694
Amortization					
Balance, December 1, 2018	\$ 696,965	\$ 345,434	\$ 116,597	\$ 132,500	\$ 1,291,496
Additions	-	119,221	59,800	172,916	351,937
Balance, November 30, 2019	696,965	464,655	176,397	305,416	1,643,433
Additions	-	5,144	29,900	366,799	401,842
Balance, May 31, 2020	\$ 696,965	\$ 469,799	\$ 206,297	\$ 672,215	\$ 2,045,275
Net book value					
November 30, 2019	\$ -	\$ 88,574	\$ 421,603	\$ 3,483,084	\$ 3,993,261
May 31, 2020	\$ -	\$ 83,430	\$ 391,703	\$ 3,116,285	\$ 3,591,419

Healthy Healing Holistic Options, Inc.

In June 2019, the Company entered into a stock purchase agreement to acquire 100% of the issued and outstanding equity securities of Healthy Healing Holistic Options Inc., a California corporation (“H3O”), conducting cannabis dispensary operations under the trade name “ShowGrow” in Santa Ana, California (“H3O Acquisition”). The consideration in connection with the H3O Acquisition consists of: (i) \$6,000,000 in cash; and (ii) a convertible secured promissory note (“H3O Note”) issued to the sellers in the principal amount of \$6,000,000, which has a term of 12 months, carries interest payable monthly at an annual interest rate of 12%, and is convertible at the option of the noteholders into Class A Common Shares of the Company at the higher of (a) \$3 per Class A Common Share or (b) a 20% discount to the volume weighted average price of the Class A Common Shares for the 10 trading days immediately preceding the conversion date. The H3O Note is secured by all assets of H3O and all equity securities of H3O owned by the Company.

At the time of the acquisition, the Company determined that H3O constituted a business as defined under IFRS 3, Business Combinations, and accounted for it as such on the date that control was acquired. The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values.

The Company performed an evaluation of the underlying assets acquired and determined that the license obtained supported a valuation of approximately \$3,081,000 and the excess of \$8,898,884 was allocated to goodwill, which primarily consisted of the assembled workforce.

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NOTE 9 – INTANGIBLE ASSETS (continued)

The purchase price allocation (“PPA”) is as follows:

Cash	\$ 35,000
Inventories	248,442
Property and equipment	15,797
Intangible assets	3,081,000
Goodwill	8,898,884
Accounts payable	(279,123)
Total consideration	<u>\$ 12,000,000</u>

For the six months ended May 31, 2020, the acquired business contributed to \$3,646,572 (date of acquisition to November 30, 2019 - \$1,512,976) of revenue, and a net income of \$70,078 (date of acquisition to November 30, 2019 - \$153,775).

During the six months ended May 31, 2020, the Company assumed additional liability of \$83,267, which was applied to Goodwill.

1-800-Cannabis

In June 2019, the Company entered into an asset purchase agreement to acquire all of the rights to the vanity toll-free number “1-800-Cannabis”, as well as a series of domain names of various derivations of the same toll-free number (“1-800-Cannabis Acquisition”). The consideration in connection with the 1-800-Cannabis Acquisition consisted of \$300,000 in cash and an unsecured convertible promissory note (“1-800-Cannabis Note”) issued to the sellers in the principal amount of \$275,000, which has a term of 12 months, carries interest accruing at an annual interest rate of 5%, and is convertible by the noteholders into Class A Common Shares of the Company at approximately \$2.39 per Class A Common Share. This intangible asset is be amortized over its estimated life of 3 years.

NOTE 10 – GOODWILL

The following table summarizes the continuity of the Company’s goodwill:

Balance, November 30, 2018 and 2017	\$ 2,940,980
Additions	
MyJane	1,675,483
M Delivers	2,352,158
H3O	8,898,884
	<u>12,926,525</u>
Impairment	(4,862,934)
Balance, November 30, 2019	<u>\$ 11,004,571</u>
Additions	
H3O	83,267
Davis	726,624
Balance, May 31, 2020	<u>\$ 11,814,462</u>

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NOTE 10 – GOODWILL (continued)

During the year ended November 30, 2019, the Company reviewed the goodwill balance and determined that the carrying amount for MyJane and M Delivers was impaired. At November 30, 2019, the carrying amount of goodwill of \$4,862,934 was removed from the balance sheet and recognized in the statement of comprehensive loss.

MyJane LLC

In January 2019, the Company, through its subsidiary MyJane LLC (“MyJane”), entered into an asset purchase agreement to acquire certain assets of MyJane, Inc., a California corporation (“MyJane Acquisition”). The consideration in connection with the MyJane Acquisitions consisted of 666,667 Class B Common Shares valued at \$1,500,001 issued by the Company to the selling shareholders and an additional 833,333 Class B Common Shares placed by the Company in escrow and subject to release from escrow in two tranches contingent upon the achievement of certain operational and financial milestones in connection with the operations of MyJane during the 18 months immediately following completion of the acquisition of MyJane. The first milestone was not achieved, and one-half of the escrowed shares have been cancelled. The second milestone has not yet been achieved, and management has deemed it unlikely that they will be achieved, and as such the remaining shares held in escrow were not valued or recorded.

MyJane sells curated cannabis products for women wellness. At the time of the acquisition, the Company determined that MyJane constituted a business as defined under IFRS 3, Business Combinations, and accounted for it as such on the date that control was acquired. The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values.

The PPA is as follows:

Inventories	\$ 26,620
Goodwill	1,675,483
Accounts payable	(202,102)
Total consideration	<u>\$ 1,500,001</u>

M Delivers NPMBC

In April 2019, the Company entered into a membership interest and asset purchase agreement and a debt cancellation and release agreement to acquire all rights, title and interest in M Delivers (“M Delivers”), a California non-profit mutual benefit corporation, and San Diego Delivery Solutions, LLC (“SDDS”), a California limited liability company, and title to certain intellectual properties that were previously owned by certain of the sellers (“M Delivers Acquisition”). The consideration in connection with the M Delivers Acquisitions consisted of 150,000 Class B Common Shares placed by the Company in escrow and subject to release from escrow contingent upon the achievement of certain operational milestones in connection with the operations of M Delivers; forgiveness of the balance outstanding under the existing \$1,500,000 secured line of credit promissory note, under which the Company had loaned M Delivers approximately \$1,699,396 through the acquisition date; and a Convertible Promissory Note (“M Delivers Note”) issued to one of the sellers in the principal amount of \$150,000, which has a term of 24 months, carries interest accruing at an annual interest rate of 5%, and is convertible at the option of the noteholder into Class B Common Shares of the Company at \$3 per Class B Common Share. In June 2020, the Company amended the M Delivers Note, whereby the maturity date will be October 2021 and, upon conversion, the M Delivers Note will convert into Class A Common Shares.

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NOTE 10 – GOODWILL (continued)

instead of Class B Common Shares. At the time of the acquisition, the Company determined that M Delivers constituted a business as defined under IFRS 3, Business Combinations, and accounted for it as such on the date that control was acquired. The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values.

The Company performed an evaluation of the underlying assets acquired and determined that there are no identifiable assets and the \$2,352,158 was allocated to goodwill, which primarily consisted of the assembled workforce.

The PPA is as follows:

Cash	\$	98,595
Inventories		34,144
Leasehold improvements		4,649
Other assets		3,490
Goodwill		2,352,158
Accounts payable		(189,119)
Accrued expenses		(117,021)
Convertible debenture		(150,000)
Total consideration	\$	<u>2,036,896</u>

Davis People's Harvest

In January 2020, the Company entered into a stock purchase agreement to acquire 100% of the issued and outstanding equity securities of Davis People's Harvest ("Davis People's Harvest"), a California corporation ("Davis Acquisition"). The consideration in connection with the Davis Acquisition consisted of an aggregate payment of \$280,000 in cash (unpaid and accounted for in notes payable); and a convertible secured promissory note ("Davis Note") issued to one of the sellers in the principal amount of \$240,000, which has a term of 12 months, carries interest accruing at an annual interest rate of 5%, and is convertible at the option of the noteholder into Class A Common Shares of the Company at the higher of (a) \$3 per Class A Common Share or (b) a 20% discount to the volume weighted average price of the Class A Common Shares for the 10 trading days immediately preceding the conversion date. The Davis Note is secured by all assets of Davis People's Harvest and all equity securities of Davis People's Harvest owned by the Company.

In addition, the Davis Acquisition provides for the issuance of 111,111 Class A Common Shares upon achieving certain milestones within the first 6 months. As the number of shares to be issued are fixed and are dependent on the occurrence of a future event, the fair value of the shares \$250,000 has been accounted for as equity.

The PPA is as follows. The PPA determined at the acquisition date is preliminary and subject to change up to a period of one year from the acquisition date upon finalization of fair value determination.

Cash	\$	13,409
Inventories		51,465
Vehicle		4,625
Goodwill		726,624
Accounts payable		(26,123)
Total consideration	\$	<u>770,000</u>

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NOTE 11 – ASSET ACQUISITION

In January 2020, the Company entered into a stock purchase agreement to acquire 100% of the issued and outstanding equity securities of Lady Chatterley Health (“Lady Chatterley”), a California corporation (“Lady Chatterley Acquisition”). The consideration in connection with the Lady Chatterley Acquisition consisted of (i) \$300,000 in cash (unpaid and accounted for in notes payable); and (ii) a convertible secured promissory note (“Lady Chatterley Note”) issued to the seller in the principal amount of \$300,000, which has a term of 12 months, carries interest accruing at an annual interest rate of 5%, and is convertible at the option of the noteholder into Class A Common Shares of the Company at the higher of (a) \$4.50 per Class A Common Share or (b) a 20% discount to the volume weighted average price of the Class A Common Shares for the 10 trading days immediately preceding the conversion date. The Lady Chatterley Note is secured by all assets of Lady Chatterley and all equity securities of Lady Chatterley owned by the Company.

The acquisition was accounted for as an asset acquisition. There were no intangible assets identified that met the recognition criteria under IFRS and therefore the excess of the consideration paid over the fair value of the monetary assets and liabilities assumed was expensed.

The details of the consideration paid and the assets and liabilities of Lady Chatterley assumed is as follows:

Consideration paid:	
Cash consideration (not paid – accounted for in notes payable)	\$ 300,000
Convertible debenture	300,000
	<u>600,000</u>
Less: Value of net liabilities assumed	
Cash	8,096
Accounts payable	(27,501)
Net liabilities assumed	<u>(19,405)</u>
Acquisition expense	<u>\$ 619,405</u>

Subsequently, on May 27, 2020, the Company entered into a letter agreement, whereby the parties mutually terminated the stock purchase agreement. Per the letter agreement, the Company was released from all obligations from the stock purchase agreement and the Lady Chatterley Note and corresponding convertible debenture was forgiven.

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NOTE 12 – SECURITY DEPOSITS

Security deposits is comprised of the following:

	Brisbane Property	Long Beach Property	Oakland Property	Santa Ana Property	City of Commerce Property	Other	Total
Balance, November 30, 2018	\$ 220,228	\$ 106,200	\$ 105,000	\$ -	\$ 50,000	\$ 1,000	\$ 482,428
Additions	-	-	-	43,200	65,000	-	108,200
Partial returns of deposits	-	(79,620)	(52,470)	-	-	-	(132,090)
Balance, November 30, 2019	\$ 220,228	\$ 26,580	\$ 52,530	\$ 43,200	\$ 115,000	\$ 1,000	\$ 458,538
Additions	-	-	-	-	-	29,954	29,954
Balance, May 31, 2020	<u>\$ 220,228</u>	<u>\$ 26,580</u>	<u>\$ 52,530</u>	<u>\$ 43,200</u>	<u>\$ 115,000</u>	<u>\$ 30,954</u>	<u>\$ 488,492</u>

The Company has commenced with the establishment of distribution and retail facilities in various locations throughout California, including Long Beach, Oakland, and Brisbane. The licensing, plans and construction of these facilities are in process. Under current plans, the Company will not own the properties directly, but instead will maintain an investment in special purpose entities owned by Company executives or other affiliated entities and enter into certain lease or distribution arrangements with these entities; however, the Company did initially need to fund security deposits on these properties.

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NOTE 13 – PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	Computers and equipment	Vehicles	Leasehold Improvements	Total
Cost				
Balance, December 1, 2018	\$ 17,951	\$ 59,040	\$ 79,383	\$ 156,374
Additions	127,034	181,974	377,428	686,436
Balance, November 30, 2019	144,985	241,014	456,811	842,810
Additions	-	186,934	107,763	294,697
Disposals	-	(17,760)	-	(17,760)
Balance, May 31, 2020	<u>\$ 144,985</u>	<u>\$ 410,188</u>	<u>\$ 565,574</u>	<u>\$ 1,119,747</u>
Amortization				
Balance, December 1, 2018	\$ 6,718	\$ 2,952	\$ -	\$ 9,670
Charge for year	15,773	23,549	63,757	103,079
Balance, November 30, 2019	22,491	26,501	63,757	112,749
Charge for period	15,030	37,736	51,000	103,766
Disposals	-	(444)	-	(444)
Balance, May 31, 2020	<u>\$ 37,521</u>	<u>\$ 63,793</u>	<u>\$ 114,757</u>	<u>\$ 214,571</u>
Net book value				
November 30, 2019	\$ 122,494	\$ 214,513	\$ 393,054	\$ 730,061
May 31, 2020	<u>\$ 107,464</u>	<u>\$ 346,395</u>	<u>\$ 450,817</u>	<u>\$ 903,676</u>

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NOTE 14 – RIGHT OF USE ASSETS

The Company's right-of-use asset relates to the lease of retail spaces and office spaces.

On adoption of IFRS 16, the group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of December 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on December 1, 2019 was 9.5%.

Cost:		
Balance at December 1, 2019, on adoption of IFRS 16	\$	5,103,428
Accumulated amortization:		
Balance at December 1, 2019, on adoption of IFRS 16		-
Depreciation for the period		588,424
Balance, May 31, 2020		588,424
Net book value:		
As at December 1, 2019, on adoption of IFRS 16		5,103,428
As of May 31, 2020	\$	4,515,004

NOTE 15 – LEASE LIABILITIES

Balance at December 1, 2019, on adoption of IFRS 16	\$	5,463,591
Interest expense		257,180
Lease payments		(690,307)
Balance, May 31, 2020		5,030,464
Which consist of:		
Current lease liability		1,499,142
Non-current lease liability		3,531,322
	\$	5,030,464

NOTE 16 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

	May 31, 2020	November 30, 2019
Trade payables	\$ 4,949,932	\$ 2,750,270
Accrued liabilities	744,362	926,467
	\$ 5,724,294	\$ 3,676,737

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NOTE 17 – RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel, not including normal employee compensation, made during the six months ended May 31, 2020 and May 31, 2019 is set out below:

	May 31, 2020	May 31, 2019
Management fees	\$ 445,500	\$ 143,467
	<u>\$ 445,500</u>	<u>\$ 143,467</u>

As at May 31, 2020, \$52,800 (November 30, 2019 - \$52,800) was owed to former employees. Amounts owing were non-interest bearing and unsecured.

NOTE 18 – CONVERTIBLE DEBENTURES

Issuances during the six months ended May 31, 2020

During the six-month period ended May 31, 2020, the Company issued convertible notes payable and warrants to third parties for gross proceeds of \$591,000, and \$435,000 of outstanding payroll liability which was converted into convertible debentures. All of the convertible debentures have similar terms: interest accrues daily and compounds monthly at 15% per annum, principal and interest are due within 18 months year from issuance, and each convertible note is convertible into Class A Common Shares of the Company at a price initially set at \$3.00 per share, which is adjustable to a 20% discount to the price per share offered in any initial public offering ("IPO").

As discussed in Note 10, the Company entered into a stock purchase agreement in connection with the Davis Acquisition. The consideration in connection with the Davis Acquisition included the Davis Note issued to one of the sellers in the principal amount of \$240,000, which has a term of 12 months, carries interest accruing at an annual interest rate of 5%, and is convertible at the option of the noteholder into Class A Common Shares of the Company at the higher of (a) \$3.00 per Class A Common Share or (b) a 20% discount to the volume weighted average price of the Class A Common Shares for the 10 trading days immediately preceding the conversion date. The Davis Note is secured by all assets of Davis People's Harvest and all equity securities of Davis People's Harvest owned by the Company. The Davis Note contains an embedded derivative representing the conversion feature.

As discussed in Note 11, the Company entered into a stock purchase agreement in connection with the Lady Chatterley Acquisition. The consideration in connection with the Lady Chatterley Acquisition included the Lady Chatterley Note issued to the seller in the principal amount of \$300,000, which has a term of 12 months, carries interest accruing at an annual interest rate of 5%, and is convertible at the option of the noteholder into Class A Common Shares of the Company at the higher of (a) \$4.50 per Class A Common Share or (b) a 20% discount to the volume weighted average price of the Class A Common Shares for the 10 trading days immediately preceding the conversion date. The Lady Chatterley Note is secured by all assets of Lady Chatterley and all equity securities of Lady Chatterley owned by the Company. The Lady Chatterley Note contains an embedded derivative representing the conversion feature. Subsequently, on May 27, 2020, the Company entered into a letter agreement, whereby the parties mutually terminated the stock purchase agreement. Per the letter agreement, the

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NOTE 18 – CONVERTIBLE DEBENTURES (continued)

Company was released from all obligations from the stock purchase agreement and the Lady Chatterley Note and corresponding convertible debenture was forgiven.

Issuances during the year ended November 30, 2019

As discussed in Note 9, the Company entered into a stock purchase agreement in connection with the H3O Acquisition. The consideration in connection with the H3O Acquisition included the H3O Note issued to the sellers in the principal amount of \$6,000,000, which has a term of 12 months, carries interest payable monthly at an annual interest rate of 12%, and is convertible at the option of the noteholders into Class A Common Shares of the Company at the higher of (a) \$3.00 per Class A Common Share or (b) a 20% discount to the volume weighted average price of the Class A Common Shares for the 10 trading days immediately preceding the conversion date. The H3O Note is secured by all assets of H3O and all equity securities of H3O owned by the Issuer. The H3O Note contains an embedded derivative representing the conversion feature.

As discussed in Note 9, the Company entered into an asset purchase agreement in connection with the 1-800-Cannabis Acquisition. The consideration in connection with the 1-800-Cannabis Acquisition included the 1-800-Cannabis Note issued to the sellers in the principal amount of \$275,000, which has a term of 12 months, carries interest accruing at an annual interest rate of 5%, and is convertible at the option of the noteholders into Class A Common Shares of the Company at approximately \$2.39 per Class A Common Share. This intangible asset will be amortized over its estimated life of 3 years. The 1-800-Cannabis Note contains an embedded derivative representing the conversion feature.

As discussed in Note 10, the Company entered into a membership interest and asset purchase agreement and a Debt Cancellation and Release Agreement in connection with the M Delivers Acquisitions. The consideration in connection with the M Delivers Acquisition included the M Delivers Note issued to one of the sellers in the principal amount of \$150,000, which has a term of 24 months, carries interest accruing at an annual interest rate of 5%, and is convertible at the option of the noteholder into Class B Common Shares of the Company at a rate of \$3.00 per Class B Common Share. In June 2020, the Company amended the M Delivers Note, whereby the maturity date will be October 2021 and, upon conversion, the M Delivers Note will convert into Class A Common Shares instead of Class B Common Shares. The M Delivers Note contains an embedded derivative representing the conversion feature, as due to triggering events in the debt that lead to a change in the conversion price, the conversion option does into meet the fixed-for-fixed test.

Issuances during the year ended November 30, 2018

During the year ended November 30, 2018, the Company issued convertible notes payable and warrants to third parties for gross proceeds of \$2,650,026 in two groups: Senior Convertible Notes of \$2,030,000 and Subordinated Convertible Notes of \$620,026. As part of the convertible debentures financing, the Company issued 140,735 Class A Common Shares as finder's fee with a fair value of \$316,654.

All of the convertible debentures have similar terms: interest accrues daily and compounds monthly at 10% per annum, principal and interest are due within one year from issuance, and each convertible note is convertible into Class A Common Shares of the Company at a price initially set at \$2.50 per share, which is adjustable to a 30% discount to the price per share offered in any initial public offering ("IPO"), if the convertible notes are converted as part of the IPO, subject to a minimum price of \$2.25 and a maximum price of \$2.75 per share. If the convertible notes are converted not in connection with an IPO, the conversion price will be adjusted to the ceiling of \$2.75 per share.

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NOTE 18 – CONVERTIBLE DEBENTURES (continued)

The Senior Convertible Notes rank in priority to any other outstanding notes payable, including the Subordinated Convertible Notes, but otherwise these note tranches are similar in their terms. The convertible note agreements do not contain any specific collateral, but do contain certain restrictions on the Company's ability to dispose of significant portions of its assets, to enter into additional future indebtedness outside of these convertible note offerings, or to enter into any equity funding transactions at prices that would dilute the value of the Company's common shares.

A continuity of Senior and Subordinated convertible debentures for the six months ended May 31, 2020 and the year ended November 30, 2019 is as follows:

	Senior Convertible Notes	Subordinated Convertible Notes	Total
Balance, December 1, 2018	\$ 2,971,460	\$ 1,363,862	\$ 4,335,322
Convertible debt issued	-	6,425,000	6,425,000
Derivative liability	-	(1,504,938)	(1,504,938)
Accretion expense	5,100	614,913	620,013
Interest expenses, net	338,723	320,230	658,953
Balance, November 30, 2019	\$ 3,314,283	\$ 7,219,067	\$ 10,533,350
Convertible debt issued	-	1,281,584	1,281,584
Derivative liability	-	(241,608)	(241,608)
Accretion expense	-	787,588	787,588
Interest expenses, net	180,846	459,070	639,916
Balance, May 31, 2020	\$ 3,495,129	\$ 9,505,701	\$ 13,000,830

Derivative liability

The convertible notes contain an embedded derivative representing the conversion feature, as due to triggering events in the debt that lead to a change in the conversion price, the conversion option does into meet the fixed-for-fixed test.

A continuity of derivative liability for the three months ended May 31, 2020 and the year ended November 30, 2019 is as follows:

	Senior Convertible Notes	Subordinated Convertible Notes	Total
Balance, December 1, 2018	\$ 2,693,325	\$ 1,082,407	\$ 3,775,732
Derivative liability on convertible note	-	1,504,938	1,504,938
Change in fair value	(322,256)	(475,808)	(798,064)
Balance, November 30, 2019	\$ 2,371,069	\$ 2,111,537	\$ 4,482,606
Derivative liability on convertible note	-	241,608	241,608
Change in fair value	(1,365,905)	(1,377,803)	(2,743,708)
Balance, May 31, 2020	\$ 1,005,164	\$ 975,342	\$ 1,980,507

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NOTE 18 – CONVERTIBLE DEBENTURES (continued)

The fair values of the derivative liability were estimated using the Black-Scholes Option Pricing Model using the following assumptions.

- The stock price was based upon the most recent share issuance price for shares issued to third parties;
- The risk-free interest rate assumption is based on the US Department of Treasury interest rates for a period consistent with the expected term of the option in effect at the time of the grant;
- The Company does not pay dividends on common stock and does not anticipate paying dividends on its common stock in the foreseeable future. Therefore, the expected dividend rate was 0%;
- The expected life of the derivative liability was estimated to be 67% of the remaining contractual term which is based on the estimated date that the Company anticipates for the initial public offering; and
- The expected volatility was based off the average volatility of comparable companies over a period equivalent to the expected life of the derivative liability.

NOTE 19 – NOTES PAYABLE

A continuity of notes payable is as follows:

	May 31, 2020	November 30, 2019
Opening balance	\$ 1,033,630	\$ 750,359
Issuance of notes payable	4,426,717	1,063,923
Transaction costs	-	(90,000)
Repayment of notes payable	(2,429,785)	(353,520)
Noncash elimination of notes payable	(300,000)	(360,000)
Accretion expense	-	22,868
Interest expense	541,267	39,044
Interest repaid	(463,289)	(39,044)
Ending balance	\$ 2,808,540	\$ 1,033,630

- I. In December 2017, the Company entered into promissory notes, whereby the Company would pay \$392,000 through short-term notes payable. These notes were due on January 2, 2018, unsecured and include a fixed fee of 10%, amounting to \$30,000, included in interest expense. As part of the agreement, the Company issued 30,000 Class A Common Shares to the note holders as equity consideration. These shares were valued at \$2.25 per share for a total of \$67,500, which were recognized as professional fees.

During the year ended November 30, 2018, \$373,000 of the principal and fees was repaid. As at May 31, 2020, the outstanding balance is \$49,000 (November 30, 2019: \$49,000) and the short-term notes is in default.

- II. In August 2018, the Company entered into a lending application with one of its distributors, whereby the Company would pay \$412,000 through short-term notes payable. The note bore interest at 15.22% per annum and matured in August 2019. As at November 30, 2019, the note and all accrued interest has been paid in full and the outstanding balance is \$nil (2018: \$310,357). During the year ended November 30, 2019, the Company recognized and repaid \$19,981 in interest expense and repaid \$310,357 in principal.

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NOTE 19 – NOTES PAYABLE (continued)

On July 31, 2019, the Company entered into a new note with the same distributor for total borrowing of \$501,000. The note is interest bearing at 15.22% per annum, matures in February 2021 and is secured by assets now owned or which may be acquired in the future of the Company's Arizona based subsidiaries, comprised of Rolling Paper Depot, CM Sales and Dargos Ventures. As at May 31, 2020, \$471,000 is outstanding. During the six months ended May 31, 2020, the Company recognized and repaid \$29,911 in interest expense.

- III. In September 2018, the Company entered into commercial insurance premium finance and security agreements, whereby the Company would pay \$35,996 through short-term notes payable. The notes matured in June 2019, interest bearing at 9 – 11% per annum and unsecured. In September 2019, the Company entered into similar insurance financing totaling \$62,923. As at May 31, 2020, the outstanding principal was \$26,282 (November 30, 2019: \$50,761).
- IV. In July 2017, the Company entered into a purchase and sale agreement with an existing shareholder to sell its investment portfolio, along with certain intangible assets with a net book value of \$60,000, for a combined sale price of approximately \$1,564,000, subject to certain contingencies. The contingencies were removed subsequent to November 30, 2017. The purchase price was scheduled to be remitted to the Company in increments through November 2018.

During the year ended November 30, 2018, the Company received \$410,000 of the scheduled proceeds, of which \$50,000 was applied toward convertible debenture with the existing shareholder. The note was non-interest bearing, unsecured and due on demand. During the year ended November 30, 2019, it was deemed that the sale of an individual investment (GCH) had been consummated and the title had transferred for proceeds received. As a result, the remaining note payable balance of \$360,000 was removed from notes payable. The underlying investment value of \$499,970 was also removed from the balance sheet and a loss on investment of \$139,970 was recognized at the time of recording (Note 8).

- V. In September 2019, the Company entered into a promissory note related to its investment in FortOrange LLC, whereby the Company would pay \$250,000 through a short-term note payable. This promissory note, as amended, is due on August 7, 2020 and bears interest 12% per annum. As at May 31, 2020, the outstanding principal was \$257,746 (November 30, 2019: \$250,000).
- VI. In October 2019, the Company entered into a promissory note, whereby the Company would pay \$250,000 through a short-term note payable. This promissory note, bears interest at 10% per annum. On January 8, 2020, this promissory note was amended to mature on February 28, 2020 and the Company issued 60,000 Class A shares as additional consideration. This promissory note has been further amended to extend maturity to July 31, 2020. As at May 31, 2020, the outstanding principal was \$129,155 (November 30, 2019: \$250,000).
- VII. In January 2020, the Company entered into a promissory note, whereby the Company would pay \$250,000 through a short-term note payable. This promissory note is non-interest bearing, unsecured with an original maturity of March 15, 2020. This promissory note has been amended to extend maturity to July 31, 2020. As at May 31, 2020, the outstanding principal was \$250,000. In relation to the note, the Company paid a one-time fee of \$25,000.

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NOTE 19 – NOTES PAYABLE (continued)

- VIII. As discussed in Note 10, the Company entered into a Stock Purchase Agreement in connection with the Davis Acquisition. The consideration in connection with the Davis Acquisition included a cash payment of \$280,000 in aggregate, which was accounted for as a note payable and is non-interest bearing and due on demand; and the Davis Note, which is secured by all assets of Davis People's Harvest and all equity securities of Davis People's Harvest owned by the Company.
- IX. As discussed in Note 11, the Company entered into a stock purchase agreement in connection with the Lady Chatterley Acquisition. The consideration in connection with the Lady Chatterley Acquisition included a cash payment of \$300,000, which was accounted for as a note payable and is non-interest bearing and due on demand; and the Lady Chatterley Note, which is secured by all assets of Lady Chatterley and all equity securities of Lady Chatterley owned by the Company. On May 27, 2020, the Company entered into a letter agreement, whereby the parties mutually terminated the stock purchase agreement. Per the letter agreement, the Company was released from all obligations from the stock purchase agreement and the Lady Chatterley Note and corresponding convertible debenture was forgiven.
- X. In January 2020, the Company entered into a promissory note with the CFO, whereby the Company would pay \$290,000 through a short-term note payable. This note is non-interest bearing, unsecured and due on demand. During the six months ended May 31, 2020, the Company repaid \$200,000. As at May 31, 2020, the outstanding principal was \$90,000.
- XI. During the six months ended May 31, 2020, the Company entered into various promissory notes, whereby the Company would pay \$1,047,975 through short-term notes payable. The notes are interest bearing at various rates, due on demand and unsecured. During the six months ended May 31, 2020, the Company repaid \$458,708. As at May 31, 2020, the outstanding principal was \$770,100.

NOTE 20 – COMMITMENTS AND CONTINGENCIES

Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in The Company terminating a member of the key management. At separation, it is estimated that there were amounts due to the individual amounting to approximately \$52,800. The company has accrued for this amount at May 31, 2020, expected to be paid after resolution of remaining points of contention between the parties.

In January 2018, a Company executive and board member, who had been employed with the Company since the acquisition of certain assets of Space Brain, LLC and Fleet Feet Delivery, LLC ("Speed Weed") in February 2017, tendered his notice of termination of his employment agreement with the Company. Two additional Company employees, also employed as part of the acquisition of Speed Weed, resigned around the same time. These three individuals were the principals of Speed Weed prior to its acquisition by the Company. In March 2018, the Company was named as a co-defendant in litigation filed by these former employees, through Space Brain, LLC and Fleet Feet Delivery, LLC, the predecessor companies of the acquired Speed Weed business. The litigation claimed breach of contract and fraud against the Company and certain of its representatives.

Plaintiffs were seeking compensation for claimed damages and the rescinding of the original purchase agreement in which the Company acquired Speed Weed.

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NOTE 20 – COMMITMENTS AND CONTINGENCIES (continued)

Management anticipated that resolution may result in the rescinding of the original purchase agreement, which would result in the deconsolidation of Speed Weed and the return of the significant portion of the shares issued and the termination of warrants issued in connection with that agreement. The Company has consolidated Speed Weed for the year ended November 30, 2018 and recognized all expense expected to result from this separation.

During the year ended November 30, 2019, the Company settled its ongoing litigation with the previous owners of Speed Weed. The settlement called for the payment of \$775,000, previously recognized in accrued liabilities, by the Company, along with the relinquishment of any remaining assets from the original acquisition and the period of time that Speed Weed was operated as a consolidated subsidiary. In addition, the Company received the return of 485,000 shares of the Company's common stock originally issued by the Company in the acquisition.

NOTE 21 – SHARE CAPITAL

Authorized

10,000,000 Preferred Shares, par value of \$0.001 per share.

100,000,000 Class A Common Shares, par value of \$0.001 per share.

10,000,000 Class B Common Shares, par value of \$0.001 per share.

Issued

Six months ended May 31, 2020

During the six months ended May 31, 2020, the Company issued 578,076 Class A Common Shares for proceeds of \$1,967,891. In connection to the issuance, the Company issued 228,943 warrants, with each warrant exercisable into one Class A Common Share at \$6.75 for 18 months.

During the six months ended May 31, 2020, the Company issued 340,500 Class A Common Shares with a fair value of \$766,125 for consulting services rendered.

During the six months ended May 31, 2020, the Company issued 141,111 Class A Common Shares for penalty interest on notes payable.

As discussed in Note 10, the Company entered into a stock purchase agreement in connection with the Davis Acquisition. As part of consideration, the Company will issue 111,111 Class A Common Shares upon achieving certain milestones within the first 6 months. As the number of shares to be issued are fixed and are dependent on the occurrence of a future event, the fair value of the shares \$250,000 has been accounted for as equity.

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NOTE 21 – SHARE CAPITAL (continued)

Warrants

	Number	Weighted average exercise price	Weighted average life (years)
Balance, December 1, 2018	2,259,156	\$ 2.89	1.66
Issued	125,926	2.25	3.00
Exercised	(111,112)	0.10	1.00
Balance, November 30, 2019	2,273,970	\$ 2.75	1.50
Issued	228,943	6.75	1.50
Balance, May 31, 2020	2,502,913	\$ 3.12	1.50

Stock Options

	Number	Weighted average exercise price	Weighted average life (years)
Balance, December 1, 2018	2,594,158	\$ 2.35	3.72
Issued	320,000	3.00	5.00
Expired	(29,000)	-	-
Balance outstanding, November 30, 2019	2,885,158	\$ 2.58	0.58
Expired	(50,341)	-	-
Balance outstanding, May 31, 2020	2,834,817	\$ 2.59	0.45
Balance exercisable, May 31, 2020	2,793,240	\$ 2.63	0.45

In aggregate, the Company recognized \$34,271 in stock-based compensation for options granted and/or vesting during the six months ended May 31, 2020 (2019 - \$288,426).

The fair values of options granted during the year ended November 30, 2019 were estimated using the Black-Scholes Option Pricing Model using the following inputs:

	November 30, 2019
Risk-free interest rate	2.18%
Expected life (years)	2.12
Expected volatility	116.80%
Expected dividend yield	0%
Forfeiture rate	0%

Reserve

The reserve records items recognized as share-based payments until such time of exercise, when the corresponding amount is transferred to share capital. The reserve also records a share premium for proceeds received from the issuance of common shares in excess of the par value.

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NOTE 21 – SHARE CAPITAL (continued)

During the year ended November 30, 2019, the Company issued Senior Convertible Notes payable and warrants to third parties for gross proceeds of \$248,700. The convertible note is automatically converted as at the expiry date of 2 years and thus was accounted for as reserve.

NOTE 22 – SUPPLEMENTAL CASH FLOW INFORMATION

	May 31, 2020	February 28, 2019
Non-cash financing and investing transactions:		
Convertible note and note payable for acquisition of Davis	\$ 520,000	\$ -
Common shares issued to acquire Davis	\$ 250,000	\$ -
Transition accounting for IFRS 16 leases	\$ 5,103,428	\$ -
Common shares issued to acquire MyJane	\$ -	\$ 1,500,001

NOTE 23 – SEGMENT INFORMATION

The Company operates three business units, or segments: Regulated, Unregulated, and Solutions. Financial information by business segment is as follows:

	Regulated	Unregulated	Solutions	Total
Revenue:				
2020	\$ 5,738,486	\$ 3,245,796	\$ 75,084	\$ 9,059,366
2019	1,115,587	2,721,587	330,090	4,167,264
Loss from operations:				
2020	\$ (1,665,110)	\$ (1,388,242)	\$ (3,570,521)	\$ (6,623,873)
2019	(1,827,152)	(740,400)	(3,782,871)	(6,350,423)
Depreciation and amortization:				
2020	\$ 359,279	\$ 56,008	\$ 404,478	\$ 819,765
2019	-	92,462	23,238	115,700
Interest expense:				
2020	\$ 11,616	\$ 30,111	\$ 1,667,248	\$ 1,708,975
2019	181	18,335	223,507	242,023

As at May 31, 2020 and November 30, 2019:

Goodwill:				
May 31, 2020	\$ 8,873,482	\$ 2,564,050	\$ 376,930	\$ 11,814,462
November 30, 2019	\$ 8,063,591	\$ 2,564,050	\$ 376,930	\$ 11,004,571
Total assets:				
May 31, 2020	\$ 14,334,266	\$ 3,961,490	\$ 8,113,246	\$ 26,409,002
November 30, 2019	\$ 13,589,931	\$ 4,052,925	\$ 3,153,577	\$ 20,796,433
Total liabilities:				
May 31, 2020	\$ 2,835,440	\$ 1,106,333	\$ 25,252,599	\$ 29,194,372
November 30, 2019	\$ 3,649,943	\$ 735,245	\$ 15,443,400	\$ 19,828,588

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NOTE 24 – SUBSEQUENT EVENTS

The Company has entered into short term notes payable totaling approximately \$400,000.

In June 2020, the Company (i) issued 1,242,500 options, 3,343,889 warrants and 7,449,833 Class B Common Shares to certain employees for services rendered, and (ii) cancelled 3,403,333 options previously issued to certain officers and directors of the Company.

The Company and certain holders of outstanding Senior Convertible Notes, amended and restated the Senior Convertible Notes on July 1, 2020, to, among other amendments, (i) adjust the annual interest rate, conversion mechanism, covenants and warrant terms, (ii) extend the maturity date to October 31, 2021, and (iii) grant certain governance rights to the holders of such notes.

APPENDIX "F"
MJIC ANNUAL MD&A

(see attached)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF MJIC, INC. FOR THE YEAR ENDING NOVEMBER 30, 2019

This "Management's Discussion and Analysis" ("MD&A") of MJIC, Inc. (the "Company", "MJIC") has been prepared as of June 12, 2020 and should be read in conjunction with the audited consolidated financial statements of the Company for the year ending November 30, 2019. The Company's audited consolidated financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in US dollars (\$) unless otherwise stated. All financial analysis, data and information set out in this MD&A are un-audited.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain "forward-looking statements" about the Company. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, milestones, strategies and outlook of the Company, including but not limited to statements relating to:

- our expectations regarding our revenue, expenses and operations;
- our anticipated cash needs and our needs for additional financing;
- our intention to grow our business and operations;
- expectations with respect to future production costs and capacity;
- expectations with respect to the approval of our licenses;
- expectations with respect to the future growth of our cannabis services, including delivery mechanisms;
- our competitive position and the regulatory environment in which we operate;
- any commentary related to the legalization of medical and medical cannabis under United States federal law and the timing related to such legalization;
- our intention to exploit opportunities for the transport, delivery, distribution and sale of Cannabis Products (as defined herein) in the United States;
- our belief that it will not trigger any of the United States federal enforcement priorities set forth in the *Cole Memorandum* (as defined herein);
- our belief that it can use the ruling in the McIntosh case (as defined herein) as a defense against any prosecution by United States federal authorities related to cannabis laws;
- our expected business objectives for the next twelve months; and
- our ability to obtain additional funds through the sale of equity or debt commitments.

Forward-looking statements include statements that are predictive in nature and depend upon or refer to future events or conditions. Examples of the assumptions underlying the forward-looking statements contained herein include, but are not limited to:

- the timing and amount of capital expenditures;
- future exchange rates;
- the impact of increasing competition;
- conditions in general economic and financial markets;

- access to capital;
- future operating costs;
- our ability to successfully execute our plans and intentions;
- our ability to attract and retain skilled staff;
- market competition;
- the products and technology offered by our competitors;
- that our current good relationships with our suppliers, service providers and other third parties will be maintained;
- government regulations, including future legislative and regulatory developments involving medical and recreational marijuana and the timing thereto;
- obtaining the necessary regulatory approvals;
- the effects of regulation by governmental agencies;
- the anticipated changes to laws regarding the recreational use of cannabis;
- the demand for cannabis products and corresponding forecasted increase in revenues; and
- the size of the medical marijuana market and the recreational marijuana market.

Other assumptions on which the forward-looking information contained herein is predicated are set out in this MD&A.

By its nature, forward-looking information is subject to risks and uncertainties, and there are a variety of material factors, many of which are beyond the control of the Company, that may cause actual outcomes to differ materially from those discussed in the forward-looking statements. These factors include, but are not limited to: limited operating history; reliance on management; additional financing; profitability of the Company; ongoing costs and obligations; competition; future acquisition or disposition; product liability; product recalls; product approvals; promotion and maintenance of brands; dependence on suppliers and skilled labour; management of growth; intellectual property risks; security breaches; client acquisitions; changes in laws, regulations and guidelines; constraints on marketing products; uncertainty surrounding existing protection from U.S. federal prosecution; cannabis continues to be illegal under U.S. federal law; volatility in the market price of the shares; and management's success in anticipating and managing the foregoing factors, as well as the risks described under "*Risk Factors*" and other risks set out in this MD&A.

These forward-looking statements are made as of the date of this MD&A and, other than as specifically required by law, the Company does not assume any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

BUSINESS OVERVIEW

The Company's operations in the Cannabis Industry involve both business-to-business ("B2B") transactions involving the wholesaling, distribution, and transportation of Cannabis Products on behalf of licensed Cannabis Operators, and business-to-consumer ("B2C") transactions involving the retail sale of Cannabis Products directly to consumers. The other key component of the Company's consolidated enterprise is its operations in the Ancillary Industry, which are conducted out of the Tempe Property and involve the B2B and B2C commercialization of Ancillary Products, which can be produced, marketed, and sold with far fewer geographic restrictions and to a much broader customer base.

The Company believes that by assimilating its cannabis operations with its ancillary operations, while also integrating its B2B distribution strategy with its B2C retail channels, the Company will be able to create a platform that acts as a singular access point across all available commercial channels to provide businesses and consumers universalized access to Cannabis Products and Ancillary Products. Ancillary Products are often used by consumers of Cannabis Products, which the Company believes may result in overlap between the customer bases served by the Company's operations in the Cannabis Industry and Ancillary Industry and create opportunities for the Company drive revenue growth by cross-selling Cannabis Products and Ancillary Products.

B2B Operations

The Company engages in the wholesaling, distribution, and transportation of Cannabis Products on behalf of licensed Cannabis Operators and Ancillary Products on behalf of licensed Cannabis Operators and applicable Ancillary Operators by way of certain of the Company's existing and future subsidiaries and Affiliates, including, in connection with the Company's regulated operations, those that hold the applicable licenses required to conduct cannabis distribution operations. The Company's B2B service offering includes wholesale-to-retail distribution; bulk cannabis flower, biomass, and oil brokerage; secured logistics, transportation, and storage; collection and remittance of applicable fees and taxes; quality assurance and arranging for testing by licensed, certified laboratories; and sales and marketing support. The Company provides such services to licensed Cannabis Operators seeking assistance with long-haul transportation and local just-in-time fulfillment of Cannabis Products on an intrastate basis in California, as well as to applicable Ancillary Operators on a national and, in certain cases, global basis.

B2C Operations

The Company's B2C strategy encompasses the retail sale of Cannabis Products and Ancillary Products directly to consumers through all available legal retail channels, including brick-and-mortar dispensaries, local on-demand delivery and subscription services, and transactional and subscription-based e-commerce platforms. In each of the major metropolitan markets the Company is targeting for its cannabis operations, the Company is augmenting its B2B strategy by obtaining additional cannabis licenses that allow it to engage in the retail sale of Cannabis Products directly to consumers. The Company's B2C operations are currently conducted under the following trade names:

- The Company engages in the retail sale of Cannabis Products through brick-and-mortar dispensaries and local on-demand delivery services under the trade name "Weden" and by way of certain of the Company's existing and future subsidiaries and Affiliates that hold the applicable licenses required to conduct cannabis dispensary and/or delivery operations. Collectively, the operations of Weden sell to nearly 120,000 unique customers throughout California and are supported by a centralized customer service call center accessible through the telephone number 1-800-CANNABIS and associated domain names, as well as a proprietary transactional e-commerce platform (weden.com).
- The Company engages in the retail sale of Cannabis Products through subscription services under the trade name "MyJane" and by way of certain of the Company's existing and future subsidiaries and Affiliates that hold the applicable licenses required to conduct cannabis operations. The operations of MyJane are supported by a proprietary subscription-based e-commerce platform

(myjane.com) and are currently focused primarily on female consumers.

- The Company engages in the retail sale of Ancillary Products through transactional and subscription-based e-commerce platforms under the trade names "Rolling Paper Depot", "Hippie Butler", "PuffPack", and "White Coat Hemp Co", and by way of certain of the Company's existing and future subsidiaries. The operations of Rolling Paper Depot are conducted through a proprietary e-commerce platform (rollingpaperdepot.com) and such third-party e-commerce platforms as amazon.com, jet.com, ebay.com, and groupon.com. The operations of Hippie Butler, Puff Pack, and White Coat Hemp Co are conducted through proprietary e-commerce platforms (hippiebutler.com, thepuffpack.com, and whitecoathempco.com). Collectively, Rolling Paper Depot, Hippie Butler, PuffPack, and White Coat Hemp Co sell to nearly 550,000 unique consumers throughout the United States and around the world and carry inventory consisting of over 3,000 unique products and product bundles, including products produced by some of the most recognized brand names in the Ancillary Industry, such as "RAW" and "Zig-Zag".

As part of its broader B2B value proposition to the Cannabis Industry and the Ancillary Industry, the Company's team of financial and accounting professionals provide a comprehensive suite of value-added financial services. These professional services are intended to assist Cannabis Operators develop and implement best practices, policies, and procedures to achieve and maintain ongoing financial oversight, planning, and reporting in a highly-regulated and rapidly-evolving regulatory environment. The Company operates under the trade name "CFO Worldwide" to provide such services as outsourced CFO, financial reporting and oversight, bookkeeping, business planning, financial modeling, transactional packaging, creation of transactional collateral and marketing materials, asset and enterprise valuations, and market research and analysis.

Recent Developments

The following material events have transpired since the commencement of the fiscal year 2019 in connection with the Company's operations.

Brisbane Property

In September 2018, Brisbane Distribution Solutions, LLC ("BDS"), a California limited liability company and subsidiary of M7R, entered into a Lease Agreement to lease 100% of a 15,885 square foot industrial warehouse property in Brisbane, California (the "Brisbane Property"). In September 2018, Peninsula Distribution Solutions, LLC ("PDIS"), a California limited liability company and subsidiary of M7R, entered into a Sublease Agreement with BDS for the purpose of conducting cannabis distribution and manufacturing operations and Peninsula Delivery Solutions, LLC ("PDES"), a California limited liability company and subsidiary of M7R, entered into a Sublease Agreement with BDS for the purpose of conducting cannabis delivery operations.

In December 2018, PDIS and PDES were issued a conditional use permit by the City of Brisbane allowing for medicinal and adult-use cannabis distribution, manufacturing, and delivery operations, PDIS was issued a temporary medicinal and adult-use distribution license by the BCC and a temporary medicinal and adult-use manufacturing license by the CDPH, and PDES was issued a temporary medicinal and adult-use delivery license by the BCC; in April 2019, PDIS was issued a provisional medicinal and adult-use manufacturing license by the CDPH; and, in June 2019, PDIS was issued a provisional medicinal and adult-use distribution license by the BCC and PDES was issued a provisional medicinal and adult-use delivery license by the BCC. The Company expects PDIS and PDES to commence conducting cannabis distribution and delivery operations, respectively, out of the Brisbane Property in Q3 2020.

MyJane Acquisition

Effective January 1, 2019, M7R completed the acquisition ("**MyJane Acquisition**") of certain assets of MyJane, a California corporation, in connection with the operations of a proprietary local-on demand cannabis subscription service that conducts business under the trade name "MyJane".

The consideration in connection with the MyJane Acquisition consisted of: (i) up to MJIC 1,500,000 Class B Common Shares, of which 666,667 MJIC Class B Common Shares vested upon completion of the MyJane Acquisition and the remaining 833,333 MJIC Class B Common Shares was scheduled to vest upon the achievement of certain operational and financial milestones in connection with the operations of MyJane during the 18 months immediately following completion of the MyJane Acquisition; and (ii) the provision of working capital in connection with the operations of MyJane during the 12 months immediately following completion of the MyJane Acquisition.

MyJane engages or expects to engage in the retail sale of Cannabis Products directly to consumers by way of a subscription service operating in metropolitan markets throughout California, including: (i) by way of SDDS, which conducts operations out of the San Diego Property under the San Diego Licenses; (ii) by way of NCDES, which conducts operations out of the Oakland Property under the Oakland Licenses; (iii) by way of MD, which will conduct operations out of the Sacramento Property under the Sacramento Licenses; (iv) by way of PDES, which will conduct operations out of the Brisbane Property under the Brisbane Licenses; (v) subject to completion of the H3O Acquisition, by way of H3O, which conducts operations out of the Santa Ana Property under the Santa Ana Licenses; and (vi) by way of certain future subsidiaries of M7R that will hold the applicable licenses required to conduct cannabis delivery operations.

MD Acquisition

Effective April 25, 2019, M7R completed the acquisition ("MD Acquisition") of 100% of the issued and outstanding equity securities of San Diego Delivery Solutions, LLC ("SDDS"), a California limited liability company; 100% of the voting membership interest in M Delivers ("MD"), a California mutual benefit corporation; and certain assets of Emerald Call Center, Inc., a California corporation, and Christopher Boudreau in connection with the operations of a proprietary local-on demand cannabis delivery service that conducts business under the trade name "M Delivers".

The consideration in connection with the MD Acquisition consisted of: (i) 150,000 MJIC Class B Common Shares; and (ii) the cancellation, forgiveness, and release of a Secured Line of Credit Promissory Note in the amount of approximately \$1,700,000 previously issued by M7R in connection with the operations of M Delivers.

M Delivers engages or expects to engage in the retail sale of Cannabis Products directly to consumers by way of a local on-demand delivery service operating in metropolitan markets throughout California, including: (i) by way of SDDS, which conducts operations out of a 750 square foot space within a retail storefront property in San Diego, California ("San Diego Property") under a Delivery Services Agreement with a third-party that holds a conditional use permit issued by the City of San Diego and a temporary dispensary license issued by the BCC (collectively, the "San Diego Licenses"); (ii) by way of NCDES, which conducts operations out of the Oakland Property under the Oakland Licenses; (iii) by way of MD, which will conduct operations out of a 1,500 square foot leased space within an industrial warehouse property in Sacramento, California ("Sacramento Property") under a temporary delivery license issued thereto by the BCC and conditional use and business operating permits expected to be issued thereto by the City of Sacramento in Q2 2019 (collectively, the "Sacramento Licenses"); (iv) by way of PDES, which will conduct operations out of the Brisbane Property under the Brisbane Licenses; (v) subject to completion of the H3O Acquisition, by way of H3O, which conducts operations out of the Santa Ana Property under the Santa Ana Licenses; and (vi) by way of certain future subsidiaries of M7R that will hold the applicable licenses required to conduct cannabis delivery operations.

H3O Acquisition

In February 2019, the Company entered into a non-binding letter of intent for the acquisition (the "H3O Acquisition") of 100% of the issued and outstanding equity securities of Healthy Healing Holistic Options ("H3O"), a California mutual benefit corporation, which is expected to be converted to a California corporation. H3O conducts cannabis dispensary operations under the trade name "ShowGrow" out of a retail storefront property in Santa Ana, California ("Santa Ana Property") under a regulatory safety permit issued by the City of Santa Ana and a temporary dispensary license issued by the BCC (collectively, the "Santa Ana Licenses"). This acquisition closed on August 8, 2019.

The consideration in connection with the H3O Acquisition consists of: (i) \$6,000,000 in cash; and (ii) a Senior Secured Convertible Note ("H3O Note") to be issued to the sellers in connection with the H3O Acquisition (collectively, "H3O Sellers") in the principal amount of \$6,000,000. The H3O Note shall: (i) have a term of 12 months ("H3O Note Term"); (ii) accrue interest at an annual interest rate of 12%; (iii) be convertible at the discretion of the H3O Sellers during the H3O Note Term into MJIC Class A Common Shares at a price equal to the higher of (a) \$3.00 per MJIC Class A Common Shares or (b) a 20% discount to the volume weighted average price of the MJIC Class A Common Shares for the 10 trading days immediately preceding the conversion date; and (iv) secured by all assets of H3O and all equity securities of H3O owned by the Company. Completion of the H3O Acquisition is subject to due diligence, definitive documentation, final approval by the Board, and the transfer of the Santa Ana Licenses from the H3O Sellers to the Company.

Upon completion of the H3O Acquisition, the Company rebranded the cannabis dispensary operations of H3O to operate under the trade name "Weden".

SUBSEQUENT EVENTS

The following events occurred subsequent to November 30, 2019:

- The Company issued 1,023,242 common shares for proceeds of approximately \$2,813,166, of which \$385,092 had been collected during the year ended November 30, 2019 and the remaining was received subsequent to November 30, 2019. The Company issued 412,445 shares valued at \$1,781,001 and 87,277 warrants valued at \$589,120 in exchange for professional services.
- Effective January 31, 2020, MJIC, through its wholly-owned subsidiary, completed the acquisition ("DPH Acquisition") of 80% of the issued and outstanding equity securities of Davis People's Harvest ("DPH"), a California corporation, including 100% of the issued and outstanding voting equity securities of DPH and 25% of the issued and outstanding non-voting equity securities of DPH. MJIC has agreed to acquire the remaining 20% of the outstanding equity securities of DPH at a future date to be determined at MJIC's discretion for aggregate consideration of \$10,000 in cash. The consideration in connection with the DPH Acquisition consists of: (i) \$270,000 in cash; (ii) a senior secured convertible note ("DPH Note") to be issued to the sellers in connection with the DPH Acquisition ("DPH Sellers") in the principal amount of \$240,000; and (iii) \$250,000 of MJIC Class A Common Shares (or Issuer Subordinate Voting Shares following the Merger), subject to an earn-out based upon the achievement of certain financial milestones in connection with the operations of DPH following closing of the DPH Acquisition ("DPH Earn-Out"), at a price equal to the higher of (a) \$3.00 per MJIC Class A Common Share (\$1.00 per Issuer Subordinate Voting Share), (b) if the DPH Earn-Out is achieved prior to the Merger, a 20% discount to the price of the MJIC Class A Common Shares in connection with the most recent private placement offering of MJIC Class A Common Shares completed by MJIC prior to the issuance of such MJIC Class A Common Shares ("DPH Private Price"), or (c) if the DPH Earn-Out is achieved following the CSE Listing, a 20% discount to the volume weighted average price of the Issuer Subordinate Voting Shares for the 10 trading days immediately preceding the issuance of such Issuer Subordinate Voting Shares ("DPH Public Price"). The DPH Note: (i) has a term of 12 months ("DPH Note Term"); (ii) accrues interest at an annual interest rate of 5%; (iii) is convertible at the discretion of the DPH Sellers during the DPH Note Term into MJIC Class A Common Shares (or Issuer Subordinate Voting Shares following the Merger) at a price equal to the higher of (a) \$3.00 per MJIC Class A Common Share (\$1.00 per Issuer Subordinate Voting Share), (b) if converted prior to the Merger, a 20% discount to the DPH Private Price, or (c) if converted following the CSE Listing, a 20% discount to the DPH Public Price; and (iv) is secured by all assets of DPH and all equity securities of DPH owned by MJIC.
- In January 2020, MJIC completed a private placement offering (the "MJIC \$4.50 Private Placement") of units of MJIC (the "MJIC \$4.50 Units") at a purchase price of \$4.50 per MJIC Unit, with each MJIC Unit consisting of one MJIC Class A Common Share and one half of one MJIC Warrant exercisable to acquire one MJIC Class A Common Share at an exercise price of \$6.75 per share. Pursuant to the MJIC \$4.50 Private Placement MJIC has issued 518,997 MJIC \$4.50 Units for aggregate gross proceeds of \$2,335,487.

Growth Strategy

The Company plans to invest in expanding the scope of its B2B operations by way of certain of its existing and future subsidiaries and Affiliates that hold the applicable licenses required to conduct cannabis distribution operations, as well as integrating the business models of Weden and MyJane into the operations of the Company's existing and future subsidiaries and Affiliates that hold the applicable

licenses required to conduct cannabis operations. By way of certain of its future subsidiaries, the Company plans to secure leasehold interests in additional industrial warehouse and retail storefront properties and obtaining the applicable licenses required to conduct cannabis operations in major metropolitan markets throughout California.

The Company carefully monitors its product inventory and transaction activity in real-time to determine which products are generating traction. This data-driven approach allows the Company to provide its B2B and B2C customers with a highly customized product offering, as well as to actively gather intelligence related to rapidly-evolving consumer preferences for both Cannabis Products and Ancillary Products. The Company plans to apply this intelligence to the development and production of certain proprietary branded Cannabis Products and Ancillary Products that will be distributed and sold through its existing B2B and B2C channels. Additionally, the Company plans to continue improving the user experience of its B2B and B2C customers by implementing enhancements to its existing technology platforms and expanding its product offering by purchasing products from a wider selection of vendors and expanding into new product categories.

The Company has previously acquired and plans to continue to target for acquisition certain businesses and assets that it believes can be complementary to its existing Cannabis Industry and Ancillary Industry operations. This includes compliant Cannabis Operators, historically non-compliant Cannabis Operators that the Company believes it can convert into full compliance, and Ancillary Operators. Furthermore, the Company believes that, over the following 12 months, market conditions impacting the Cannabis Industry and Ancillary Industry may create potential opportunities for the Company to acquire distressed public and private Cannabis Operators and Ancillary Operators, or key assets owned thereby, at attractive valuations relative to their intrinsic value.

GOING CONCERN OF OPERATIONS

The audited consolidated financial statements have been prepared with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. To date, the Company has incurred losses and negative cash flows from operations from inception that has primarily been funded through financing activities. The Company will require further financing to operate and further develop its business. The Company's ability to realize its assets and discharge its liabilities is dependent upon the Company obtaining the necessary financing and ultimately upon its ability to achieve profitable operations. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going-concern. These adjustments could be material.

SUMMARY FINANCIAL INFORMATION

The following selected financial information has been derived from, and is qualified in its entirety by, the audited consolidated financial statements of the Company for the year ended November 30, 2019, and the notes thereto.

Income (Loss)	Year Ended November 30,	
	2018	2019
	(\$)	(\$)
Revenue	5,118,980	10,826,037
Gross Profit	2,231,288	2,805,471
Operating Expenses	9,366,030	20,932,864
Other Expenses	4,601,276	5,605,626
Net Income (Loss)	(11,736,018)	(23,733,019)
Loss per share	(0.98)	(1.14)
Balance Sheet	November 30,	
	2018	2019
	(\$)	(\$)
Current Assets	3,895,685	3,324,590
Total Assets	9,532,235	20,796,433
Total Liabilities	10,588,314	19,828,588
Shareholder's Equity (Deficit)	(1,056,079)	967,845
Cash dividends per share	-	-

OVERALL PERFORMANCE

Revenues have increased by 140% year over year through a combination of acquisition activity and organic growth. Overall gross profit increased by \$574,183, with a gross margin of approximately 26% compared to 44% for the comparable period in 2018. The operating expenses increased by \$11,566,834, however, resulting in an increase in loss from operations of \$10,992,651 despite the revenue and margin increases. The Company expensed \$5.8 million on professional fees, of which \$700,000 was related to legal settlement and the remainder was directly related to the Company's expansion and acquisition efforts. Another \$895,826 was expensed related to stock-based compensation awards, a non-cash expense, related to acquisitions and attracting personnel to enact the Company's expansion and development plans.

The statement of financial position as of November 30, 2019 indicates a cash balance of \$1,287,973 (November 30, 2018 – \$2,357,697) and total current assets of \$3,324,590 (November 30, 2018 – \$3,895,685).

Current liabilities at November 30, 2019 total \$19,787,638 (November 30, 2018 - \$10,544,346). Shareholders' equity (deficit) was \$967,845 (November 30, 2018 – (1,056,079)).

As at November 30, 2019, the working capital (deficit) is (\$16,429,482) (November 30, 2018 – (\$6,692,629)). Included in these numbers are convertible debentures expected to convert into equity of \$10,534,350 (November 30, 2018 – \$4,335,322) and derivative liability of \$4,482,607 (November 30, 2018 – \$3,775,732). Excluding these items not expected to require cash expenditure, adjusted working capital (deficit) was (1,412,525) (November 30, 2018 – \$1,418,425).

RESULTS OF OPERATIONS

Year ended November 30, 2019

During the year ended November 30, 2019, the Company reported revenue of \$10,375,222 (2018 - \$4,315,384). The increase in revenue is largely due to cannabis becoming legal in the retail market in California starting January 1, 2018. Prior to that, the Company's revenues were largely comprised of unregulated products complementary to cannabis and consulting services. The Company has expanded into delivery and distribution of the cannabis product and continues to work towards further expansion of this business. The Company continues to gain market share to acquisition activity and organic growth. Gross margins are improving with the higher sales volume, the efficiencies of merging acquired complementary businesses, and shifting product mix.

The net loss for year was \$23,733,019 (loss per share - \$1.14) compared to a net loss of \$11,736,018 (loss per share - \$0.98) for the comparable period in 2018, an increase of \$11,997,001 or 102%. The increase in net loss was largely due to expenses related to expanded infrastructure as the Company has worked to expand its facilities as part of its growth model. Wages and benefits increased \$4,725,363 or 188% and office and miscellaneous expenses increased \$2,592,047 or 178%, largely due to acquisition activity and the opening of new locations across California. Professional fees increased \$3,225,587 or 125%, a large portion of which relates to the Company's continued acquisition activities and efforts towards the Company's expected listing on the Canadian Stock Exchange.

Sales and Gross Profit

For the year ended November 30, 2019, the Company's revenue increased by \$6,059,838 and gross profit increased by \$574,183 compared to the year ended November 30, 2018. The Company had

revenue of \$4,923,870 of sales in the current period of its unregulated products compared to \$4,227,281 for the comparable period in 2018. While the Company has prepared for its intended rapid expansion into regulated product sales, its unregulated products have been a focal point for generating current revenues and operating cash flow. It also believes that its growth in the unregulated product sales will be complementary to its growth in the regulated markets because it is the same customer base. Sales of the regulated products for the current period were \$5,433,701, as compared to \$41,002 in the comparable period in the prior year. The increase in gross profit is directly attributable to the increased revenues, however the decrease as a percentage of revenues is largely due to the ongoing development of the company's business model and a shift in product mix.

Sales and Marketing

For the year ended November 30, 2019, \$1,697,417 (2018 - \$674,129) in sales and marketing expense was due to higher spending on marketing collateral, public relations and events as the Company positions itself for rapid growth and expansion.

Wages and Benefits

For the year ended November 30, 2019, \$7,240,627 (2018 - \$2,515,264) in wages and benefits was due to an increase in the number of people in sales, facility management and corporate functions.

Office and Miscellaneous

For the year ended November 30, 2019, \$4,048,254 (2018 - \$1,456,207) in office and miscellaneous expenses was due to increased office, technology and insurance costs with additional personnel.

Professional Fees

For the year ended November 30, 2019, \$5,809,820 (2018 - \$2,584,233) in professional fees was due to fundraising efforts, including preparation of the Company's initial public offering, acquisition activity, legal settlement, and new factory setup and preparation to expand operations in the cannabis market in California.

Share-based Compensation

For the year ended November 30, 2019, \$895,826 (2018 - \$1,552,554) in share-based compensation was due to awards and options to reward existing personnel and attract additional management to help grow the Company.

Year ended November 30, 2018

During the year ended November 30, 2018, the Company reported revenue of \$5,118,980 (November 30, 2017 - \$4,229,581). The increase in revenue is largely due to cannabis becoming legal in the retail market in California starting January 1, 2018. Prior to that, the Company's revenues were largely comprised of unregulated products complementary to cannabis and consulting services. The Company has expanded into delivery and distribution of the cannabis product and continues to work towards further expansion of this business. The Company continues to gain market share to acquisition activity and organic growth. Gross margins are improving with the higher sales volume, the efficiencies of merging acquired complementary businesses, and shifting product mix.

The net loss for the year ended November 30, 2018 was \$11,736,018 (loss per share - \$0.98) compared to a net loss of \$8,876,267 (loss per share - \$0.83) for the comparable period in 2017, an increase of \$2,859,751 or 32%. The increase in net loss was largely due to expense related to non-cash valuation of financial instruments and derivative liability. Accretion expense related to convertible debentures

increased by \$2,773,504 and the loss in fair value of derivative increased by \$1,295,948 for year ended November 30, 2018 as compared to the prior fiscal year. These increases in expense were offset by a decrease in impairment charges taken for the write down of long-lived assets and realized losses on securities and investments. There was a combined charge for these items of \$365,625 during the year ended November 30, 2018 as compared to \$1,994,005 in the prior fiscal year. The net of these non-cash items was an increased loss of \$2,441,072.

Sales and Gross Profit

For the period ended November 30, 2018, the Company's revenue increased by \$889,399 and gross profit increased by \$1,191,604 compared to the period ended September 30, 2017. The increase in gross profit is directly attributable to the increased revenues and the shift to a greater margin rate, largely due to the ongoing development of the company's business model and a shift in product mix.

Sales and Marketing

For the period ended November 30, 2018, \$674,129 (November 30, 2017 - \$279,571) in sales and marketing expense was due to higher spending on marketing collateral, public relations and events as the Company positions itself for rapid growth and expansion.

Wages and Benefits

For the period ended November 30, 2018, \$2,515,264 (November 30, 2017 - \$1,567,718) in wages and benefits was due to an increase in the number of people in sales, facility management and corporate functions.

Office and Miscellaneous

For the period ended November 30, 2018, \$1,456,207 (November 30, 2017 - \$1,086,939) in office and miscellaneous expenses was due to increased office, technology and insurance costs with additional personnel.

Professional Fees

For the period ended November 30, 2018, \$2,584,233 (November 30, 2017 - \$796,072) in professional fees was due to fundraising efforts, including preparation of the Company's initial public offering, acquisition activity, legal settlement, and new factory setup and preparation to expand operations in the cannabis market in California.

Share-based Compensation

For the period ended November 30, 2018, \$1,552,554 (November 30, 2017 - \$3,505,768) in share-based compensation was due to awards and options to reward existing personnel and attract additional management to help grow the Company.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company. This information is derived from unaudited interim financial statements prepared by management. These financial data are prepared in accordance with IFRS. A discussion of the factors that have caused variation over the quarters is provided above under *Results of Operations – Year ended November 30, 2019*.

	Quarter Ending							
	Feb 28 2018 (\$)	May 31 2018 (\$)	Aug 31 2018 (\$)	Nov 30 2018 (\$)	Feb 28 2019 (\$)	May 31 2019 (\$)	Aug 31 2019 (\$)	Nov 30 2019 (\$)
Revenues	1,226,067	1,471,682	1,060,434	1,360,797	1,859,308	2,307,956	2,878,529	3,782,792
Cost of Revenues	615,129	576,940	689,926	1,005,697	1,068,137	1,752,987	2,095,554	3,106,409
Gross Profit	610,938	894,742	370,508	355,100	791,171	554,969	782,975	676,383
Automobile Depreciation and amortization	1,647	3,537	1,985	1,951	2,694	14,035	1,554	29,801
Meals and entertainment	120,349	26,599	42,843	85,355	49,321	66,379	74,498	254,909
Office and miscellaneous	6,655	8,217	9,910	16,751	18,077	48,355	32,677	37,718
Professional fees	253,958	244,154	257,124	700,971	742,306	1,109,218	985,053	1,218,839
Sales and marketing Stock-based compensation	167,999	677,129	168,218	1,570,887	959,367	724,702	1,526,930	2,599,228
Travel	83,823	226,063	101,087	263,156	138,878	274,363	497,080	787,540
Wages and benefits	250,216	82,328	21,016	1,198,994	142,628	520,799	165,463	66,936
Loss from Operations	54,818	61,695	49,143	92,188	92,215	126,364	203,560	177,661
Accretion expense Change in fair value of derivative liability	733,562	539,341	681,081	561,280	1,223,012	1,443,850	1,893,703	2,680,562
Interest expense Impairment of long-lived assets	(1,062,089)	(974,321)	(961,899)	(4,136,433)	(2,577,328)	(3,773,096)	(4,597,543)	(7,176,811)
Share of gain of associate	(414,798)	(769,087)	(958,532)	(850,989)	(45,037)	(18,211)	(91,441)	(499,628)
Impairment of goodwill	(223,726)	(223,726)	(223,726)	(223,726)	676,770	879,080	440,828	(1,198,613)
Other income Realized loss on securities and investments	(52,619)	(68,324)	(99,037)	(155,858)	(121,573)	(120,450)	(161,115)	(483,163)
Loss Before Income Taxes	-	-	-	(35,631)	-	-	-	-
	-	-	-	-	-	-	-	41,161
	-	-	-	-	-	-	-	(4,862,934)
	-	14	3,691	24,790	315	6,702	187	24,467
	-	-	-	(329,994)	-	-	-	(71,970)
	(1,753,233)	(2,035,444)	(2,239,502)	(5,707,839)	(2,066,852)	(3,025,975)	(4,409,084)	(14,227,491)

Net Income (Loss)	(1,753,233)	(2,035,444)	(2,239,502)	(5,707,839)	(2,066,852)	(3,025,975)	(4,409,084)	(14,227,491)
Total Assets	6,151,791	6,681,482	6,773,166	9,532,235	12,975,593	21,275,696	30,098,655	20,796,433
Current Liabilities	3,386,625	5,301,552	6,667,967	10,544,346	9,198,434	8,449,214	16,756,474	19,754,072
Net Assets	2,765,166	1,379,930	105,199	(1,056,079)	3,733,191	12,782,514	13,301,231	967,845

SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") for all periods presented. The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. All amounts are expressed in US dollars, the Company's functional and presentation currency.

For full detail with respect to the accounting principles that the financial data for the above noted quarters has been prepared in accordance with, see the Company's financial statements for the year ended November 30, 2019.

LIQUIDITY, FINANCING AND CAPITAL RESOURCES

The Company's objective when managing its liquidity and capital resources is to generate sufficient cash to fund the Company's operating and organic growth opportunities. The Company periodically evaluates the opportunity to raise additional funds through either the public or private placement of equity capital to strengthen its financial position and to provide enough working capital for growth and development of its business. The Company also evaluates equity capital and debt placement to finance the capital expenditures needed to expand its production capacity for future sales growth.

The Company raised \$20,457,115 of capital through the issuance of common shares during the year ended November 30, 2019. The use of proceeds was for capital expenditure and finance of operations, including working capital. Cash used in operations was \$14,537,024. Cash paid for investing activities totaled \$7,881,467.

The Company raised \$4,266,500 of capital through the issuance of common shares and an additional \$2,852,301 through the issuance of convertible debentures during the year ended November 30, 2018. The use of proceeds was for capital expenditure and finance of operations, including working capital. Cash used in operations was \$4,423,330. Cash paid for investing activities totaled \$1,424,427.

The Company expects to finance its operations and capital expenditures through the issuance of additional common or preferred shares until such time the Company generates enough sales growth and profitability to fund its operations. The Company's ability to reach profitability is dependent on the successful implementation of its business strategy. While management is confident in the success and profitability of the business, there can be no assurance that the Company will gain adequate acceptance for its products or be able to generate enough gross margins to reach profitability.

As at November 30, 2019, the Company had \$1,287,973 in cash. The company had a net working capital deficit of \$16,429,482, however when excluding current liabilities not expected to be settled in cash, such as the derivative liability and convertible debentures expected to be converted into equity, working capital deficit was \$1,412,525.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel, not including normal employee compensation, made during the years ended November 30, 2019 and 2018 is set out below:

	Year Ended November 30,	
	2018	2019
	(\$)	(\$)
Management fees	228,000	1,848,415
Stock-based compensation	<u>124,000</u>	<u>352,313</u>

OUTSTANDING SHARE DATA

The Company's authorized share capital is:

1. a maximum of 100,000,000 of Class A common shares;
2. a maximum of 10,000,000 of Class B common shares; and
3. a maximum of 10,000,000 of preferred shares.

As of the date of this MD&A, the Company has the following securities issued and outstanding (on an as converted to voting shares basis):

Securities	Expiry Date	Exercise Price	Number of Securities Outstanding
Class A Common Shares	N/A	N/A	22,240,260
Class B Common Shares	N/A	N/A	3,511,061
Preferred Shares	N/A	N/A	250,000
Options	November 2021 – March 2024	\$2.00 - 3.00	2,885,158
Warrants	March 2020 – January 2023	\$2.25 - \$8.00	2,273,970
Total			29,799,991

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the condensed consolidated financial statements relate to the fair value measurements for inventory, estimated useful lives and depreciation of property, plant and equipment, valuation of intangibles, and valuation of convertible instruments.

New standard IFRS 15 *Revenue from Contracts with Customers*

The Company has adopted IFRS 15, Revenue from Contracts with Customers ("IFRS 15") effective December 1, 2017. IFRS 15 supersedes IAS 18– Revenue, IAS 11 – Construction Contracts, and other revenue related interpretations. The standard outlines the principles that must be applied to measure and recognize revenue and the related cash flows. Revenue is recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 will be applied using the following five steps:

1. Identify the contract(s) with a customer
2. Identify the performance obligation in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The Company has concluded that the recognition and measurement of the sale of products in all contracts is consistent with the current revenue recognition practice and therefore does not expect any transitional adjustment.

New standard IFRS 9 *Financial Instruments*

Effective December 1, 2018, the Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") on a retroactive basis in accordance with the transitional provisions. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). The standard promulgates a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. The adoption of IFRS 9 did not result in any change in the carrying values of any of the Company's financial assets on the transition date; therefore, comparative figures have not been restated.

STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. As at November 30, 2018, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been early-adopted by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

New standard IFRS 16 "Leases"

This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. While the Company is currently evaluating the impact this new guidance will have on its consolidated financial statements, the recognition of certain leases is expected to increase the assets and liabilities on the consolidated statements of financial position. The Company continues to assess the impact of the disclosure requirements under IFRS on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS

Classification of financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value unless fair value cannot be reliably measured in which case such assets are measured at cost. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The carrying value of Company's financial assets and liabilities as at November 30, 2019 and 2018 approximate their fair value due to their short terms to maturity.

FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and trade receivables. The Company has no significant concentration of credit risk arising from operations. Cash are held with reputable banks in the United States which are closely monitored by management. Trade receivables are estimated assessed by the Company's management based on prior experience and an assessment of the current economic environment. Management believes that the credit risk concentration with respect to financial

instruments included in cash and trade receivables is insignificant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. Management believes that the foreign exchange risk concentration with respect to financial instruments is insignificant.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in interest rate. The Company is exposed to interest rate risk on its cash and debt instruments and has determined there is no material exposure related to interest rate risk.

Regulatory Overview

United States Federal Overview

General

Cannabis is a highly regulated industry. While various attempts by government regulators dating back as far as two decades have provided what can at best be described as “incomplete” regulatory environments, over the past three years states have begun to carefully formulate comprehensive regulations intended to provide increasingly unambiguous laws defining legal cannabis operations and also providing clear penalties and sanctions for violations. Unlike many other industries, the course and scope of cannabis operations are defined by these laws and as a result changes in these laws can have profound positive and negative effects on operations, frequently regardless of effectiveness in the marketplace. In California, the primary state where the Company’s regulated operations reside, there are two levels of regulations: state and municipal, both of which are discussed below. The United States federal government’s continued characterization of cannabis as a Schedule I drug has produced significant market fragmentation, both prohibiting interstate movement of cannabis products, but also forcing individual states to independently formulate regulations, without any oversight or coordination at the federal level.

Federal Cannabis Prohibition

Under U.S. federal law, marijuana is currently a Schedule I drug. Schedule I means the United States Drug Enforcement Agency considers it to have a high potential for abuse and that it has no practical or medical benefit. While management believes that cannabis should not be categorized similar to heroin, LSD and ecstasy (all of which are on Schedule I), this is the present status of federal regulation. In practice, the federal government’s enforcement or threatened enforcement of this prohibition has run the spectrum from written procedures defining circumstances under which the federal government would not enforce its own laws (discussed below) to pronouncements from federal officials such as the U. S. Attorney General suggesting an increasing interest in federal enforcement. The first written pronouncement by the U.S. government summarizing circumstances under which federal enforcement would be lax or nonexistent was the United States Department of Justice Memorandum drafted by former Deputy Attorney General James Michael Cole in 2013 (the “**Cole Memorandum**”) and FinCEN guidance in 2014.

The Cole Memorandum offered guidance to federal enforcement agencies as to how to prioritize civil enforcement, criminal investigations and prosecutions regarding marijuana in all states. The Cole Memorandum set forth eight prosecution priorities:

- Prohibiting minors from buying cannabis;
- Assuring cannabis sales revenues are not generated by criminal enterprises, gangs and cartels;
- Regulating the movement of cannabis from legal states to states where it is illegal;
- Monitoring state-authorized cannabis activities from hiding the trafficking of other illegal drugs or other illegal activity;
- Assuring that violence and the use of firearms in the cultivation and distribution of cannabis are carefully regulated;
- Continuing the unlawfulness of drugged driving and the exacerbation of other adverse public health consequences associated with cannabis use;

- Prohibiting the growing of cannabis on public lands and the attendant public safety and environmental dangers posed by cannabis production on public lands; and
- Assuring there is no cannabis possession or use on federal property.

In January 2018, United States Attorney General, Jeff Sessions, rescinded the Cole Memorandum and thereby created a vacuum of guidance for enforcement agencies and the Department of Justice. While other government officials have informally suggested that the federal government should work toward legalizing cannabis (as recently as remarks by President Trump in June 2018), the M7's corporate wide policy is to assure state and municipal compliance, while also adhering to the Cole Memorandum.

The uncertainty and changing dynamics of the federal government's position has also created uncertainty with the federally regulated banking sector in the United States. Many banks in states where cannabis is legal, have still concluded that it would be illegal for financial institutions that depend on the Federal Reserve's money transfer system to take any proceeds from cannabis sales as deposits. Most if not almost all financial institutions presently refuse to risk prosecution of money laundering for providing services to cannabis businesses under the United States Currency and Foreign Transactions Reporting Act of 1970 ("**Bank Secrecy Act**"). Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy. While FinCEN has provided certain guidance suggesting that if the Cole Memorandum is complied with in states where cannabis is legal that financial institutions could provide banking services to cannabis businesses, it is also clear that FinCEN also concludes that such activities continue to be at the risk of the bank's management. Certainly, banks are not known to take regulatory risks of this magnitude.

While management has discussed with various California based financial institutions the viability of providing banking services to the industry and California state lawmakers are reviewing the possibility and benefit of a state-chartered bank launched to primarily focus upon the Cannabis Industry, there has been no discernable progress at this juncture.

California Regulatory Environment

California was the first state to attempt legalization of medical cannabis and it is generally regarded as the single largest cannabis market in the world. Prior to 2016, this first attempt at cannabis regulation did not provide clear guidance and as a result, the industry responded with a variety of structures and operational approaches which predictably failed to support an established marketplace with clear brands, pricing and supply channels. As states such as Colorado, Oregon and Washington developed state-wide medical and adult-use approaches to cannabis legalization, California launched first medical and then adult-use regulatory environments, providing the increasing legal certainty which the industry clearly required to flourish.

California Regulatory History

In 1996, California was the first state to legalize medical cannabis through Proposition 215, the Compassionate Use Act of 1996 ("**CUA**"). CUA legalized medical cannabis to be used by patients securing a physician's recommendation. It further required the use of what were characterized as "nonprofit collectives", producing vagueness as to who actually controlled these nonprofit cannabis operations and who was entitled to receive compensation and profits from the enterprise. Generally, CUA provided a confusing framework that matched patients with an increasingly changing cannabis supply chain. It further became apparent that physicians were prepared to liberally provide these recommendations for an expanding variety of ailments claimed by patients. The dynamic of regulatory uncertainty coupled with relaxed access to medical recommendations produced an uncertain marketplace, with little state oversight. This changed in 2015.

In September 2015, the California legislature began providing regulatory oversight and increasing certainty to the cannabis marketplace. The "Medical Cannabis Regulation and Safety Act" ("**MCRSA**") was comprised of three bills, establishing a licensing and regulatory framework for medical cannabis businesses in California. The system created multiple license types across the entire supply chain, with both state and municipal approval required to operate. The issue of adult-use was not considered by MCRSA, but 14 months later this also changed.

In November 2016, voters in California passed Proposition 64, the "Adult Use of Cannabis Act" ("AUMA") legalizing adult-use of cannabis for those 21 years of age or older. In June 2017, the California legislature passed the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA") reconciling conflicts between MCRSA and AUMA, thereby providing the comprehensive regulatory guidance responsible Cannabis Operators required to begin deploying increasingly well financed operations with accelerating certainty that the state and its regulatory framework would now support.

Present California Regulatory Environment

All California regulatory compliance begins at the municipal level. According to Marijuana Business Daily, as of February 2019 approximately 67% of all California municipalities and 59% of counties have either prohibited commercial cannabis operations in all forms or have not passed any laws related to cannabis. The remaining 33% of municipalities and 41% of counties have passed a variety of ordinances identifying specific zones where cannabis operations may be conducted, specifying whether authorized cannabis operations include medicinal only or both medicinal and adult-use cannabis operations, and defining the types of cannabis operations authorized. For example, while one municipality may authorize only manufacturing and distribution operations, another may limit the maximum number of licenses allowed to be issued, while another still may require that each licensee hold licenses covering the entire cannabis supply chain, from cultivation to retail. Thus, the first step for a business wishing to engage in cannabis operations is the issuance by a municipality or county of an operating permit, authorizing cannabis operations at a specific location.

California has four separate agencies that regulate various aspects of the cannabis supply chain:

- Bureau of Cannabis Control (www.bcc.ca.gov) regulating distribution and transport, consumer sales by brick and mortar dispensaries and microbusinesses (vertically integrated Cannabis Operators engaging in three of the following four: cultivation, manufacturing, distribution and retail);
- California Department of Food and Agriculture (CalCannabis) regulating cultivation;
- Department of Public Health regulating manufacturing and related packaging and edible products; and
- California Department of Tax and Fee Administration monitoring and enforcing the collection of all taxes and fees.

In order to legally operate in California Cannabis Operators must now secure both a municipal license, as well as a state license from one of the agencies referenced above. This is the first occasion where an economy the size of California (purported to be the sixth largest in the world if it was its own country) has now provided comprehensive guidance to Cannabis Operators regarding the lawful course and scope of their business. It also provides detailed tax and fee schedules encouraging the proper compensation of both the cities and the state, as well as providing an incentive for government officials and agencies to support the Cannabis Industry.

RISK FACTORS

Investing in the Company involves significant risks. An investor should carefully consider the risks described below. The risks and uncertainties described below are those that the Company currently believes to be material, but they are not the only ones that the Company faces. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified or that the Company currently consider not to be material, actually occur or become material risks, the Company's business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected. In that event, the market price of the shares could decline, and an investor could lose part or all of such investor's investment.

Risks Generally Related to the Company

The Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability.

We have been incurring operating losses and cash flow deficits since our inception of operations, as we attempt 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 California and nationwide in United States on a state by state basis. MJIC had net losses of approximately \$8.87 million, \$11.7 million and \$5.09 million, respectively, in the fiscal years ended November 30, 2017, 2018 and 2019, and our limited operating history makes it difficult for investors to evaluate our prospects for success. Prospective investors should consider the risks and difficulties we might encounter. There is no assurance that we will be successful, and the likelihood of success must be considered in light of our relatively early stage of operation.

As we have only just begun to generate revenue, it is extremely difficult to make accurate predictions and forecasts of our finances. This is compounded by the fact we intend to operate in the cannabis industry, which is rapidly transforming. There is no guarantee that our products or services will be attractive to potential consumers.

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

The Company has incurred losses and negative cash flows from operations from inception that has primarily been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand and proceeds from a financing done concurrently with the Merger. Such financing may not be available or may not be available on reasonable terms.

The Company has a negative cash flow for the most recently ended financial year.

The Company and MJIC had negative operating cash flow for the financial years ended December 31, 2018 and November 30, 2019, respectively. To the extent that we have negative operating cash flow in future periods, we may need to allocate a portion of our cash reserves to fund such negative cash flow. We may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that we will be able to generate a positive cash flow from our operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to us.

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 its plan. 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 is subject to uncertainty regarding legal and regulatory status and changes.

Achievement of the Company's business objectives is also contingent, in part, upon compliance with other regulatory requirements enacted by governmental authorities and obtaining other required regulatory approvals. The regulatory regime applicable to the cannabis business the US is currently undergoing significant proposed changes and the Company cannot predict the impact of the regime on its business once the structure of the regime is finalized. Similarly, the Company cannot predict the timeline required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failing to obtain, required regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's operations. In addition, 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 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 costlier than the Company expects, 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, and 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 shares may significantly decrease.

There is no assurance that the Company will turn a profit or generate immediate revenues.

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.

The Company will require additional capital to meet our financial obligations and support business growth, and this capital might not be available on acceptable terms or at all.

We intend to continue to make significant investments to support our business growth and will require additional funds to respond to business challenges, including the need to develop expand our business, improve our operating infrastructure and acquire complementary businesses, personnel and technologies. Accordingly, we will need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Issuer Subordinate Voting Shares. Any debt financing that we secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be harmed.

There are factors which may prevent the realization of growth targets.

We are currently in an expansion stage. Our growth strategy contemplates building our California facilities and business units. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these "Risk Factors" and the following:

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

The Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business.

The Company has grown by acquisition. If the Company implements its business plan as intended, it may in the future experience rapid growth and development in a relatively short period of time. The management of this growth will require, among other things, continued development of the Company's financial and management controls and management information systems, stringent control of costs, the ability to attract and retain qualified management personnel and the training of new personnel. The Company intends to utilize outsourced resources, and hire additional personnel, to manage its expected growth and expansion. Failure to successfully manage its possible growth and development could have a material adverse effect on the Company's business and the value of the shares.

The Company's business plan involves several strategic partnerships. If these partnerships do not materialize, we may be unable to sell our products.

Our business plan contemplates several strategic partnerships or relationships that may not necessarily materialize during our business development. If these relationships are unsuccessful, or if we are unsuccessful in establishing them, we may be unable to effectively develop, manufacture, market and distribute our products in accordance with our business plan.

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

If our cannot successfully develop, manufacture and distribute our products, or if we experience difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, we may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect our ability to effectively establish or expand our market position. If we fail to achieve a low-cost structure through economies of scale, we may experience material adverse effects on our commercialization plans and our business, prospects, results of operations and financial condition.

The Company may be unable to adequately protect its proprietary and intellectual property rights, particularly in the U.S.

As long as cannabis remains illegal under U.S. federal law, 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.

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 certain of its intellectual property under U.S. federal and state law is impaired by the illegality of cannabis under U.S. 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 or marketing strategies similar to or competitive with, or superior to those the Company develops;
- another party may assert 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, 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 administration of medical substances to 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 us. Furthermore, we 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 our products or other reputational damage which could have a material adverse effect on our business, results of operations, sales, cash flow or financial condition.

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 an early 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 regularly purchases and follows market research.

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 and businesses ancillary to and directly involved with cannabis businesses are 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 shares for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders.

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 our products are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We 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 we have detailed procedures in place for testing our

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 our significant brands were subject to recall, the image of that brand and our could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on our results of operations and financial condition. Additionally, product recalls may lead to increased scrutiny of our operations by 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 our finances and operation results.

Our business is dependent on several key inputs and their related costs including raw materials and supplies related to our 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 our business, financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition and operating results.

The Company faces competition from other companies where it will conduct business that may have higher capitalization, more experienced management or may 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 have better capitalization, a longer operating history, more expertise and 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.

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 Chief Executive Officer, Chief Operating Officer, and technical experts. 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 the Company's 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 the Company's employees.

There is no assurance that the Company will obtain and retain any relevant licenses.

Current and new state or local licenses obtained in the U.S. are expected to be subject to ongoing compliance and reporting requirements, as well as, in certain cases, annual renewal thereof. Failure by the Company to comply with the requirements of licenses or any failure to maintain licenses would have a material adverse impact on the business, financial condition and operating results of the Company. Should any jurisdiction in which the Company requires a license not issue, extend or renew such license

or should it extend or renew such license on different terms, or should it decide to issue more than the total anticipated number of licenses, the business, financial condition and results of the operation of the Company could be materially adversely affected.

Historically, MJIC, through one of its operating subsidiaries, contractually provides management services to three entities licensed to conduct commercial cannabis operations in California that are owned in whole, or in part, by an executive of MJIC. For accounting purposes, it has been deemed that MJIC effectively controls these licensed entities, and, as such, these licensed entities have been consolidated into the financial statements of MJIC in accordance with the relevant accounting standards. However, MJIC has not disclosed MJIC or its operating subsidiary as an owner of these licensed entities with the relevant regulatory bodies. There is a risk that the relevant regulatory bodies could deem that MJIC and/or its operating subsidiary are owners of these licensed entities, but have not been properly disclosed as such, which could subject MJIC and these licensed entities to adverse action by the relevant regulatory bodies.

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.

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 Company has grown and expects to continue growing by acquiring businesses. The consummation and integration of any acquired business, product or other assets into the Company may be complex and time consuming and, if such businesses and assets are not successfully integrated, the Company may not achieve the anticipated benefits, cost-savings or growth opportunities. Furthermore, these acquisitions and other arrangements, even if successfully integrated, may fail to further the Company's business strategy as anticipated, expose the Company to increased competition or other challenges with respect to the Company's products or geographic markets, and expose the Company to additional liabilities associated with an acquired business, technology or other asset or arrangement.

When the Company acquires cannabis businesses, it may obtain the rights to applications for licenses as well as licenses; however, the procurement of such applications for licenses and licenses generally will be subject to governmental and regulatory approval. There are no guarantees that the Company will successfully consummate such acquisitions, and even if the Company consummates such acquisitions, the procurement of applications for licenses may never result in the grant of a license by any state or local governmental or regulatory agency and the transfer of any rights to licenses may never be approved by the applicable state and/or local governmental or regulatory agency.

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, 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 fully utilize such insurance coverage, if necessary.

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 violate government regulations. 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 Company's business, including the imposition of civil, criminal and administrative penalties, loss of relevant licenses 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'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.

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.

Risk Factors Related to the Regulatory System

Regulatory Regime

The business and activities of the Company are heavily regulated in all jurisdictions where it will carry on business. The Company's operations will be subject to various laws, regulations and guidelines by governmental authorities. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company's products and services. Achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the impact of the compliance regime that is implementing for the United States cannabis industry. Similarly, the Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance in the United States. Failure to comply with regulations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate the Company's business, the suspension or expulsion from a particular market or jurisdiction or of its key personnel, and the imposition of fines and censures. In addition, 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.

Changes in Laws, Regulations and Guidelines

The Company's operations will be subject to various laws, regulations, guidelines and licensing requirements in the United States. While, with the exception of United States federal laws and regulations which continue to classify cannabis as a Schedule I controlled substance, the Company is expected to be in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company could have a material adverse effect on the Company's business, results of operations and financial condition. Additionally, as noted above, cannabis remains a Schedule I controlled substance under United States federal law, and the Company's activities in the states of the United States in which the Company operates may constitute a violation of United States federal criminal laws applicable to such conduct, including, but not limited to, the Controlled Substances Act, anti-money laundering laws, and the *Racketeer Influenced and Corrupt Organizations Act*.

The Company is subject to certain legal constraints in marketing its products

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory and legal environments in the United States, particularly the existence of federal criminal laws that may prohibit certain marketing of Cannabis Products, limits companies' abilities to compete for market share in a manner similar to other industries. 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 results of operations could be adversely affected.

Environmental Risk and Regulation

The Company's operations are subject to environmental regulation in the various jurisdictions in which it will operate. 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 stricter 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 (or the equivalent thereof) and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government approvals and permits are currently, and may in the future, be required in connection with the Company's operations.

Failure to comply with applicable 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 by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of medical cannabis, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Our business success is reliant upon our ability to identify compliant locations and to secure applicable licenses to conduct cannabis operations.

As various locations within California and throughout the United States legalize cannabis our ability to efficiently identify locations and license opportunities will determine our eventual financial success. There can be no assurance that we will be successful in identifying such opportunities and if we do identify them that we will be successful in securing control over a location or license opportunity.

Public opinion and perception about the cannabis industry can impact the Company's Business

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry the United States. Public opinion and support for medical and adult-use cannabis has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical cannabis as opposed to legalization in general). A negative shift in the public's perception of 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 and/or adult-use 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 its business, results of operations or prospects.

The Company's business could be impacted by the economic environment

The Company's operations could be affected by general economic conditions should the unemployment level, interest rates or inflation reach levels that influence consumer trends, and consequently, impact the Company's sales and profitability. As well, general demand for banking services and alternative banking or financial services cannot be predicted, and future prospects of such areas might be different from those predicted by the Company's management.

The Company's business could be impacted by global financial conditions

Following the onset of the credit crisis in 2008, global financial conditions were characterized by extreme volatility and several major financial institutions either went into bankruptcy or were rescued by governmental authorities. While global financial conditions subsequently stabilized, there remains considerable risk in the system given the extraordinary measures adopted by government authorities to achieve that stability. Global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises.

Future economic shocks may be precipitated by a number of causes, including a rise in the price of oil, geopolitical instability and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Further, in such an event, the Company's operations and financial condition could be adversely impacted.

Furthermore, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the cannabis industry, supply and demand for commodities, political developments, legislative or regulatory changes, social or labour unrest and stock market trends will affect the Company's operating environment and its operating costs, profit margins and share price. Any negative events in the global economy could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Risks Specifically Related to the United States

Cannabis Continues to be a Controlled Substance under the United States Federal Controlled Substances Act

The Company will be directly engaged in the medical and adult-use cannabis industry in the U.S. in those states which have legalized medical and/or adult-use cannabis; however, all such activities remain illegal under U.S. federal law. Investors are cautioned that even in those states in the U.S. which have legalized medical or adult-use cannabis, the growing, processing, and distribution of cannabis is highly regulated. To our knowledge, there are to date a total of 33 states, and the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, and the Northern Mariana Islands that have legalized medical cannabis in some form, including California, although not all states have fully implemented their legalization programs. Eleven states, the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, and the Northern Mariana Islands have legalized cannabis for adult use. Fourteen additional states have legalized high-CBD, low THC oils for a limited class of patients. But cannabis continues to be categorized as a Schedule I controlled substance under the federal Controlled Substances Act. A Schedule I drug is considered to have a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the substance under medical supervision. Federal law prohibits commercial production and sale of Schedule I controlled substances, and as such, cannabis-related activities, including without limitation, the importation, cultivation, manufacture, distribution, sale and possession of cannabis remain illegal under U.S. federal law. It is also illegal to aid or abet such activities or to conspire or attempt to engage in such activities. Strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under U.S. federal law, nor provide a defense to any federal proceeding brought against the Company. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including, but not limited to, forfeiture of his, her or its entire investment, fines, and/or imprisonment.

Although the Cole Memorandum has been rescinded, the United States Congress has repeatedly enacted legislation to protect the medical marijuana industry from prosecution. The United States Congress has passed appropriations bills each of the last four years that included the Rohrabacher Amendment Title: H.R.2578 — Commerce, Justice, Science, and Related Agencies Appropriations Act, 2016, which by its terms does not appropriate any federal funds to the U.S. DOJ for the prosecution of medical cannabis offenses of individuals who are in compliance with State medical cannabis laws. Subsequent to the issuance of the Sessions Memorandum on January 4, 2018, the United States Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained the Rohrabacher-Blumenauer Amendment language (formerly, the "**Leahy Amendment**" and currently the "**Joyce Amendment**") and continued the protections for the medical cannabis marketplace and its lawful participants from interference by the DOJ up and through the 2018 appropriations deadline of September 30, 2018. In September 2018, United States Congress passed the Continuing Appropriations Act, 2019 that extends the deadline of the March 2018 omnibus spending bill until December 7, 2018. Following the much publicized shutdown of the United States Federal Government, the Consolidated Appropriations Act of 2019 was signed into law on February 15, 2019 with the Joyce Amendment intact (section 538). On June 20, 2019, the House voted 267–165 to approve a broader amendment that in addition to protecting state medical cannabis programs also protected recreational. On September 26, 2019 the Senate Appropriations Committee declined to take up the broader amendment but did approve the Joyce Amendment for the FY 2020 spending bill. On September 27 the Joyce Amendment was renewed as part of a stopgap spending bill, in effect through November 21, 2019.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges and penalties, including, but not limited to, disgorgement of profits, cessation of business activities, divestiture, forfeiture of property or funds or prison time. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical and adult-use cannabis licenses in the U.S., its financial position, operating results, profitability or liquidity or the market price of its

publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation or defense of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Some of the Company's planned business activities, while believed to be compliant with applicable United States state and local law, are illegal under federal law.

Although certain states and territories of the United States authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under federal law in the United States, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law under any and all circumstances under the Controlled Substances Act. 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 our entire investment.

Since the possession and use of cannabis and any related drug paraphernalia is illegal under federal law in the United States, we may be deemed to be aiding and abetting illegal activities through the contracts it has entered into and the products that it intends to provide. We intend to manufacture, distribute and sell medical cannabis. As a result, United States law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Company, including, but not limited, a claim regarding our possession, use and sale of cannabis, and 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 our commission, is punishable as a principal." As a result of such an action, we may be forced to cease operations and our investors could lose their entire investment. Such an action would have a material negative effect on our business and operations.

Uncertainty Surrounding Existing Protection from U.S. Federal Prosecution

Pursuant to the Joyce Amendment, the DOJ was prohibited through November 21, 2019 from expending any funds for the prosecution of medical cannabis businesses operating in compliance with state and municipal laws pursuant to the Rohrabacher-Blumenauer Amendment. If the Joyce Amendment or an equivalent thereof is not successfully included in the next or any subsequent federal omnibus spending bill, the protection which has been afforded thereby to U.S. medical cannabis businesses in the past would lapse, and such businesses would be subject to a higher risk of prosecution under federal law. Although unlikely, there is a possibility that all amendments may be banned from federal omnibus spending bills, and if this occurs and the substantive provisions are not included in the base federal omnibus spending bill or other law, these protections would lapse.

Approach to Federal Enforcement of Cannabis Laws may be Subject to Change

As a result of the conflicting views between states and the federal government regarding cannabis, investments in, and the operations of, cannabis businesses in the U.S. are subject to inconsistent laws and regulations. The Cole Memorandum issued by former Deputy Attorney General James Cole on August 29, 2013 and other Obama-era cannabis policy guidance, discussed below, and provided the framework for managing the tension between federal and state cannabis laws. Subsequently, as discussed below, then Attorney General Jeff Sessions rescinded the Cole Memorandum and related policy guidance. Although no longer in effect, these policies, and the enforcement priorities established within, appear to continue to be followed during the Trump administration and remain critical factors that inform the past and future trend of state-based legalization.

The Cole Memorandum directed U.S. Attorneys not to prioritize the enforcement of federal cannabis laws against individuals and businesses that comply with state medical or adult-use cannabis regulatory

programs, provided certain enumerated enforcement priorities (such as diversion or sale of cannabis to minors) were not implicated. In addition to general prosecutorial guidance issued by the DOJ, the U.S. Department of the Treasury's Financial Crimes Enforcement Network issued the FinCEN Memorandum on February 14, 2014 outlining *Bank Secrecy Act*-compliant pathways for financial institutions to service state-sanctioned cannabis businesses, which echoed the enforcement priorities outlined in the Cole Memorandum. On the same day the FinCEN Memorandum was published, the DOJ issued complimentary policy guidance directing prosecutors to apply the enforcement priorities of the Cole Memorandum when determining whether to prosecute individuals or institutions with crimes related to financial transactions involving the proceeds of cannabis-related activities.

On January 4, 2018, then Attorney General Jeff Sessions rescinded the Cole Memorandum and all other related Obama-era DOJ cannabis enforcement guidance. While the rescission did not change federal law, as the Cole Memorandum and other DOJ guidance documents were not themselves laws, the rescission removed the DOJ's formal policy that state-regulated cannabis businesses in compliance with the Cole Memorandum guidelines should not be a prosecutorial priority. Notably, former Attorney General Sessions' rescission of the Cole Memorandum has not affected the status of the FinCEN Memorandum issued by the Department of Treasury, which remains in effect. In addition to his rescission of the Cole Memorandum, Attorney General Sessions issued the Sessions Memorandum. The Sessions Memorandum explains the DOJ's rationale for rescinding all past DOJ cannabis enforcement guidance, claiming that Obama-era enforcement policies are "unnecessary" due to existing general enforcement guidance adopted in the 1980s, in chapter 9.27.230 of the USAM. The USAM enforcement priorities, like those of the Cole Memorandum, are based on the use of the federal government's limited resources and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community." Although the Sessions Memorandum emphasizes that cannabis is a federally illegal Schedule I controlled substance, it does not otherwise instruct U.S. Attorneys to consider the prosecution of cannabis-related offenses a DOJ priority, and in practice, most U.S. Attorneys have not changed their prosecutorial approach to date. However, due to the lack of specific direction in the Sessions Memorandum as to the priority federal prosecutors should ascribe to such cannabis activities, there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law.

Such potential proceedings could involve significant restrictions being imposed upon the Company or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation and prospects, even if such proceedings were concluded successfully in favour of the Company. In the extreme case, such proceedings could ultimately involve the criminal prosecution of key executives of the Company, the seizure of corporate assets, and consequently, the inability of the Company to continue its business operations. Strict compliance with state and local laws with respect to cannabis does not absolve the Company of potential liability under U.S. federal law, nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

The Company is operating at a regulatory frontier. The cannabis industry is a new industry that may not succeed.

Should the federal government in the United States change course and decide to prosecute those dealing in medical or adult-use cannabis under applicable law, there may not be any market for our 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 us to succeed. We are treating the cannabis industry as a deregulating industry with significant unsatisfied demand for our proposed products and

will adjust our future operations, product mix and market strategy as the industry develops and matures.

Risks Associated with Banking, Financial Transactions, and Anti-Money Laundering Laws and Regulations

The Company will be subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including the *Bank Secrecy Act*, as amended by *Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* (USA PATRIOT Act), and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S.. Since the cultivation, manufacture, distribution and sale of cannabis remains illegal under the Controlled Substances Act, 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-transmitter statute (18 U.S.C. § 1960) and the *Bank Secrecy Act*, among other applicable federal statutes. Banks or other financial institutions that provide cannabis businesses with financial services such as a checking account or credit card in violation of the *Bank Secrecy Act* could be criminally prosecuted for willful violations of money laundering statutes, in addition to being subject to other criminal, civil, and regulatory enforcement actions. Banks often refuse to provide banking services to businesses involved in the cannabis industry due to the present state of the laws and regulations governing financial institutions in the U.S. The lack of banking and financial services presents unique and significant challenges to businesses in the cannabis industry. The potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented by the unavailability of traditional banking and financial services. 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 which 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 Controlled Substances Act. The Company may also be exposed to the foregoing risks.

As previously introduced, in February 2014, FinCEN issued the FinCEN Memorandum providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of the *Bank Secrecy Act*. It refers to supplementary guidance that former Deputy Attorney General James M. Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the Controlled Substances Act. Although the FinCEN Memorandum remains in effect today, it is unclear at this time whether the current administration will follow the guidelines of the FinCEN Memorandum. Overall, the DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the *Bank Secrecy Act*, that occur in any state, including in states that have legalized the applicable conduct and the DOJ's current enforcement priorities could change for any number of reasons. A change in the DOJ's enforcement priorities could result in the DOJ prosecuting banks and financial institutions for crimes that previously were not prosecuted. If the Company does not have access to a U.S. banking system, its business and operations could be adversely affected.

The *Racketeer Influenced Corrupt Organizations Act* ("**RICO**") may also criminalize cannabis-related activities. RICO is a federal statute providing criminal penalties in addition to a civil cause of action for acts performed as part of an ongoing criminal organization. Under RICO, it is unlawful for any person who has received income derived from a pattern of racketeering activity (which includes most felonious violations of the Controlled Substances Act), to use or invest any of that income in the acquisition of any interest, or the establishment or operation of, any enterprise which is engaged in interstate commerce. RICO also authorizes private parties whose properties or businesses are harmed by such patterns of

rackeering activity to initiate a civil action against the individuals involved. Although RICO suits against the cannabis industry are rare, a few cannabis businesses have been subject to a civil RICO action. Defending such a case has proven extremely costly, and potentially fatal to a business' operations.

In the event that any of the Company's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations 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 our ability to declare or pay dividends, effect other distributions, and subject the Company to civil and/or criminal penalties. Furthermore, while there are no current intentions to declare or pay dividends on the shares in the foreseeable future, in the event that a determination was made that the Company's proceeds from operations (or any future operations or investments in the United States) could reasonably be shown to constitute proceeds of crime, we may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time. The Company could likewise be required to suspend or cease operations entirely.

The Company may not be able to complete build-out of its facilities or obtain and/or renew all necessary municipal and state licenses and permits, which could, among other things, delay or prevent us from becoming profitable.

The Company's ability to complete the build-out of, and commence and continue operations at, its facilities is subject to obtaining and/or renewing all necessary building permits, municipal business licenses and other necessary municipal and state licenses and approvals. There can be no certainty that such permits, licenses, and approvals will be granted, or, if granted, will be granted within the proposed timeframe or on terms expected by the Company, and/or renewed. If such permit, licenses, and approvals are not obtained within the proposed timeframe and/or renewed, the Company may not realize the expected benefits and could suffer adverse consequences, including loss of investor confidence and other material adverse effects on its business.

The Company's business success is reliant upon its ability to identify compliant locations and to secure applicable licenses to conduct its Cannabis Operations.

As various location within California and throughout the United States legalize cannabis, the Company's ability to efficiently identify locations and license opportunities will determine its eventual financial success. There can be no assurance that the Company will be successful in identifying such opportunities and if the Company does identify them that it will be successful in securing control over a location or license opportunity.

State and municipal laws and regulations may heavily regulate brands and forms of Cannabis Products and there is no guarantee that our proposed products and brands will be approved for sale and distribution in any state.

States generally only allow the manufacture, sale and distribution of Cannabis Products that are grown in that state and may require advance approval of such products. Certain states and municipal jurisdictions have promulgated certain 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 intend to follow the guidelines and regulations of each applicable state and municipal 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 municipal jurisdiction may revoke our approval for such products based on changes in laws or regulations or based on our discretion or otherwise. Following guidance under the Cole Memorandum, the Company is not planning on the export of Cannabis Products beyond California. In the event, the Company expands into other United States jurisdictions, we plan to undertake no cross-border commerce between states until the federal regulatory environment permits such commerce to occur.

Federal and State Forfeiture Laws

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, seizure of assets, disgorgement of profits, cessation of business activities or divestiture. As an entity that conducts business in the cannabis industry, the Company will be potentially subject to federal and state forfeiture laws (criminal and civil) that permit the government to seize the proceeds of criminal activity. Civil forfeiture laws could provide an alternative for the federal government or any state (or local police force) that wants to discourage residents from conducting transactions with cannabis related businesses but believes criminal liability is too difficult to prove beyond a reasonable doubt. Also, an individual can be required to forfeit property considered to be the proceeds of a crime even if the individual is not convicted of the crime, and the standard of proof in a civil forfeiture matter is lower than the standard in a criminal matter. Depending on the applicable law, whether federal or state, rather than having to establish liability beyond a reasonable doubt, the federal government or the state, as applicable, may be required to prove that the money or property at issue is proceeds of a crime only by either clear and convincing evidence or a mere preponderance of the evidence.

Shareholders of the Company located in states where cannabis remains illegal may be at risk of prosecution under federal and/or state conspiracy, aiding and abetting, and money laundering statutes, and be at further risk of losing their investments or proceeds under forfeiture statutes. Many states remain fully able to take action to prevent the proceeds of cannabis businesses from entering their state. Because state legalization is relatively new, it remains to be seen whether these states would take such action and whether a court would approve it. Members and prospective members of the Company should be aware of these potentially relevant federal and state laws in considering whether to invest in the Company.

Negative Impact of Regulatory Scrutiny on Raising Capital

The Company's business activities will rely on newly established and/or developing laws and regulations in multiple jurisdictions. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Company's profitability or cause it to cease operations entirely. The cannabis industry may come under scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the DOJ, the Financial Industry Regulatory Authority or other applicable federal, state, or non-governmental regulatory authorities or self-regulatory organizations. 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 U.S. for securities of the Company or to find a suitable acquirer, which could reduce, delay or eliminate any return on investment in the Company.

Risk of Regulatory or Political Change

The success of the Company's business strategy depends on the legality of the cannabis industry. The political environment surrounding the cannabis industry in general can be volatile and the regulatory framework remains in flux. To our knowledge, there are to date a total of 33 states and the District of Columbia, Puerto Rico and Guam that have legalized cannabis in some form, including California, and additional states have pending legislation regarding the same; however, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the industry as a whole, adversely impacting the Company's business, results of operations, financial condition or prospects.

Delays in enactment of new state or federal regulations could restrict the Company's ability to reach strategic growth targets and lower return on investor capital. The strategic growth strategy of the

Company is reliant upon certain federal and state regulations being enacted to facilitate the legalization of medical and adult-use cannabis. If such regulations are not enacted, or enacted but subsequently repealed or amended, or enacted with prolonged phase-in periods, the growth targets of the Company, and thus, the effect on the return of investor capital, could be detrimental. We are unable to predict with certainty when and how the outcome of these complex regulatory and legislative proceedings will affect its business and growth.

Further, there is no guaranty that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company's business, results of operations, financial condition and prospects would be materially adversely affected. It is also important to note that local and city ordinances may strictly limit and/or restrict distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business that is necessary for the continued operation of the cannabis industry. Federal actions against individuals or entities engaged in the cannabis industry or a repeal of applicable cannabis related legislation could adversely affect the Company and its business, results of operations, financial condition and prospects.

The Company is aware that multiple states are considering special taxes or fees on businesses in the cannabis industry. It is a potential yet unknown risk at this time that other states are in the process of reviewing such additional fees and taxation. This could have a material adverse effect upon the Company's business, results of operations, financial condition or prospects.

The commercial, medical and adult-use cannabis industries are in their infancy and we anticipate such regulations will be subject to change as the jurisdictions in which the Company will carry on business mature. The Company expects to put in place a detailed compliance program that will oversee, maintain, and implement the compliance program and personnel.

Overall, the medical and adult-use cannabis industry is subject to significant regulatory change at both the state and federal level. The inability of the Company to respond to the changing regulatory landscape may cause it to not be successful in capturing significant market share and could otherwise harm its business, results of operations, financial condition or prospects.

General Regulatory Risks

The Company's business will be subject to a variety of laws, regulations and guidelines and licensing requirements the United States. Achievement of the Company's business objectives will be contingent, in part, upon compliance with applicable regulatory requirements and obtaining all requisite regulatory approvals.

The Company will be required to obtain or renew further government permits and licenses for its contemplated operations. Obtaining, amending or renewing the necessary governmental permits and licenses can be a time-consuming process potentially involving numerous regulatory agencies, involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain, amend and renew permits and licenses will be contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. The Company may not be able to obtain, amend or renew permits or licenses that are necessary to its operations. Any unexpected delays or costs associated with the permitting and licensing process could impede the ongoing or proposed operations of the Company. To the extent permits or licenses are not obtained, amended or renewed, or are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with its ongoing operations or planned development and commercialization activities. Such curtailment or prohibition may result in a material adverse effect on the Company's business, financial condition, results of operations or prospects.

There is no assurance that the Company's licenses will be renewed by each applicable regulatory authority in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process for any of the licenses held by the Company could impede the ongoing or planned operations of the Company and have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition, results of operations or prospects.

The Company may be subject to certain tax risks related to controlled substances.

Section 280E of the U.S. Internal Revenue Code of 1986 (the "**Code**"), as amended, prohibits businesses from deducting certain expenses associated with trafficking controlled substances (within the meaning of Schedule I and II of the Controlled Substances Act). The Internal Revenue Service (the "**IRS**") has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are permitted under applicable state laws. Although the IRS issued a clarification allowing the deduction of certain expenses, the scope of such items is interpreted very narrowly, and 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. MJIC's current financial plans include federal tax payable on gross profit rather than is typical in other jurisdictions on earnings before tax.

Differing Local Rules and Regulations May Limit Ability to Expand into New Markets

Expansion of the Company's business into new markets with different rules and regulations or distant from then-existing operations, may not succeed. Any such expansion may expose the Company to new operational, regulatory and/or legal risks. In addition, expanding into new localities may subject the Company to unfamiliar or uncertain local rules and regulations that may adversely affect the operations of the Company. For example, different localities may impose different rules on how cannabis may be cultivated, manufactured, processed, distributed and/or transported. Each of the political subdivisions of California currently has or may in the future obtain the right to subject participants in the cannabis industry operating within its jurisdiction to its own set of rules and regulations regarding the acquisition and maintenance of required licenses, and the conduct of business, including prohibiting such operations and business in full or in part, regardless of the rules and regulations of adjacent political subdivisions. Newly entered localities may also have competitive conditions, consumer preferences and spending patterns that are more difficult to predict or satisfy than the existing markets.

Re-classification of Cannabis in the United States

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 improved; however, rescheduling cannabis may materially alter enforcement policies across many federal agencies, primarily the U.S. Food and Drug Administration ("**FDA**"). FDA is responsible for ensuring public health and safety through regulation of food, drugs, supplements, and cosmetics, among other products, through its enforcement authority pursuant to the *Federal Food Drug and Cosmetic Act* ("**FFDCA**"). FDA's responsibilities include regulating the ingredients as well as the marketing and labeling of drugs sold in interstate commerce. Because cannabis is federally illegal to produce and sell, and because it has no

federally recognized medical uses, the FDA has historically deferred enforcement related to cannabis to the DEA; however, the FDA has enforced the FFDCA with regard to products derived from industrial hemp, especially CBD, sold outside of state-regulated cannabis businesses. If cannabis were to be rescheduled to a federally controlled, yet legal, substance, FDA would likely play a more active regulatory role. Further, in the event that the pharmaceutical industry directly competes with state-regulated cannabis businesses for market share, as could potentially occur with rescheduling, the pharmaceutical industry may urge the DEA, FDA, and others to enforce the Controlled Substances Act and FFDCA against businesses that comply with state but not federal law. The potential for multi-agency enforcement post-rescheduling could threaten or have a materially adverse effect on the operations of existing state-legal cannabis businesses, including the Company.

Until recently, hemp (defined as *Cannabis sativa* L. with a THC concentration of not more than 0.3 percent on a dry weight basis) and hemp's extracts (except mature stalks, fiber produced from the stalks, oil or cake made from the seeds, and any other compound, manufacture, salt derivative, mixture, or preparation of such parts) were illegal Schedule I controlled substances under the Controlled Substances Act. The 2014 Farm Bill legalized the cultivation of industrial hemp for research under programs established by states. The majority of states established programs purportedly in compliance with the 2014 Farm Bill. Many industry participants and even states interpreted the law to include "research" into commercialization and commercial markets

In December 2018, the U.S. government changed the legal status of hemp. The 2018 Farm Bill, removed hemp and extracts of hemp, including CBD, from the Controlled Substances Act schedules. Accordingly the production, sale, and possession of hemp or extracts of hemp including CBD no longer violate the Controlled Substances Act. For hemp farmers and hemp product producers, the law expands banking options, expands intellectual property protection and enforceability, decreases tax liabilities, and makes crop insurance available. The law also grandfathers 2014 Farm Bill industrial hemp research programs for at least one year.

Notably, the 2018 Farm Bill did not make hemp nationally legal and did not even implement the legalization in permissive states. States can still prohibit hemp or limit hemp more stringently than the federal regulations will, although hemp may pass through all states, regardless of the particular state's law on growth and sales. The 2018 Farm Bill directs the USDA to create federal regulations and to set the framework for states to regulate their regulations. No timing for that has been set. Following the USDA issuing the draft regulations, there will be a notice and comment period for 30-180 days. For states choosing to permit and regulate hemp and hemp extracts, the state department of agriculture, in consultation with the state's governor and chief law enforcement officer, will devise a plan, which the USDA must approve. For states permitting, but opting out of regulating, hemp, the USDA must construct a regulatory program under which hemp cultivators must apply for licenses and comply with the federally run program. Federal requirements for producers will include maintaining information about land and procedures for testing THC levels and disposing of hemp or by-products that exceed 0.3% THC. The consequences for negligent violations are fairly light. "Other violations" will be reported to the local U.S. Attorney and the state's chief law enforcement officer.

The section of the 2018 Farm Bill establishing a framework for hemp production also states explicitly that it does not affect or modify the FDCA, section 351 of the Public Health Service Act (addressing the regulation of biological products), the authority of the Commissioner of the FDA under those laws, or the Commissioner's authority to regulate hemp production under those laws.

CBD classified as Schedule I controlled substance. The DEA recently published a final rule in the Federal Register creating a new drug code for "marihuana extracts".

In connection with the new drug code, the DEA has determined that all CBD products, regardless of origin, shall be considered Schedule I controlled substances. We are unable to determine what the impact of this will be on our business.

Reliance on Third-Party Suppliers

The Company will be reliant on third-party suppliers to develop, manufacture and distribute its products. Due to the uncertain regulatory landscape for regulating cannabis in 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.

Enforceability of Contracts

Due to the nature of the Company's intended business and the fact that its contracts will involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in federal and certain state courts. The inability to enforce any of the Company's contracts could have a material adverse effect on the Company's business, operating results, financial condition or prospects.

Potential Disclosure of Personal Information

The Company owns, manages, or provides services to or may in the future acquire interests, manage, or provide services to various U.S. state licensed cannabis operations. Acquiring even a minimal and/or indirect interest in a U.S. state-licensed cannabis business can trigger requirements to disclose investors' personal information. While these requirements vary by jurisdiction, some require interest holders to apply for regulatory approval and to provide tax returns, compensation agreements, fingerprints for background checks, criminal history records and other documents and information. Some states require disclosures of directors, officers and holders of more than a certain percentage of equity of the applicant. While certain states include exceptions for investments in publicly traded entities, not all states do so, and some such exceptions are confined to companies traded on a U.S. securities exchange. If these regulations were to extend to the Company, investors would be required to comply with such regulations, or face the possibility that the relevant cannabis license could be revoked or cancelled by the state licensing authority.

Risks Related to the Company's Securities

If the Company issues additional shares, shareholders may experience further dilution.

Within the limits of its governing instruments, the board of directors has the authority, without the consent of any of its shareholders, to cause the Company to issue additional shares. Consequently, shareholders may experience dilution in their ownership of the Company in the future.

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 shares. The Company's articles permit the issuance of an unlimited number of 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 Shares will be issued by the Company on the exercise of options under the Company's 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 an investor purchases shares in an 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 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 shares of the Company's capital stock.

The Company does not anticipate paying cash dividends.

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

Future sales of shares by existing shareholders could reduce the market price of the Company shares.

Sales of a substantial number of shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of shares intend to sell shares, could reduce the market price of the shares. Additional shares may be available for sale into the public market, subject to applicable securities laws, which could reduce the market price for shares. Holders of options or warrants to acquire shares will have an immediate income inclusion for tax purposes when they exercise same (that is, tax is not deferred until they sell the underlying shares). As a result, these holders may need to sell shares purchased on the exercise in the same year that they exercise their options. This might result in a greater number of shares being sold in the public market, and fewer long-term holds of shares by the Company's management and employees.

APPENDIX "G"
MJIC INTERIM MD&A

(see attached)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF MJIC, INC. FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2020

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of MJIC, Inc. d/b/a ManifestSeven (the "Company", "MJIC") has been prepared as of July 29, 2020 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements as of and for the three and six months ended May 31, 2020 and the notes thereto, as well as the Company's audited consolidated financial statements as of and for year ended November 30, 2019 and the notes thereto. The Company's unaudited condensed consolidated interim financial statements as of and for the three and six months ended May 31, 2020 and the notes thereto, and the Company's audited consolidated financial statements as of and for year ended November 30, 2019 and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in US dollars (\$) unless otherwise stated. All financial analysis, data and information set out in this MD&A are un-audited.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain "forward-looking statements" about the Company. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, milestones, strategies and outlook of the Company, including but not limited to statements relating to:

- our expectations regarding our revenue, expenses and operations;
- our anticipated cash needs and our needs for additional financing;
- our intention to grow our business and operations;
- expectations with respect to future production costs and capacity;
- expectations with respect to the approval of our licenses;
- expectations with respect to the future growth of our Cannabis distribution, delivery, and retail services;
- our competitive position and the regulatory environment in which we operate;
- any commentary related to the legalization of medical and medical Cannabis under United States federal law and the timing related to such legalization;
- our intention to exploit opportunities for the distribution, delivery, and retail sale of Cannabis in the United States;
- our belief that it will not trigger any of the United States federal enforcement priorities set forth in the *Cole Memorandum*;
- our expected business objectives for the next twelve months; and
- our ability to obtain additional funds through the sale of equity or debt commitments.

Forward-looking statements include statements that are predictive in nature and depend upon or refer to future events or conditions. Examples of the assumptions underlying the forward-looking statements contained herein include, but are not limited to:

- the timing and amount of capital expenditures;
- future exchange rates;
- the impact of increasing competition;
- conditions in general economic and financial markets;
- access to capital;
- future operating costs;
- our ability to successfully execute our plans and intentions;
- our ability to attract and retain skilled staff;
- market competition;
- the products and technology offered by our competitors;
- that our current good relationships with our suppliers, service providers and other third parties will be maintained;
- government regulations, including future legislative and regulatory developments involving medical and recreational marijuana and the timing thereto;
- obtaining the necessary regulatory approvals;
- the effects of regulation by governmental agencies;
- the anticipated changes to laws regarding the recreational use of Cannabis;
- the demand for Cannabis and corresponding forecasted increase in revenues; and
- the size of the medical marijuana market and the recreational marijuana market.

Other assumptions on which the forward-looking information contained herein is predicated are set out in this MD&A.

By its nature, forward-looking information is subject to risks and uncertainties, and there are a variety of material factors, many of which are beyond the control of the Company, that may cause actual outcomes to differ materially from those discussed in the forward-looking statements. These factors include, but are not limited to: limited operating history; reliance on management; additional financing; profitability of the Company; ongoing costs and obligations; competition; future acquisition or disposition; product liability; product recalls; product approvals; promotion and maintenance of brands; dependence on suppliers and skilled labour; management of growth; intellectual property risks; security breaches; client acquisitions; changes in laws, regulations and guidelines; constraints on marketing products; uncertainty surrounding existing protection from U.S. federal prosecution; Cannabis continue to be illegal under U.S. federal law; volatility in the market price of the shares; and management's success in anticipating and managing the foregoing factors, as well as the risks described under "*Risk Factors*" and other risks set out in this MD&A.

These forward-looking statements are made as of the date of this MD&A and, other than as specifically required by law, the Company does not assume any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

BUSINESS OF THE COMPANY

The Company's operations in the Cannabis Industry involve both business-to-business ("B2B") The Company's operations in the Cannabis Industry involve both business-to-business ("**B2B**") transactions involving the wholesaling, distribution, and transportation of Cannabis Products on behalf of licensed Cannabis Operators, and business-to-consumer ("**B2C**") transactions involving the retail sale of Cannabis Products directly to consumers. The other key component of the Company's consolidated enterprise is its operations in the Ancillary Industry, which are conducted out of the Tempe Property and involve the B2B and B2C commercialization of Ancillary Products, which can be produced, marketed, and sold with far fewer geographic restrictions and to a much broader customer base.

The Company believes that by assimilating its cannabis operations with its ancillary operations, while also integrating its B2B distribution strategy with its B2C retail channels, the Company will be able to create a platform that acts as a singular access point across all available commercial channels to provide businesses and consumers universalized access to Cannabis Products and Ancillary Products. Ancillary Products are often used by consumers of Cannabis Products, which the Company believes may result in overlap between the customer bases served by the Company's operations in the Cannabis Industry and Ancillary Industry and create opportunities for the Company drive revenue growth by cross-selling Cannabis Products and Ancillary Products.

B2B Operations

The Company engages in the wholesaling, distribution, and transportation of Cannabis Products on behalf of licensed Cannabis Operators and Ancillary Products on behalf of licensed Cannabis Operators and applicable Ancillary Operators by way of certain of the Company's existing and future subsidiaries and Affiliates, including, in connection with the Company's regulated operations, those that hold the applicable licenses required to conduct cannabis distribution operations. The Company's B2B service offering includes wholesale-to-retail distribution; bulk cannabis flower, biomass, and oil brokerage; secured logistics, transportation, and storage; collection and remittance of applicable fees and taxes; quality assurance and arranging for testing by licensed, certified laboratories; and sales and marketing support. The Company provides such services to licensed Cannabis Operators seeking assistance with long-haul transportation and local just-in-time fulfillment of Cannabis Products on an intrastate basis in California, as well as to applicable Ancillary Operators on a national and, in certain cases, global basis.

B2C Operations

The Company's B2C strategy encompasses the retail sale of Cannabis Products and Ancillary Products directly to consumers through all available legal retail channels, including brick-and-mortar dispensaries, local on-demand delivery and subscription services, and transactional and subscription-based e-commerce platforms. In each of the major metropolitan markets the Company is targeting for its cannabis operations, the Company is augmenting its B2B strategy by obtaining additional applicable licenses required to engage in the retail sale of Cannabis Products directly to consumers. The Company's B2C operations are currently conducted under the following trade names:

- The Company engages in the retail sale of Cannabis Products through brick-and-mortar dispensaries and local on-demand delivery services under the trade name "Weden" and by way of certain of the Company's existing and future subsidiaries and Affiliates that hold the applicable licenses required to conduct cannabis delivery and/or dispensary operations. Collectively, the operations of Weden sell to nearly 120,000 unique customers throughout

California and are supported by a centralized customer service call center accessible through the telephone number 1-800-CANNABIS and associated domain names, as well as a proprietary transactional e-commerce platform (weden.com).

- The Company engages in the retail sale of Cannabis Products through subscription services under the trade name "MyJane" and by way of certain of the Company's existing and future subsidiaries and Affiliates that hold the applicable licenses required to conduct cannabis operations. The operations of MyJane are supported by a proprietary subscription-based e-commerce platform (myjane.com) and are currently focused primarily on female consumers.
- The Company engages in the retail sale of Ancillary Products through transactional and subscription-based e-commerce platforms under the trade names "Rolling Paper Depot", "Hippie Butler", "PuffPack", and "White Coat Hemp Co", and by way of certain of the Company's existing and future subsidiaries. The operations of Rolling Paper Depot are conducted through a proprietary e-commerce platform (rollingpaperdepot.com) and such third-party e-commerce platforms as amazon.com, jet.com, ebay.com, and groupon.com. The operations of Hippie Butler, Puff Pack, and White Coat Hemp Co are conducted through proprietary e-commerce platforms (hippiebutler.com, thepuffpack.com, and whitecoathempco.com). Collectively, Rolling Paper Depot, Hippie Butler, PuffPack, and White Coat Hemp Co sell to nearly 550,000 unique consumers throughout the United States and around the world and carry inventory consisting of over 3,000 unique products and product bundles, including products produced by some of the most recognized brand names in the Ancillary Industry, such as "RAW" and "Zig-Zag".

As part of its broader B2B value proposition to the Cannabis Industry and the Ancillary Industry, the Company's team of financial and accounting professionals provide a comprehensive suite of value-added financial services. These professional services are intended to assist Cannabis Operators develop and implement best practices, policies, and procedures to achieve and maintain ongoing financial oversight, planning, and reporting in a highly-regulated and rapidly-evolving regulatory environment. The Company operates under the trade name "CFO Worldwide" to provide such services as outsourced CFO, financial reporting and oversight, bookkeeping, business planning, financial modeling, transactional packaging, creation of transactional collateral and marketing materials, asset and enterprise valuations, and market research and analysis.

Growth Strategy

The Company plans to invest in expanding the scope of its B2B operations by way of certain of its existing and future subsidiaries and Affiliates that hold the applicable licenses required to conduct cannabis distribution operations, as well as integrating the business models of Weden and MyJane into the operations of the Company's existing and future subsidiaries and Affiliates that hold the applicable licenses required to conduct cannabis operations. By way of certain of its future subsidiaries, the Company plans to secure leasehold interests in additional industrial warehouse and retail storefront properties and obtaining the applicable licenses required to conduct cannabis operations in major metropolitan markets throughout California.

The Company carefully monitors its product inventory and transaction activity in real-time to determine which products are generating traction. This data-driven approach allows the Company to provide its B2B and B2C customers with a highly customized product offering, as well as to actively gather intelligence related to rapidly-evolving consumer preferences for both Cannabis Products and Ancillary Products. The Company plans to apply this intelligence to the development and production of certain proprietary branded Cannabis Products and Ancillary Products that will be distributed and

sold through its existing B2B and B2C channels. Additionally, the Company plans to continue improving the user experience of its B2B and B2C customers by implementing enhancements to its existing technology platforms and expanding its product offering by purchasing products from a wider selection of vendors and expanding into new product categories.

The Company has previously acquired and plans to continue to target for acquisition certain businesses and assets that it believes can be complementary to its existing Cannabis Industry and Ancillary Industry operations. This includes compliant Cannabis Operators, historically non-compliant Cannabis Operators that the Company believes it can convert into full compliance, and Ancillary Operators. Furthermore, the Company believes that, over the following 12 months, market conditions impacting the Cannabis Industry and Ancillary Industry may create potential opportunities for the Company to acquire distressed public and private Cannabis Operators and Ancillary Operators, or key assets owned thereby, at attractive valuations relative to their intrinsic value.

RECENT DEVELOPMENTS

The following material events have transpired since the commencement of the fiscal year 2020 in connection with the Company's operations.

Acquisitions

DPH Acquisition

Effective January 31, 2020, the Company, through its wholly-owned subsidiary, M7R, completed the acquisition ("**DPH Acquisition**") of 80% of the issued and outstanding equity securities of Davis People's Harvest ("**DPH**"), a California corporation, including 100% of the issued and outstanding voting equity securities of DPH and 25% of the issued and outstanding non-voting equity securities of DPH. The Company, through M7R, has agreed to acquire the remaining 20% of the outstanding equity securities of DPH at a future date to be determined at the Company's discretion for aggregate consideration of \$10,000 in cash. DPH conducts cannabis delivery operations out of the Davis Property under the trade name "The People's Kush" in accordance with a business license issued by the City of Davis allowing for medicinal and adult-use cannabis delivery operations and a provisional medicinal and adult-use delivery license issued by the BCC. Subsequent to the closing of the DPH Acquisition, the Company rebranded the operations of DPH to operate under the trade name "Weden".

The consideration in connection with the DPH Acquisition consists of: (i) \$280,000 in cash; (ii) a senior secured convertible note ("**DPH Note**") issued to the sellers in connection with the DPH Acquisition ("**DPH Sellers**") in the principal amount of \$240,000; and (iii) \$250,000 of MJIC Class A Common Shares (or P&P Class A subordinate voting shares ("**Issuer Subordinate Voting Shares**") following the Closing), subject to an earn-out based upon the achievement of certain financial milestones in connection with the operations of DPH following closing of the DPH Acquisition ("**DPH Earn-Out**"), at a price equal to the higher of (a) \$3.00 per MJIC Class A Common Share (\$1.00 per Issuer Subordinate Voting Share), (b) if the DPH Earn-Out is achieved prior to the Closing, a 20% discount to the price of the MJIC Class A Common Shares in connection with the most recent private placement offering of MJIC Class A Common Shares completed by MJIC prior to the issuance of such MJIC Class A Common Shares ("**DPH Private Price**"), or (c) if the DPH Earn-Out is achieved following the Closing, a 20% discount to the volume weighted average price of the Issuer Subordinate Voting Shares for the 10 trading days immediately preceding the issuance of such Issuer Subordinate Voting Shares ("**DPH Public Price**"). The DPH Note: (i) has a

term of 12 months ("**DPH Note Term**"); (ii) accrues interest at an annual interest rate of 5%; (iii) is convertible at the discretion of the DPH Sellers during the DPH Note Term into MJIC Class A Common Shares (or Issuer Subordinate Voting Shares following the Closing) at a price equal to the higher of (a) \$3.00 per MJIC Class A Common Share (\$1.00 per Issuer Subordinate Voting Share), (b) if converted prior to the Closing, a 20% discount to the DPH Private Price, or (c) if converted following the Closing, a 20% discount to the DPH Public Price; and (iv) is secured by all assets of DPH and all equity securities of DPH owned by M7R. The DPH Acquisition is the subject of litigation between certain DPH Sellers and M7R.

SUBSEQUENT EVENTS

The following events occurred subsequent to May 31, 2020:

- The Company has entered into short term notes payable totaling approximately \$400,000.
- In June 2020, the Company (i) issued 1,242,500 options, 3,343,889 warrants and 7,449,833 Class B Common Shares to certain employees for services rendered, and (ii) cancelled 3,403,333 options previously issued to certain officers and directors of the Company.
- The Company and certain holders of outstanding Senior Convertible Notes, amended and restated the Senior Convertible Notes on July 1, 2020, to, among other amendments, (i) adjust the annual interest rate, conversion mechanism, covenants and warrant terms, (ii) extend the maturity date to October 31, 2021, and (iii) grant certain governance rights to the holders of such notes.

GOING CONCERN OF OPERATIONS

The audited consolidated financial statements have been prepared with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. To date, the Company has incurred losses and negative cash flows from operations from inception that has primarily been funded through financing activities. The Company will require further financing to operate and further develop its business. The Company's ability to realize its assets and discharge its liabilities is dependent upon the Company obtaining the necessary financing and ultimately upon its ability to achieve profitable operations. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going-concern. These adjustments could be material.

SELECTED FINANCIAL INFORMATION

The following selected financial information has been derived from, and is qualified in its entirety by, the Company's unaudited condensed consolidated interim financial statements as of and for the three and six months ended May 31, 2020 and the notes thereto, as well as the Company's audited consolidated financial statements as of and for year ended November 30, 2019 and the notes thereto.

Statement of Operations

	Three Months Ended May 31,		Six Months Ended May 31,	
	2020	2019	2020	2019
	(\$)	(\$)	(\$)	(\$)
Revenue	4,994,711	2,310,484	9,059,366	4,167,264
Gross Profit	1,753,884	554,969	3,006,066	1,346,140
Operating Expenses	3,783,003	4,328,065	9,235,385	7,696,563
Income (Loss) From Operations	(2,029,119)	(3,773,096)	(6,229,320)	(6,350,423)
Other Income (Expense)	948,195	747,121	52,483	1,257,596
Net Income (Loss)	(1,080,924)	(3,025,975)	(6,176,837)	(5,092,827)
Loss per share	(0.04)	(0.15)	(0.24)	(0.30)

Statement of Financial Position

	May 31,	November 30,
	2020	2019
	(\$)	(\$)
Current Assets	3,515,725	3,324,590
Total Assets	26,114,290	20,796,433
Total Liabilities	28,597,435	19,828,588
Shareholder's Equity (Deficit)	(2,483,145)	967,845
Cash Dividends Per Share	-	-

RESULTS OF OPERATIONS

Revenue

The Company generated revenue of \$4,994,711 and \$9,059,366, respectively, for the three and six months ended May 31, 2020, which represents an increase of \$2,684,227 (116%) from \$2,310,484 for the three months ended May 31, 2019 and an increase of \$4,892,102 (117%) from \$4,167,264 for the six months ended May 31, 2019. This increase in revenue was primarily attributable to growing demand for the Company's Cannabis distribution, delivery, and retail services and the continued expansion of the Company's Cannabis operations to new markets in California. The Company continues to work towards further expansion of its Cannabis distribution, delivery, and retail operations and gaining market share in the Cannabis Industry in California through a combination of organic growth and acquisition activity.

Gross Profit

The Company generated gross profit of \$1,753,884 and \$3,006,066, respectively, for the three and six months ended May 31, 2020, which represents an increase of \$1,198,915 (216%) from \$554,969 for the three months ended May 31, 2019 and an increase of \$1,659,926 (123%) from \$1,346,140 for the six months ended May 31, 2019. The Company's gross profit as a percentage of revenue increased from 24% and 32%, respectively, during the three and six months ended May 31, 2019 to 35% and 33%, respectively, during the three and six months ended May 31, 2020. This increase in gross profit and gross profit as a percentage of revenue was primarily attributable to increased revenue, efficiencies of merging acquired complementary businesses, and shifting product mix. The Company expects gross profit as a percentage of revenue to fluctuate going forward as the Company continues to implement its business model and further refine its product mix.

Operating Expenses

The Company's operating expenses were \$3,783,003 and \$9,235,386, respectively, for the three and six months ended May 31, 2020, which represents a decrease of \$545,062 (13%) from \$4,328,065 for the three months ended May 31, 2019 and an increase of \$1,538,823 (20%) from \$7,696,563 for the six months ended May 31, 2019. The increase in operating expenses for the six months ended May 31, 2020 was primarily attributable to increased wages and benefits expense and depreciation and amortization expense.

The Company's operating expenses for the three months ended May 31, 2020 decreased by \$1,669,380 (31%) from \$5,452,383 for the three months ended February 29, 2020. This decrease in operating expenses was primarily attributable to a targeted cost reduction program focused on non-core assets and operations successfully implemented by the Company during the three months ended May 31, 2020.

Wages and Benefits

The Company's wages and benefits expense totaled \$2,012,255 (2019 - \$1,443,850) and \$5,030,323 (2019 - \$2,666,862), respectively, for the three and six months ended May 31, 2020. This increase in wages and benefits expense was primarily attributable to the continued expansion of the Company's Cannabis operations to new markets in California and acquisition activity, resulting in an increase in the number of employees in sales, facility management, and corporate positions.

The Company's wages and benefits expense for the three months ended May 31, 2020 decreased by \$1,005,813 (33%) from \$3,018,068 for the three months ended February 29, 2020. This decrease in wages and benefits expense was primarily attributable to the Company's cost reduction program during the three months ended May 31, 2020.

Office and Miscellaneous

The Company's office and miscellaneous expense totaled \$684,112 (2019 - \$1,109,218) and \$1,384,688 (2019 - \$1,848,457), respectively, for the three and six months ended May 31, 2020. This decrease in office and miscellaneous expense was primarily attributable to the Company's cost reduction program during the three months ended May 31, 2020.

Professional Fees

The Company's professional fees expense totaled \$233,793 (2019 - \$724,702) and \$837,550 (2019 - \$1,684,069), respectively, for the three and six months ended May 31, 2020. This decrease in professional fees expense was primarily attributable to replacing third-party professional services providers with internal employees in connection with certain capacities related to the Company's efforts to raise capital, preparing the Company for trading on the CSE, and acquisition activity.

The Company's professional expense for the three months ended May 31, 2020 decreased by \$369,964 (61%) from \$603,757 for the three months ended February 29, 2020. This decrease in professional fees expense was primarily attributable to the Company's cost reduction program during the three months ended May 31, 2020.

Sales and Marketing

The Company's sales and marketing expense totaled \$186,887 (2019 - \$274,363) and \$564,779 (2019 - \$413,241), respectively, for the three and six months ended May 31, 2020. The increase in sales and marketing expense for the six months ended May 31, 2020 was primarily attributable to higher spending on marketing collateral and public relations related to the continued expansion of the Company's Cannabis operations to new markets in California, the Company's efforts to raise capital, and preparing the Company for trading on the CSE.

The Company's sales and marketing expense for the three months ended May 31, 2020 decreased by \$191,005 (51%) from \$377,892 for the three months ended February 29, 2020. This decrease in professional fees expense was primarily attributable to the Company's cost reduction program during the three months ended May 31, 2020.

Stock-Based Compensation

The Company's stock-based compensation expense totaled \$14,606 (2019 - \$520,799) and \$34,271 (2019 - \$663,427), respectively, for the three and six months ended May 31, 2020. This decrease in stock-based compensation expense was primarily attributable to the timing of share-based grants and the fact that compensation related to prior grants has been fully amortized.

Loss From Operations

The Company's loss from operations was \$2,029,119 and \$6,229,320, respectively, for the three and six months ended May 31, 2020, which represents a decrease of \$1,743,977 (46%) from a loss of \$3,773,096 for the three months ended May 31, 2019 and a decrease of \$121,103 (2%) from

\$6,350,423 for the six months ended May 31, 2019. The decrease in loss from operations for the three months ended May 31, 2020 was primarily attributable to increased revenue and gross profit, and decreased operating expenses.

The Company's loss from operations for the three months ended May 31, 2020 decreased by \$2,171,082 (52%) from a loss of \$4,200,201 for the three months ended February 29, 2020. This decrease in loss from operations was primarily attributable to increased revenue and gross profit, and decreased operating expenses resulting from the Company's cost reduction program during the three months ended May 31, 2020.

Net Loss

The Company's net loss was \$1,080,924 (loss per share - \$0.04) and \$6,176,837 (loss per share - \$0.23), respectively, for the three and six months ended May 31, 2020, which represents a decrease of \$1,945,051 (64%) from a loss of \$3,025,975 (loss per share - \$0.15) for the three months ended May 31, 2019 and an increase of \$1,084,010 (21%) from a loss of \$5,092,827 (loss per share - \$0.29) for the six months ended May 31, 2019. The decrease in net loss for the three months ended May 31, 2020 was primarily attributable to increased revenue and gross profit, and decreased operating expenses.

The Company's net loss for the three months ended May 31, 2020 decreased by \$4,014,989 (79%) from a loss of \$5,095,913 (loss per share - \$0.19) for the three months ended February 29, 2020. This decrease in net loss was primarily attributable to increased revenue and gross profit, and decreased operating expenses resulting from the Company's cost reduction program during the three months ended May 31, 2020.

SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The Company's unaudited condensed consolidated interim financial statements as of and for the three and six months ended May 31, 2020 and the notes thereto, and the Company's audited consolidated financial statements as of and for year ended November 30, 2019 and the notes thereto have been prepared in accordance with accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") for all periods presented, and have been prepared on an accrual basis and are based on historical costs, modified where applicable. All amounts are expressed in US dollars, the Company's functional and presentation currency.

For full detail with respect to the accounting principles that the financial data for the above noted quarters has been prepared in accordance with, see the Company's unaudited condensed consolidated interim financial statements as of and for the three and six months ended May 31, 2020 and the Company's audited consolidated financial statements as of and for year ended November 30, 2019.

LIQUIDITY, FINANCING AND CAPITAL RESOURCES

The Company's objective when managing its liquidity and capital resources is to generate sufficient cash to fund the Company's operating and organic growth opportunities. The Company periodically evaluates the opportunity to raise additional funds through either the public or private placement of equity capital to strengthen its financial position and to provide enough working capital for growth and development of its business. The Company also evaluates equity capital and debt placement to finance the capital expenditures needed to expand its production capacity for future sales growth.

The Company raised \$1,718,114 of capital through the issuance of common shares and raised an additional \$3,846,717 through the issuance of notes payable during the six months ended May 31, 2020. The use of proceeds was for capital expenditure and finance of operations, including working capital. Cash used in operations was \$2,602,702. Cash paid for investing activities totaled \$367,781.

The Company raised \$20,457,115 of capital through the issuance of common shares during the year ended November 30, 2019. The use of proceeds was for capital expenditure and finance of operations, including working capital. Cash used in operations was \$14,537,024. Cash paid for investing activities totaled \$7,881,467.

The Company raised \$4,266,500 of capital through the issuance of common shares and an additional \$2,852,301 through the issuance of convertible debentures during the year ended November 30, 2018. The use of proceeds was for capital expenditure and finance of operations, including working capital. Cash used in operations was \$4,423,330. Cash paid for investing activities totaled \$1,424,427.

The Company expects to finance its operations and capital expenditures through the issuance of additional common or preferred shares until such time the Company generates enough sales growth and profitability to fund its operations. The Company's ability to reach profitability is dependent on the successful implementation of its business strategy. While management is confident in the success and profitability of the business, there can be no assurance that the Company will gain adequate acceptance for its products or be able to generate enough gross margins to reach profitability.

As at May 31, 2020, the Company had \$791,937 in cash. The company had a net working capital deficit of \$21,550,388, however the financial statements at May 31, 2020 reflect certain notes payable and convertible debentures as current liabilities that, due to subsequent amended terms and other restructuring, are not expected to be repaid within the next twelve months. In addition, the derivative liability is a non-cash balance, the resolution of which is entirely tied to the resolution of the convertible debentures. When excluding these balances, working capital deficit was \$5,223,694.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel, not including normal employee compensation, made during the years ended November 30, 2019 and 2018 is set out below:

	Six Months Ended May 31,	
	2019	2020
	(\$)	(\$)
Management fees	143,467	445,500
Stock-based compensation	-	-

OUTSTANDING SHARE DATA

The Company's authorized share capital is:

1. a maximum of 100,000,000 of Class A common shares;
2. a maximum of 10,000,000 of Class B common shares; and
3. a maximum of 10,000,000 of preferred shares.

As of the date of this MD&A, the Company has the following securities issued and outstanding (on an as converted to voting shares basis):

Securities	Expiry Date	Exercise Price	Number of Securities Outstanding
Class A Common Shares	N/A	N/A	25,974,654
Class B Common Shares	N/A	N/A	9,810,894

Preferred Shares	N/A	N/A	250,000
Options	November 2021 – March 2024	\$2.00 - 3.00	3,863,772
Warrants	March 2020 – January 2023	\$2.25 - \$8.00	9,936,117
Total			49,835,437

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the condensed consolidated financial statements relate to the fair value measurements for inventory, estimated useful lives and depreciation of property, plant and equipment, valuation of intangibles, and valuation of convertible instruments.

New Standard IFRS 15 Revenue From Contracts With Customers

The Company has adopted IFRS 15, Revenue from Contracts with Customers ("IFRS 15") effective December 1, 2017. IFRS 15 supersedes IAS 18– Revenue, IAS 11 – Construction Contracts, and other revenue related interpretations. The standard outlines the principles that must be applied to measure and recognize revenue and the related cash flows. Revenue is recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 will be applied using the following five steps:

1. Identify the contract(s) with a customer
2. Identify the performance obligation in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The Company has concluded that the recognition and measurement of the sale of products in all contracts is consistent with the current revenue recognition practice and therefore does not expect any transitional adjustment.

New Standard IFRS 9 Financial Instruments

Effective December 1, 2018, the Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") on a retroactive basis in accordance with the transitional provisions. IFRS 9

replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). The standard promulgates a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. The adoption of IFRS 9 did not result in any change in the carrying values of any of the Company's financial assets on the transition date; therefore, comparative figures have not been restated.

New Standard IFRS 16 "Leases"

The Company adopted the requirements of IFRS 16 effective December 1, 2019. This new standard replaces IAS 17 Leases and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current accounting for finance leases, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is substantially changed.

On adoption, the Company's lease consisted of an office lease. The Company transitioned to the new standard using the modified retrospective approach and:

- Measured the lease liability based on the present value of the remaining lease payments discounted using the Company's incremental borrowing rate at December 1, 2019;
- Measured the right-of-use asset as if IFRS 16 had been applied since the commencement date, but discounted using the Company's incremental borrowing rate at December 1, 2019; and
- Recording the cumulative difference to deficit.

This adoption resulted in the recognition of additional right of use assets related to its leased premises of approximately \$5.1 million and lease liability of approximately \$5.5 million. The net impact on retained earnings on December 1, 2019 was an increase of \$360,613.

STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. As at February 29, 2020, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been early-adopted by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

FINANCIAL INSTRUMENTS

Classification of Financial Instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value unless fair value cannot be reliably measured in which case such assets are measured at cost. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The carrying value of Company's financial assets and liabilities as at May 31, 2020 and November 30, 2019 and 2018 approximate their fair value due to their short terms to maturity.

FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and trade receivables. The Company has no significant concentration of credit risk arising from operations. Cash are held with reputable banks in the United States which are closely monitored by management. Trade receivables are estimated assessed by the Company's management based on prior experience and an assessment of the current economic environment. Management believes that the credit risk concentration with respect to financial instruments included in cash and trade receivables is insignificant.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's primary source of funding has been the issuance of debt and equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. Management believes that the foreign exchange risk concentration with respect to financial instruments is insignificant.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in interest rate. The Company is exposed to interest rate risk on its cash and debt instruments and has determined there is no material exposure related to interest rate risk.

REGULATORY OVERVIEW

United States Federal Overview

General

Cannabis is a highly regulated industry. While various attempts by government regulators dating back as far as two decades have provided what can at best be described as “incomplete” regulatory environments, over the past three years states have begun to carefully formulate comprehensive regulations intended to provide increasingly unambiguous laws defining legal Cannabis operations and also providing clear penalties and sanctions for violations. Unlike many other industries, the course and scope of Cannabis operations are defined by these laws and as a result changes in these laws can have profound positive and negative effects on operations, frequently regardless of effectiveness in the marketplace. In California, the primary state where the Company’s Cannabis operations reside, there are two levels of regulations: state and municipal, both of which are discussed below. The United States federal government’s continued characterization of Cannabis as a Schedule I drug has produced significant market fragmentation, both prohibiting interstate movement of Cannabis Products, but also forcing individual states to independently formulate regulations, without any oversight or coordination at the federal level.

Federal Cannabis Prohibition

Under U.S. federal law, marijuana is currently a Schedule I drug. Schedule I means the United States Drug Enforcement Agency considers it to have a high potential for abuse and that it has no practical or medical benefit. While management believes that Cannabis should not be categorized similar to heroin, LSD and ecstasy (all of which are on Schedule I), this is the present status of federal regulation. In practice, the federal government’s enforcement or threatened enforcement of this prohibition has run the spectrum from written procedures defining circumstances under which the federal government would not enforce its own laws (discussed below) to pronouncements from federal officials such as the U. S. Attorney General suggesting an increasing interest in federal enforcement. The first written pronouncement by the U.S. government summarizing circumstances under which federal enforcement would be lax or nonexistent was the United States Department of Justice Memorandum drafted by former Deputy Attorney General James Michael Cole in 2013 (the “**Cole Memorandum**”) and FinCEN guidance in 2014.

The Cole Memorandum offered guidance to federal enforcement agencies as to how to prioritize civil enforcement, criminal investigations and prosecutions regarding marijuana in all states. The Cole Memorandum set forth eight prosecution priorities:

- Prohibiting minors from buying Cannabis;
- Assuring revenues from the sale of Cannabis are not generated by criminal enterprises, gangs and cartels;
- Regulating the movement of Cannabis from legal states to states where it is illegal;
- Monitoring state-authorized activities related to Cannabis from hiding the trafficking of other illegal drugs or other illegal activity;
- Assuring that violence and the use of firearms in the cultivation and distribution of Cannabis are carefully regulated;
- Continuing the unlawfulness of drugged driving and the exacerbation of other adverse public health consequences associated with the use of Cannabis;

- Prohibiting the growing of Cannabis on public lands and the attendant public safety and environmental dangers posed by the production of Cannabis on public lands; and
- Assuring there is no possession or use of Cannabis on federal property.

In January 2018, United States Attorney General, Jeff Sessions, rescinded the Cole Memorandum and thereby created a vacuum of guidance for enforcement agencies and the Department of Justice. While other government officials have informally suggested that the federal government should work toward legalizing Cannabis (as recently as remarks by President Trump in June 2018), the M7's corporate wide policy is to assure state and municipal compliance, while also adhering to the Cole Memorandum.

The uncertainty and changing dynamics of the federal government's position has also created uncertainty with the federally regulated banking sector in the United States. Many banks in states where Cannabis is legal, have still concluded that it would be illegal for financial institutions that depend on the Federal Reserve's money transfer system to take any proceeds from Cannabis sales as deposits. Most if not almost all financial institutions presently refuse to risk prosecution of money laundering for providing services to Cannabis businesses under the United States Currency and Foreign Transactions Reporting Act of 1970 ("**Bank Secrecy Act**"). Under U.S. federal law, banks or other financial institutions that provide a Cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy. While FinCEN has provided certain guidance suggesting that if the Cole Memorandum is complied with in states where Cannabis is legal that financial institutions could provide banking services to Cannabis businesses, it is also clear that FinCEN also concludes that such activities continue to be at the risk of the bank's management. Certainly, banks are not known to take regulatory risks of this magnitude.

While management has discussed with various California based financial institutions the viability of providing banking services to the industry and California state lawmakers are reviewing the possibility and benefit of a state-chartered bank launched to primarily focus upon the Cannabis Industry, there has been no discernable progress at this juncture.

California Regulatory Environment

California was the first state to attempt legalization of medical Cannabis and it is generally regarded as the single largest Cannabis market in the world. Prior to 2016, this first attempt at Cannabis regulation did not provide clear guidance and as a result, the industry responded with a variety of structures and operational approaches which predictably failed to support an established marketplace with clear brands, pricing and supply channels. As states such as Colorado, Oregon and Washington developed state-wide medical and adult-use approaches to Cannabis legalization, California launched first medical and then adult-use regulatory environments, providing the increasing legal certainty which the industry clearly required to flourish.

California Regulatory History

In 1996, California was the first state to legalize medical Cannabis through Proposition 215, the Compassionate Use Act of 1996 ("**CUA**"). CUA legalized medical Cannabis to be used by patients securing a physician's recommendation. It further required the use of what were characterized as "nonprofit collectives", producing vagueness as to who actually controlled these nonprofit Cannabis operations and who was entitled to receive compensation and profits from the enterprise. Generally, CUA provided a confusing framework that matched patients with an increasingly changing Cannabis supply chain. It further became apparent that physicians were prepared to liberally provide these

recommendations for an expanding variety of ailments claimed by patients. The dynamic of regulatory uncertainty coupled with relaxed access to medical recommendations produced an uncertain marketplace, with little state oversight. This changed in 2015.

In September 2015, the California legislature began providing regulatory oversight and increasing certainty to the Cannabis marketplace. The “Medical Cannabis Regulation and Safety Act” (“**MCRSA**”) was comprised of three bills, establishing a licensing and regulatory framework for medical Cannabis businesses in California. The system created multiple license types across the entire supply chain, with both state and municipal approval required to operate. The issue of adult-use was not considered by MCRSA, but 14 months later this also changed.

In November 2016, voters in California passed Proposition 64, the “Adult Use of Cannabis Act” (“AUMA”) legalizing adult-use of Cannabis for those 21 years of age or older. In June 2017, the California legislature passed the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”) reconciling conflicts between MCRSA and AUMA, thereby providing the comprehensive regulatory guidance responsible Cannabis Operators required to begin deploying increasingly well financed operations with accelerating certainty that the state and its regulatory framework would now support.

Present California Regulatory Environment

All California regulatory compliance begins at the municipal level. According to Marijuana Business Daily, as of February 2019 approximately 67% of all California municipalities and 59% of counties have either prohibited commercial Cannabis operations in all forms or have not passed any laws related to Cannabis. The remaining 33% of municipalities and 41% of counties have passed a variety of ordinances identifying specific zones where Cannabis operations may be conducted, specifying whether authorized Cannabis operations include medicinal only or both medicinal and adult-use Cannabis operations, and defining the types of Cannabis operations authorized. For example, while one municipality may authorize only manufacturing and distribution operations, another may limit the maximum number of licenses allowed to be issued, while another still may require that each licensee hold licenses covering the entire Cannabis supply chain, from cultivation to retail. Thus, the first step for a business wishing to engage in Cannabis operations is the issuance by a municipality or county of an operating permit, authorizing Cannabis operations at a specific location.

California has four separate agencies that regulate various aspects of the Cannabis supply chain:

- Bureau of Cannabis Control (www.bcc.ca.gov) regulating distribution and transport, consumer sales by brick and mortar dispensaries and microbusinesses (vertically integrated Cannabis Operators engaging in three of the following four: cultivation, manufacturing, distribution and retail);
- California Department of Food and Agriculture (CalCannabis) regulating cultivation;
- Department of Public Health regulating manufacturing and related packaging and edible products; and
- California Department of Tax and Fee Administration monitoring and enforcing the collection of all taxes and fees.

In order to legally operate in California Cannabis Operators must now secure both a municipal license, as well as a state license from one of the agencies referenced above. This is the first occasion where an economy the size of California (purported to be the sixth largest in the world if it was its own country) has now provided comprehensive guidance to Cannabis Operators regarding

the lawful course and scope of their business. It also provides detailed tax and fee schedules encouraging the proper compensation of both the cities and the state, as well as providing an incentive for government officials and agencies to support the Cannabis Industry.

RISK FACTORS

Investing in the Company involves significant risks. An investor should carefully consider the risks described below. The risks and uncertainties described below are those that the Company currently believes to be material, but they are not the only ones that the Company faces. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified or that the Company currently consider not to be material, actually occur or become material risks, the Company's business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected. In that event, the market price of the shares could decline, and an investor could lose part or all of such investor's investment.

Risks Generally Related to the Company

The Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability.

We have been incurring operating losses and cash flow deficits since our inception of operations, as we attempt 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 California and nationwide in United States on a state by state basis. MJIC had net losses of approximately \$8.87 million, \$11.7 million and \$5.09 million, respectively, in the fiscal years ended November 30, 2017, 2018 and 2019, and our limited operating history makes it difficult for investors to evaluate our prospects for success. Prospective investors should consider the risks and difficulties we might encounter. There is no assurance that we will be successful, and the likelihood of success must be considered in light of our relatively early stage of operation.

As we have only just begun to generate revenue, it is extremely difficult to make accurate predictions and forecasts of our finances. This is compounded by the fact we intend to operate in the Cannabis industry, which is rapidly transforming. There is no guarantee that our products or services will be attractive to potential consumers.

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

The Company has incurred losses and negative cash flows from operations from inception that has primarily been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand and proceeds from a financing done concurrently with the Merger. Such financing may not be available or may not be available on reasonable terms.

The Company has a negative cash flow for the most recently ended financial year.

The Company and MJIC had negative operating cash flow for the financial years ended December

31, 2018 and November 30, 2019, respectively. To the extent that we have negative operating cash flow in future periods, we may need to allocate a portion of our cash reserves to fund such negative cash flow. We may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that we will be able to generate a positive cash flow from our operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to us.

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 its plan. 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 is subject to uncertainty regarding legal and regulatory status and changes.

Achievement of the Company's business objectives is also contingent, in part, upon compliance with other regulatory requirements enacted by governmental authorities and obtaining other required regulatory approvals. The regulatory regime applicable to the Cannabis business the US is currently undergoing significant proposed changes and the Company cannot predict the impact of the regime on its business once the structure of the regime is finalized. Similarly, the Company cannot predict the timeline required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failing to obtain, required regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's operations. In addition, 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 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 costlier than the Company expects, 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, and 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 shares may significantly decrease.

There is no assurance that the Company will turn a profit or generate immediate revenues.

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.

The Company will require additional capital to meet our financial obligations and support business growth, and this capital might not be available on acceptable terms or at all.

We intend to continue to make significant investments to support our business growth and will require additional funds to respond to business challenges, including the need to develop expand our business, improve our operating infrastructure and acquire complementary businesses, personnel and technologies. Accordingly, we will need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Issuer Subordinate Voting Shares. Any debt financing that we secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be harmed.

There are factors which may prevent the realization of growth targets.

We are currently in an expansion stage. Our growth strategy contemplates building our California facilities and business units. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these "Risk Factors" and the following:

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

The Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business.

The Company has grown by acquisition. If the Company implements its business plan as intended, it may in the future experience rapid growth and development in a relatively short period of time. The management of this growth will require, among other things, continued development of the Company's financial and management controls and management information systems, stringent control of costs, the ability to attract and retain qualified management personnel and the training of new personnel. The Company intends to utilize outsourced resources, and hire additional personnel, to manage its expected growth and expansion. Failure to successfully manage its possible growth and development could have a material adverse effect on the Company's business and the value of the shares.

The Company's business plan involves several strategic partnerships. If these partnerships do not materialize, we may be unable to sell our products.

Our business plan contemplates several strategic partnerships or relationships that may not necessarily materialize during our business development. If these relationships are unsuccessful, or if we are unsuccessful in establishing them, we may be unable to effectively develop, manufacture, market and distribute our products in accordance with our business plan.

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

If our cannot successfully develop, manufacture and distribute our products, or if we experience difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, we may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect our ability to effectively establish or expand our market position. If we fail to achieve a low-cost structure through economies of scale, we may experience material adverse effects on our commercialization plans and our business, prospects, results of operations and financial condition.

The Company may be unable to adequately protect its proprietary and intellectual property rights, particularly in the U.S.

As long as Cannabis remains illegal under U.S. federal law, 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. 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 certain of its intellectual property under U.S. federal and state law is impaired by the illegality of Cannabis under U.S. 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 or marketing strategies similar to or competitive with, or superior to those the Company develops;
- another party may assert 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, 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 administration of medical substances to 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 us. Furthermore, we 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 our products or other reputational damage which could have a material adverse effect on our business, results of operations, sales, cash flow or financial condition.

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 an early 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 regularly purchases and follows market research.

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 and businesses ancillary to and directly involved with Cannabis businesses are 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 shares for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders.

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 our products are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We 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 we have detailed procedures in place for testing our 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 our significant brands were subject to recall, the image of that brand and our could be harmed. A recall for any of the foregoing reasons could lead to

decreased demand for our products and could have a material adverse effect on our results of operations and financial condition. Additionally, product recalls may lead to increased scrutiny of our operations by 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 our finances and operation results.

Our business is dependent on several key inputs and their related costs including raw materials and supplies related to our 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 our business, financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition and operating results.

The Company faces competition from other companies where it will conduct business that may have higher capitalization, more experienced management or may 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 have better capitalization, a longer operating history, more expertise and 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.

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 Chief Executive Officer, Chief Operating Officer, and technical experts. 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 the Company's 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 the Company's employees.

There is no assurance that the Company will obtain and retain any relevant licenses.

Current and new state or local licenses obtained in the U.S. are expected to be subject to ongoing compliance and reporting requirements, as well as, in certain cases, annual renewal thereof. Failure by the Company to comply with the requirements of licenses or any failure to maintain licenses would have a material adverse impact on the business, financial condition and operating results of

the Company. Should any jurisdiction in which the Company requires a license not issue, extend or renew such license or should it extend or renew such license on different terms, or should it decide to issue more than the total anticipated number of licenses, the business, financial condition and results of the operation of the Company could be materially adversely affected.

Historically, MJIC, through one of its operating subsidiaries, contractually provides management services to three entities licensed to conduct commercial Cannabis operations in California that are owned in whole, or in part, by an executive of MJIC. For accounting purposes, it has been deemed that MJIC effectively controls these licensed entities, and, as such, these licensed entities have been consolidated into the financial statements of MJIC in accordance with the relevant accounting standards. However, MJIC has not disclosed MJIC or its operating subsidiary as an owner of these licensed entities with the relevant regulatory bodies. There is a risk that the relevant regulatory bodies could deem that MJIC and/or its operating subsidiary are owners of these licensed entities, but have not been properly disclosed as such, which could subject MJIC and these licensed entities to adverse action by the relevant regulatory bodies.

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.

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 Company has grown and expects to continue growing by acquiring businesses. The consummation and integration of any acquired business, product or other assets into the Company may be complex and time consuming and, if such businesses and assets are not successfully integrated, the Company may not achieve the anticipated benefits, cost-savings or growth opportunities. Furthermore, these acquisitions and other arrangements, even if successfully integrated, may fail to further the Company's business strategy as anticipated, expose the Company to increased competition or other challenges with respect to the Company's products or geographic markets, and expose the Company to additional liabilities associated with an acquired business, technology or other asset or arrangement.

When the Company acquires Cannabis businesses, it may obtain the rights to applications for licenses as well as licenses; however, the procurement of such applications for licenses and licenses generally will be subject to governmental and regulatory approval. There are no guarantees that the Company will successfully consummate such acquisitions, and even if the Company consummates such acquisitions, the procurement of applications for licenses may never result in the grant of a license by any state or local governmental or regulatory agency and the transfer of any rights to licenses may never be approved by the applicable state and/or local governmental or regulatory agency.

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, 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 fully utilize such insurance coverage, if necessary.

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 violate government regulations. 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 Company's business, including the imposition of civil, criminal and administrative penalties, loss of relevant licenses 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'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.

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.

Risk Factors Related to the Regulatory System

Regulatory Regime

The business and activities of the Company are heavily regulated in all jurisdictions where it will carry on business. The Company's operations will be subject to various laws, regulations and guidelines by governmental authorities. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company's products and services. Achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its

products. The Company cannot predict the impact of the compliance regime that is implementing for the United States Cannabis industry. Similarly, the Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance in the United States. Failure to comply with regulations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate the Company's business, the suspension or expulsion from a particular market or jurisdiction or of its key personnel, and the imposition of fines and censures. In addition, 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.

Changes in Laws, Regulations and Guidelines

The Company's operations will be subject to various laws, regulations, guidelines and licensing requirements in the United States. While, with the exception of United States federal laws and regulations which continue to classify Cannabis as a Schedule I controlled substance, the Company is expected to be in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company could have a material adverse effect on the Company's business, results of operations and financial condition. Additionally, as noted above, Cannabis remains a Schedule I controlled substance under United States federal law, and the Company's activities in the states of the United States in which the Company operates may constitute a violation of United States federal criminal laws applicable to such conduct, including, but not limited to, the Controlled Substances Act, anti-money laundering laws, and the *Racketeer Influenced and Corrupt Organizations Act*.

The Company is subject to certain legal constraints in marketing its products

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory and legal environments in the United States, particularly the existence of federal criminal laws that may prohibit certain marketing of Cannabis, limits companies' abilities to compete for market share in a manner similar to other industries. 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 results of operations could be adversely affected.

Environmental Risk and Regulation

The Company's operations are subject to environmental regulation in the various jurisdictions in which it will operate. 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 stricter 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 (or the equivalent

thereof) and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government approvals and permits are currently, and may in the future, be required in connection with the Company's operations.

Failure to comply with applicable 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 by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of medical Cannabis, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Our business success is reliant upon our ability to identify compliant locations and to secure applicable licenses to conduct Cannabis operations.

As various locations within California and throughout the United States legalize Cannabis our ability to efficiently identify locations and license opportunities will determine our eventual financial success. There can be no assurance that we will be successful in identifying such opportunities and if we do identify them that we will be successful in securing control over a location or license opportunity.

Public opinion and perception about the Cannabis industry can impact the Company's Business

Government policy changes or public opinion may also result in a significant influence over the regulation of the Cannabis industry the United States. Public opinion and support for medical and adult-use Cannabis has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use Cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical Cannabis as opposed to legalization in general). A negative shift in the public's perception of 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 and/or adult-use 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 its business, results of operations or prospects.

The Company's business could be impacted by the economic environment

The Company's operations could be affected by general economic conditions should the unemployment level, interest rates or inflation reach levels that influence consumer trends, and consequently, impact the Company's sales and profitability. As well, general demand for banking services and alternative banking or financial services cannot be predicted, and future prospects of such areas might be different from those predicted by the Company's management.

The Company's business could be impacted by global financial conditions

Following the onset of the credit crisis in 2008, global financial conditions were characterized by extreme volatility and several major financial institutions either went into bankruptcy or were rescued by governmental authorities. While global financial conditions subsequently stabilized, there remains considerable risk in the system given the extraordinary measures adopted by government authorities to achieve that stability. Global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises.

Future economic shocks may be precipitated by a number of causes, including a rise in the price of oil, geopolitical instability and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Further, in such an event, the Company's operations and financial condition could be adversely impacted.

Furthermore, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the Cannabis industry, supply and demand for commodities, political developments, legislative or regulatory changes, social or labour unrest and stock market trends will affect the Company's operating environment and its operating costs, profit margins and share price. Any negative events in the global economy could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Risks Specifically Related to the United States

Cannabis Continues to be a Controlled Substance under the United States Federal Controlled Substances Act

The Company will be directly engaged in the medical and adult-use Cannabis industry in the U.S. in those states which have legalized medical and/or adult-use Cannabis; however, all such activities remain illegal under U.S. federal law. Investors are cautioned that even in those states in the U.S. which have legalized medical or adult-use Cannabis, the growing, processing, and distribution of Cannabis is highly regulated. To our knowledge, there are to date a total of 33 states, and the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, and the Northern Mariana Islands that have legalized medical Cannabis in some form, including California, although not all states have fully implemented their legalization programs. Eleven states, the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, and the Northern Mariana Islands have legalized Cannabis for adult use. Fourteen additional states have legalized high-CBD, low THC oils for a limited class of patients. But Cannabis continues to be categorized as a Schedule I controlled substance under the federal Controlled Substances Act. A Schedule I drug is considered to have a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the substance under medical supervision. Federal law prohibits commercial production and sale of Schedule I controlled substances, and as such, Cannabis-related activities, including without limitation, the importation, cultivation, manufacture, distribution, sale and possession of Cannabis remain illegal under U.S. federal law. It is also illegal to aid or abet such activities or to conspire or attempt to engage in such activities. Strict compliance with state and local laws with respect to Cannabis may neither absolve the Company of liability under U.S. federal law, nor provide a defense

to any federal proceeding brought against the Company. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including, but not limited to, forfeiture of his, her or its entire investment, fines, and/or imprisonment.

Although the Cole Memorandum has been rescinded, the United States Congress has repeatedly enacted legislation to protect the medical marijuana industry from prosecution. The United States Congress has passed appropriations bills each of the last four years that included the Rohrabacher Amendment Title: H.R.2578 — Commerce, Justice, Science, and Related Agencies Appropriations Act, 2016, which by its terms does not appropriate any federal funds to the U.S. DOJ for the prosecution of medical Cannabis offenses of individuals who are in compliance with State medical Cannabis laws. Subsequent to the issuance of the Sessions Memorandum on January 4, 2018, the United States Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained the Rohrabacher-Blumenauer Amendment language (formerly, the "**Leahy Amendment**" and currently the "**Joyce Amendment**") and continued the protections for the medical Cannabis marketplace and its lawful participants from interference by the DOJ up and through the 2018 appropriations deadline of September 30, 2018. In September 2018, United States Congress passed the Continuing Appropriations Act, 2019 that extends the deadline of the March 2018 omnibus spending bill until December 7, 2018. Following the much publicized shutdown of the United States Federal Government, the Consolidated Appropriations Act of 2019 was signed into law on February 15, 2019 with the Joyce Amendment intact (section 538). On June 20, 2019, the House voted 267–165 to approve a broader amendment that in addition to protecting state medical Cannabis programs also protected recreational. On September 26, 2019 the Senate Appropriations Committee declined to take up the broader amendment but did approve the Joyce Amendment for the FY 2020 spending bill. On September 27 the Joyce Amendment was renewed as part of a stopgap spending bill, in effect through November 21, 2019.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges and penalties, including, but not limited to, disgorgement of profits, cessation of business activities, divestiture, forfeiture of property or funds or prison time. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical and adult-use Cannabis licenses in the U.S., its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation or defense of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Some of the Company's planned business activities, while believed to be compliant with applicable United States state and local law, are illegal under federal law.

Although certain states and territories of the United States authorize medical or adult-use production and distribution of Cannabis by licensed or registered entities, under federal law in the United States, the possession, use, cultivation, and transfer of Cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law under any and all circumstances under the Controlled Substances Act. 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 our entire investment.

Since the possession and use of Cannabis and any related drug paraphernalia is illegal under federal law in the United States, we may be deemed to be aiding and abetting illegal activities through the contracts it has entered into and the products that it intends to provide. We intend to manufacture, distribute and sell medical Cannabis. As a result, United States law enforcement authorities, in their attempt to regulate the illegal use of Cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Company, including, but not limited, a claim regarding our possession, use and sale of Cannabis, and 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 our commission, is punishable as a principal." As a result of such an action, we may be forced to cease operations and our investors could lose their entire investment. Such an action would have a material negative effect on our business and operations.

Uncertainty Surrounding Existing Protection from U.S. Federal Prosecution

Pursuant to the Joyce Amendment, the DOJ was prohibited through November 21, 2019 from expending any funds for the prosecution of medical Cannabis businesses operating in compliance with state and municipal laws pursuant to the Rohrabacher-Blumenauer Amendment. If the Joyce Amendment or an equivalent thereof is not successfully included in the next or any subsequent federal omnibus spending bill, the protection which has been afforded thereby to U.S. medical Cannabis businesses in the past would lapse, and such businesses would be subject to a higher risk of prosecution under federal law. Although unlikely, there is a possibility that all amendments may be banned from federal omnibus spending bills, and if this occurs and the substantive provisions are not included in the base federal omnibus spending bill or other law, these protections would lapse.

Approach to Federal Enforcement of Cannabis Laws may be Subject to Change

As a result of the conflicting views between states and the federal government regarding Cannabis, investments in, and the operations of, Cannabis businesses in the U.S. are subject to inconsistent laws and regulations. The Cole Memorandum issued by former Deputy Attorney General James Cole on August 29, 2013 and other Obama-era Cannabis policy guidance, discussed below, and provided the framework for managing the tension between federal and state Cannabis laws. Subsequently, as discussed below, then Attorney General Jeff Sessions rescinded the Cole Memorandum and related policy guidance. Although no longer in effect, these policies, and the enforcement priorities established within, appear to continue to be followed during the Trump administration and remain critical factors that inform the past and future trend of state-based legalization.

The Cole Memorandum directed U.S. Attorneys not to prioritize the enforcement of federal Cannabis laws against individuals and businesses that comply with state medical or adult-use Cannabis regulatory programs, provided certain enumerated enforcement priorities (such as diversion or sale of Cannabis to minors) were not implicated. In addition to general prosecutorial guidance issued by the DOJ, the U.S. Department of the Treasury's Financial Crimes Enforcement Network issued the FinCEN Memorandum on February 14, 2014 outlining *Bank Secrecy Act*-compliant pathways for financial institutions to service state-sanctioned Cannabis businesses, which echoed the enforcement priorities outlined in the Cole Memorandum. On the same day the FinCEN Memorandum was published, the DOJ issued complimentary policy guidance directing prosecutors to apply the enforcement priorities of the Cole Memorandum when determining whether to prosecute individuals or institutions with crimes related to financial transactions involving the proceeds of Cannabis-related activities.

On January 4, 2018, then Attorney General Jeff Sessions rescinded the Cole Memorandum and all other related Obama-era DOJ Cannabis enforcement guidance. While the rescission did not change federal law, as the Cole Memorandum and other DOJ guidance documents were not themselves laws, the rescission removed the DOJ's formal policy that state-regulated Cannabis businesses in compliance with the Cole Memorandum guidelines should not be a prosecutorial priority. Notably, former Attorney General Sessions' rescission of the Cole Memorandum has not affected the status of the FinCEN Memorandum issued by the Department of Treasury, which remains in effect. In addition to his rescission of the Cole Memorandum, Attorney General Sessions issued the Sessions Memorandum. The Sessions Memorandum explains the DOJ's rationale for rescinding all past DOJ Cannabis enforcement guidance, claiming that Obama-era enforcement policies are "unnecessary" due to existing general enforcement guidance adopted in the 1980s, in chapter 9.27.230 of the USAM. The USAM enforcement priorities, like those of the Cole Memorandum, are based on the use of the federal government's limited resources and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community." Although the Sessions Memorandum emphasizes that Cannabis is a federally illegal Schedule I controlled substance, it does not otherwise instruct U.S. Attorneys to consider the prosecution of Cannabis-related offenses a DOJ priority, and in practice, most U.S. Attorneys have not changed their prosecutorial approach to date. However, due to the lack of specific direction in the Sessions Memorandum as to the priority federal prosecutors should ascribe to such Cannabis activities, there can be no assurance that the federal government will not seek to prosecute cases involving Cannabis businesses that are otherwise compliant with state law.

Such potential proceedings could involve significant restrictions being imposed upon the Company or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation and prospects, even if such proceedings were concluded successfully in favour of the Company. In the extreme case, such proceedings could ultimately involve the criminal prosecution of key executives of the Company, the seizure of corporate assets, and consequently, the inability of the Company to continue its business operations. Strict compliance with state and local laws with respect to Cannabis does not absolve the Company of potential liability under U.S. federal law, nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

The Company is operating at a regulatory frontier. The Cannabis industry is a new industry that may not succeed.

Should the federal government in the United States change course and decide to prosecute those dealing in medical or adult-use Cannabis under applicable law, there may not be any market for our 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 us to succeed. We are treating the Cannabis industry as a deregulating industry with significant unsatisfied demand for our proposed products and will adjust our future operations, product mix and market strategy as the industry develops and matures.

Risks Associated with Banking, Financial Transactions, and Anti-Money Laundering Laws and Regulations

The Company will be subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including the *Bank Secrecy Act*, as amended by *Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* (USA PATRIOT Act), and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S.. Since the cultivation, manufacture, distribution and sale of Cannabis remains illegal under the Controlled Substances Act, 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 *Bank Secrecy Act*, among other applicable federal statutes. Banks or other financial institutions that provide Cannabis businesses with financial services such as a checking account or credit card in violation of the *Bank Secrecy Act* could be criminally prosecuted for willful violations of money laundering statutes, in addition to being subject to other criminal, civil, and regulatory enforcement actions. Banks often refuse to provide banking services to businesses involved in the Cannabis industry due to the present state of the laws and regulations governing financial institutions in the U.S. The lack of banking and financial services presents unique and significant challenges to businesses in the Cannabis industry. The potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented by the unavailability of traditional banking and financial services. 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 which 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 Controlled Substances Act. The Company may also be exposed to the foregoing risks.

As previously introduced, in February 2014, FinCEN issued the FinCen Memorandum providing instructions to banks seeking to provide services to Cannabis-related businesses. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to Cannabis-related businesses without risking prosecution for violation of the *Bank Secrecy Act*. It refers to supplementary guidance that former Deputy Attorney General James M. Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on Cannabis-related violations of the Controlled Substances Act. Although the FinCEN Memorandum remains in effect today, it is unclear at this time whether the current administration will follow the guidelines of the FinCEN Memorandum. Overall, the DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the *Bank Secrecy Act*, that occur in any state, including in states that have legalized the applicable conduct and the DOJ’s current enforcement priorities could change for any number of reasons. A change in the DOJ’s enforcement priorities could result in the DOJ prosecuting banks and financial institutions for crimes that previously were not prosecuted. If the Company does not have access to a U.S. banking system, its business and operations could be adversely affected.

The *Racketeer Influenced Corrupt Organizations Act* (“**RICO**”) may also criminalize Cannabis-related activities. RICO is a federal statute providing criminal penalties in addition to a civil cause of action for acts performed as part of an ongoing criminal organization. Under RICO, it is unlawful for any person who has received income derived from a pattern of racketeering activity (which includes most felonious violations of the Controlled Substances Act), to use or invest any of that income in the acquisition of any interest, or the establishment or operation of, any enterprise which is engaged in interstate commerce. RICO also authorizes private parties whose properties or businesses are harmed by such patterns of racketeering activity to initiate a civil action against the individuals involved. Although RICO suits against the Cannabis industry are rare, a few Cannabis businesses

have been subject to a civil RICO action. Defending such a case has proven extremely costly, and potentially fatal to a business' operations.

In the event that any of the Company's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations 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 our ability to declare or pay dividends, effect other distributions, and subject the Company to civil and/or criminal penalties. Furthermore, while there are no current intentions to declare or pay dividends on the shares in the foreseeable future, in the event that a determination was made that the Company's proceeds from operations (or any future operations or investments in the United States) could reasonably be shown to constitute proceeds of crime, we may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time. The Company could likewise be required to suspend or cease operations entirely.

The Company may not be able to complete build-out of its facilities or obtain and/or renew all necessary municipal and state licenses and permits, which could, among other things, delay or prevent us from becoming profitable.

The Company's ability to complete the build-out of, and commence and continue operations at, its facilities is subject to obtaining and/or renewing all necessary building permits, municipal business licenses and other necessary municipal and state licenses and approvals. There can be no certainty that such permits, licenses, and approvals will be granted, or, if granted, will be granted within the proposed timeframe or on terms expected by the Company, and/or renewed. If such permit, licenses, and approvals are not obtained within the proposed timeframe and/or renewed, the Company may not realize the expected benefits and could suffer adverse consequences, including loss of investor confidence and other material adverse effects on its business.

The Company's business success is reliant upon its ability to identify compliant locations and to secure applicable licenses to conduct its Cannabis Operations.

As various location within California and throughout the United States legalize Cannabis, the Company's ability to efficiently identify locations and license opportunities will determine its eventual financial success. There can be no assurance that the Company will be successful in identifying such opportunities and if the Company does identify them that it will be successful in securing control over a location or license opportunity.

State and municipal laws and regulations may heavily regulate brands and forms of Cannabis and there is no guarantee that our proposed products and brands will be approved for sale and distribution in any state.

States generally only allow the manufacture, sale and distribution of Cannabis that are grown in that state and may require advance approval of such products. Certain states and municipal jurisdictions have promulgated certain requirements for approved Cannabis based on the form of the product and the concentration of the various cannabinoids in the product. While the Company intend to follow the guidelines and regulations of each applicable state and municipal 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 municipal jurisdiction may revoke our approval for such products based on changes in laws or regulations or based on our discretion or otherwise. Following guidance under the Cole Memorandum, the Company is not

planning on the export of Cannabis beyond California. In the event, the Company expands into other United States jurisdictions, we plan to undertake no cross-border commerce between states until the federal regulatory environment permits such commerce to occur.

Federal and State Forfeiture Laws

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, seizure of assets, disgorgement of profits, cessation of business activities or divestiture. As an entity that conducts business in the Cannabis industry, the Company will be potentially subject to federal and state forfeiture laws (criminal and civil) that permit the government to seize the proceeds of criminal activity. Civil forfeiture laws could provide an alternative for the federal government or any state (or local police force) that wants to discourage residents from conducting transactions with Cannabis related businesses but believes criminal liability is too difficult to prove beyond a reasonable doubt. Also, an individual can be required to forfeit property considered to be the proceeds of a crime even if the individual is not convicted of the crime, and the standard of proof in a civil forfeiture matter is lower than the standard in a criminal matter. Depending on the applicable law, whether federal or state, rather than having to establish liability beyond a reasonable doubt, the federal government or the state, as applicable, may be required to prove that the money or property at issue is proceeds of a crime only by either clear and convincing evidence or a mere preponderance of the evidence.

Shareholders of the Company located in states where Cannabis remains illegal may be at risk of prosecution under federal and/or state conspiracy, aiding and abetting, and money laundering statutes, and be at further risk of losing their investments or proceeds under forfeiture statutes. Many states remain fully able to take action to prevent the proceeds of Cannabis businesses from entering their state. Because state legalization is relatively new, it remains to be seen whether these states would take such action and whether a court would approve it. Members and prospective members of the Company should be aware of these potentially relevant federal and state laws in considering whether to invest in the Company.

Negative Impact of Regulatory Scrutiny on Raising Capital

The Company's business activities will rely on newly established and/or developing laws and regulations in multiple jurisdictions. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Company's profitability or cause it to cease operations entirely. The Cannabis industry may come under scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the DOJ, the Financial Industry Regulatory Authority or other applicable federal, state, or non-governmental regulatory authorities or self-regulatory organizations. 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 U.S. for securities of the Company or to find a suitable acquirer, which could reduce, delay or eliminate any return on investment in the Company.

Risk of Regulatory or Political Change

The success of the Company's business strategy depends on the legality of the Cannabis industry. The political environment surrounding the Cannabis industry in general can be volatile and the regulatory framework remains in flux. To our knowledge, there are to date a total of 33 states and the District of Columbia, Puerto Rico and Guam that have legalized Cannabis in some form, including California, and additional states have pending legislation regarding the same; however, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the industry as a whole, adversely impacting the Company's business, results of operations, financial condition or prospects.

Delays in enactment of new state or federal regulations could restrict the Company's ability to reach strategic growth targets and lower return on investor capital. The strategic growth strategy of the Company is reliant upon certain federal and state regulations being enacted to facilitate the legalization of medical and adult-use Cannabis. If such regulations are not enacted, or enacted but subsequently repealed or amended, or enacted with prolonged phase-in periods, the growth targets of the Company, and thus, the effect on the return of investor capital, could be detrimental. We are unable to predict with certainty when and how the outcome of these complex regulatory and legislative proceedings will affect its business and growth.

Further, there is no guaranty that state laws legalizing and regulating the sale and use of Cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. If the federal government begins to enforce federal laws relating to Cannabis in states where the sale and use of Cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company's business, results of operations, financial condition and prospects would be materially adversely affected. It is also important to note that local and city ordinances may strictly limit and/or restrict distribution of Cannabis in a manner that will make it extremely difficult or impossible to transact business that is necessary for the continued operation of the Cannabis industry. Federal actions against individuals or entities engaged in the Cannabis industry or a repeal of applicable Cannabis related legislation could adversely affect the Company and its business, results of operations, financial condition and prospects.

The Company is aware that multiple states are considering special taxes or fees on businesses in the Cannabis industry. It is a potential yet unknown risk at this time that other states are in the process of reviewing such additional fees and taxation. This could have a material adverse effect upon the Company's business, results of operations, financial condition or prospects.

The commercial, medical and adult-use Cannabis industries are in their infancy and we anticipate such regulations will be subject to change as the jurisdictions in which the Company will carry on business mature. The Company expects to put in place a detailed compliance program that will oversee, maintain, and implement the compliance program and personnel.

Overall, the medical and adult-use Cannabis industry is subject to significant regulatory change at both the state and federal level. The inability of the Company to respond to the changing regulatory landscape may cause it to not be successful in capturing significant market share and could otherwise harm its business, results of operations, financial condition or prospects.

General Regulatory Risks

The Company's business will be subject to a variety of laws, regulations and guidelines and licensing requirements the United States. Achievement of the Company's business objectives will be

contingent, in part, upon compliance with applicable regulatory requirements and obtaining all requisite regulatory approvals.

The Company will be required to obtain or renew further government permits and licenses for its contemplated operations. Obtaining, amending or renewing the necessary governmental permits and licenses can be a time-consuming process potentially involving numerous regulatory agencies, involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain, amend and renew permits and licenses will be contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. The Company may not be able to obtain, amend or renew permits or licenses that are necessary to its operations. Any unexpected delays or costs associated with the permitting and licensing process could impede the ongoing or proposed operations of the Company. To the extent permits or licenses are not obtained, amended or renewed, or are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with its ongoing operations or planned development and commercialization activities. Such curtailment or prohibition may result in a material adverse effect on the Company's business, financial condition, results of operations or prospects.

There is no assurance that the Company's licenses will be renewed by each applicable regulatory authority in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process for any of the licenses held by the Company could impede the ongoing or planned operations of the Company and have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition, results of operations or prospects.

The Company may be subject to certain tax risks related to controlled substances.

Section 280E of the U.S. Internal Revenue Code of 1986 (the "**Code**"), as amended, prohibits businesses from deducting certain expenses associated with trafficking controlled substances (within the meaning of Schedule I and II of the Controlled Substances Act). The Internal Revenue Service (the "**IRS**") has invoked Section 280E in tax audits against various Cannabis businesses in the U.S. that are permitted under applicable state laws. Although the IRS issued a clarification allowing the deduction of certain expenses, the scope of such items is interpreted very narrowly, and 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. MJIC's current financial plans include federal tax payable on gross profit rather than is typical in other jurisdictions on earnings before tax.

Differing Local Rules and Regulations May Limit Ability to Expand into New Markets

Expansion of the Company's business into new markets with different rules and regulations or distant from then-existing operations, may not succeed. Any such expansion may expose the

Company to new operational, regulatory and/or legal risks. In addition, expanding into new localities may subject the Company to unfamiliar or uncertain local rules and regulations that may adversely affect the operations of the Company. For example, different localities may impose different rules on how Cannabis may be cultivated, manufactured, processed, distributed and/or transported. Each of the political subdivisions of California currently has or may in the future obtain the right to subject participants in the Cannabis industry operating within its jurisdiction to its own set of rules and regulations regarding the acquisition and maintenance of required licenses, and the conduct of business, including prohibiting such operations and business in full or in part, regardless of the rules and regulations of adjacent political subdivisions. Newly entered localities may also have competitive conditions, consumer preferences and spending patterns that are more difficult to predict or satisfy than the existing markets.

Re-classification of Cannabis in the United States

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 improved; however, rescheduling Cannabis may materially alter enforcement policies across many federal agencies, primarily the U.S. Food and Drug Administration ("**FDA**"). FDA is responsible for ensuring public health and safety through regulation of food, drugs, supplements, and cosmetics, among other products, through its enforcement authority pursuant to the *Federal Food Drug and Cosmetic Act* ("**FFDCA**"). FDA's responsibilities include regulating the ingredients as well as the marketing and labeling of drugs sold in interstate commerce. Because Cannabis is federally illegal to produce and sell, and because it has no federally recognized medical uses, the FDA has historically deferred enforcement related to Cannabis to the DEA; however, the FDA has enforced the FFDCA with regard to products derived from industrial hemp, especially CBD, sold outside of state-regulated Cannabis businesses. If Cannabis were to be rescheduled to a federally controlled, yet legal, substance, FDA would likely play a more active regulatory role. Further, in the event that the pharmaceutical industry directly competes with state-regulated Cannabis businesses for market share, as could potentially occur with rescheduling, the pharmaceutical industry may urge the DEA, FDA, and others to enforce the Controlled Substances Act and FFDCA against businesses that comply with state but not federal law. The potential for multi-agency enforcement post-rescheduling could threaten or have a materially adverse effect on the operations of existing state-legal Cannabis businesses, including the Company.

Until recently, hemp (defined as Cannabis sativa L. with a THC concentration of not more than 0.3 percent on a dry weight basis) and hemp's extracts (except mature stalks, fiber produced from the stalks, oil or cake made from the seeds, and any other compound, manufacture, salt derivative, mixture, or preparation of such parts) were illegal Schedule I controlled substances under the Controlled Substances Act. The 2014 Farm Bill legalized the cultivation of industrial hemp for research under programs established by states. The majority of states established programs purportedly in compliance with the 2014 Farm Bill. Many industry participants and even states interpreted the law to include "research" into commercialization and commercial markets

In December 2018, the U.S. government changed the legal status of hemp. The 2018 Farm Bill, removed hemp and extracts of hemp, including CBD, from the Controlled Substances Act schedules. Accordingly the production, sale, and possession of hemp or extracts of hemp including CBD no longer violate the Controlled Substances Act. For hemp farmers and hemp product producers, the law expands banking options, expands intellectual property protection and enforceability, decreases tax liabilities, and makes crop insurance available. The law also grandfathers 2014 Farm Bill industrial hemp research programs for at least one year.

Notably, the 2018 Farm Bill did not make hemp nationally legal and did not even implement the legalization in permissive states. States can still prohibit hemp or limit hemp more stringently than the federal regulations will, although hemp may pass through all states, regardless of the particular state's law on growth and sales. The 2018 Farm Bill directs the USDA to create federal regulations and to set the framework for states to regulate their regulations. No timing for that has been set. Following the USDA issuing the draft regulations, there will be a notice and comment period for 30-180 days. For states choosing to permit and regulate hemp and hemp extracts, the state department of agriculture, in consultation with the state's governor and chief law enforcement officer, will devise a plan, which the USDA must approve. For states permitting, but opting out of regulating, hemp, the USDA must construct a regulatory program under which hemp cultivators must apply for licenses and comply with the federally run program. Federal requirements for producers will include maintaining information about land and procedures for testing THC levels and disposing of hemp or by-products that exceed 0.3% THC. The consequences for negligent violations are fairly light. "Other violations" will be reported to the local U.S. Attorney and the state's chief law enforcement officer.

The section of the 2018 Farm Bill establishing a framework for hemp production also states explicitly that it does not affect or modify the FDCA, section 351 of the Public Health Service Act (addressing the regulation of biological products), the authority of the Commissioner of the FDA under those laws, or the Commissioner's authority to regulate hemp production under those laws.

CBD classified as Schedule I controlled substance. The DEA recently published a final rule in the Federal Register creating a new drug code for "marihuana extracts".

In connection with the new drug code, the DEA has determined that all CBD products, regardless of origin, shall be considered Schedule I controlled substances. We are unable to determine what the impact of this will be on our business.

Reliance on Third-Party Suppliers

The Company will be reliant on third-party suppliers to develop, manufacture and distribute its products. Due to the uncertain regulatory landscape for regulating Cannabis in 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.

Enforceability of Contracts

Due to the nature of the Company's intended business and the fact that its contracts will involve Cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in federal and certain state courts. The inability to enforce any of the Company's contracts could have a material adverse effect on the Company's business, operating results, financial condition or prospects.

Potential Disclosure of Personal Information

The Company owns, manages, or provides services to or may in the future acquire interests, manage, or provide services to various U.S. state licensed Cannabis operations. Acquiring even a minimal and/or indirect interest in a U.S. state-licensed Cannabis business can trigger requirements to disclose investors' personal information. While these requirements vary by jurisdiction, some

require interest holders to apply for regulatory approval and to provide tax returns, compensation agreements, fingerprints for background checks, criminal history records and other documents and information. Some states require disclosures of directors, officers and holders of more than a certain percentage of equity of the applicant. While certain states include exceptions for investments in publicly traded entities, not all states do so, and some such exceptions are confined to companies traded on a U.S. securities exchange. If these regulations were to extend to the Company, investors would be required to comply with such regulations, or face the possibility that the relevant Cannabis license could be revoked or cancelled by the state licensing authority.

Risks Related to the Company's Securities

If the Company issues additional shares, shareholders may experience further dilution.

Within the limits of its governing instruments, the board of directors has the authority, without the consent of any of its shareholders, to cause the Company to issue additional shares. Consequently, shareholders may experience dilution in their ownership of the Company in the future.

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 shares. The Company's articles permit the issuance of an unlimited number of 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 Shares will be issued by the Company on the exercise of options under the Company's 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 an investor purchases shares in an 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 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 shares of the Company's capital stock.

The Company does not anticipate paying cash dividends.

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

Future sales of shares by existing shareholders could reduce the market price of the Company shares.

Sales of a substantial number of shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of shares intend to sell shares, could reduce the market price of the shares. Additional shares may be available for sale into the public market, subject to applicable securities laws, which could reduce the market price for shares. Holders of options or warrants to acquire shares will have an immediate income inclusion for tax purposes when they exercise same (that is, tax is not deferred until they sell the underlying shares). As a result, these holders may need to sell shares purchased on the exercise in the same year that they exercise their options. This might result in a greater number of shares being sold in the public market, and fewer long-term holds of shares by the Company's management and employees.

APPENDIX "H"
P&P ANNUAL FINANCIAL STATEMENTS

(see attached)

P&P VENTURES INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and the Board of Directors of
P&P Ventures Inc.

Opinion

We have audited the accompanying consolidated financial statements of P&P Ventures Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial positions of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards

Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Raymond Lu.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia

February 24, 2020

P&P VENTURES INC.

Consolidated Statements of Financial Position

As at December 31, 2019 and 2018

Expressed in Canadian Dollars

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	\$ 1,193,661	\$ 687,177
Prepaid expenses	-	1,312
Total assets	\$ 1,193,661	\$ 688,489
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 7,394	\$ 23,656
Convertible notes and subscriptions (note 5)	974,864	367,500
Total liabilities	982,258	391,156
SHAREHOLDERS' EQUITY		
Share capital (note 7)	3,102,647	3,102,647
Reserves (note 5)	238,756	145,519
Deficit	(3,130,000)	(2,950,833)
Total equity	211,403	297,333
Total liabilities and equity	\$ 1,193,661	\$ 688,489

Going concern (note 2)

Commitments (note 12)

Approved on behalf of the Board:

Director "Peter Born"
Peter Born

Director "Michael Woods"
Michael Woods

The accompanying notes are an integral part of these financial statements

P&P VENTURES INC.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2019 and 2018

Expressed in Canadian Dollars

	2019	2018
EXPENSES		
Consulting fees (note 6)	\$ 35,628	\$ 24,875
Depreciation	-	351
Office and miscellaneous	316	2,045
Professional fees	55,951	33,627
Rent	-	309
Transfer agent and filing fees	20,756	18,960
	(112,651)	(80,167)
OTHER ITEMS		
Interest income	22,386	5,777
Accretion expense	(147,858)	-
Gain on debt modification	24,471	
Loss before income tax	(213,652)	(74,390)
Deferred income tax recovery (note 5)	34,485	-
Loss and comprehensive loss	\$ (179,167)	\$ (74,390)
Basic and diluted loss per share (note 7)	\$ (0.07)	\$ (0.03)
Weighted average number of common shares outstanding	2,469,998	2,469,998

The accompanying notes are an integral part of these financial statements

P&P VENTURES INC.

Consolidated Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
Expressed in Canadian Dollars

	Share Capital			Reserves			
	Number of Shares	Amount	Contributed Surplus	Share-based Payment Reserve	Equity Component of Convertible Notes	Deficit	Total Shareholders' Equity
Balance at January 1, 2018	2,469,998	\$ 3,102,647	\$ 648	\$ 144,871	\$ -	\$ (2,876,443)	\$ 371,723
Loss for the year	-	-	-	-	-	(74,390)	(74,390)
Balance at December 31, 2018	2,469,998	3,102,647	648	144,871	-	(2,950,833)	297,333
Balance at January 1, 2019	2,469,998	3,102,647	648	144,871	-	(2,950,833)	297,333
Equity component of convertible notes (Note 5)	-	-	-	-	93,237	-	93,237
Loss for the year	-	-	-	-	-	(179,167)	(179,167)
Balance at December 31, 2019	2,469,998	\$ 3,102,647	\$ 648	\$ 144,871	\$ 93,237	\$ (3,130,000)	\$ 211,403

The accompanying notes are an integral part of these financial statements

P&P VENTURES INC.

Consolidated Statements of Cash Flow

For the years ended December 31, 2019 and 2018

Expressed in Canadian Dollars

	2019	2018
Cash provided by (used in):		
Operating activities		
Loss for the year	\$ (179,167)	\$ (74,390)
Item not affecting cash:		
Depreciation	-	351
Accretion expense	147,858	-
Gain on debt modification	(24,471)	-
Deferred income tax recovery	(34,485)	-
Change in non-cash working capital:		
Prepaid expenses	1,312	(1,312)
Accounts payable and accrued liabilities	(16,262)	1,625
Net cash flows used in operating activities	(105,215)	(73,726)
Financing activities		
Convertible note subscriptions received	611,699	367,500
Net cash flows provided by financing activities	611,699	367,500
Change in cash and cash equivalents	506,484	293,774
Cash and cash equivalents, beginning of the year	687,177	393,403
Cash and cash equivalents, end of the year	\$ 1,193,661	\$ 687,177

The Company did not pay any interest or income taxes in cash during the years ended December 31, 2019 and 2018.

The accompanying notes are an integral part of these financial statements

P&P VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

1. NATURE OF BUSINESS

P&P Ventures Inc. (the "Company") was incorporated on May 31, 2007 under the laws of British Columbia, Canada and maintains its head office and registered office at Suite 300, 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9. The Company is currently in the process of identification and evaluation of assets or a business for acquisition and merger opportunities. The Company is listed on the NEX board of the TSX Venture Exchange (TSX-V) under the symbol "PPV.H".

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

These consolidated financial statements were authorized for issue on February 24, 2020 by the directors of the Company.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of Consolidation and Functional Currency

These consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiary, US incorporated ManifestSteven, Inc. (collectively the "Company"). All inter-company balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated upon consolidation. Where necessary, adjustments are made to the results of the subsidiary to bring its accounting policies in line with those used by the Company.

The Company's functional and reporting currency is the Canadian dollar. The Company's subsidiary functional and reporting currency is the Canadian dollar.

P&P VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE, continued

Going concern

At present, the Company has no significant operations and does not generate cash flow. The Company has incurred losses since inception and had an accumulated deficit of \$3,130,000 as at December 31, 2019. Management is actively pursuing opportunities with a view to identifying and making an acquisition of assets or businesses that will qualify the Company, at a minimum, for listing on Tier 2 of the Exchange. The continuing operations of the Company are dependent upon its ability to complete a qualified transaction to generate net income, managing cash on hand by reducing costs and expenses, and to raise adequate financing. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Management believes that the current cash position will be sufficient to fund the Company's operating requirements for at least the next 12 months. Should the Company identify a suitable asset or business acquisition, it would be required to raise additional capital to finance the transaction.

These consolidated financial statements do not include adjustments that would be required if the going concern assumption is not an appropriate basis for preparation of the consolidated financial statements. These adjustments could be material.

Significant estimates and assumptions

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of the fair value of stock options, using stock option pricing models, requires the input of highly subjective assumptions, including the expected share price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.
- ii) The determination of discount rate and effective interest rates on liability and equity components of the convertible notes. Changes in these assumptions could materially affect the recorded amounts.
- iii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

P&P VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE, continued

Significant judgments

The preparation of these consolidated financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- i) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all years presented in these consolidated financial statements, unless otherwise indicated.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

Financial instruments

Measurement – initial recognition

All financial assets and financial liabilities are initially recorded on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All financial asset and liabilities are initially recorded at fair value, net of attributable transaction costs, except for those classified as fair value through profit or loss ("FVTPL"). Subsequent measurement of financial assets and financial liabilities depends on the classifications of such assets and liabilities.

Classification – financial assets

Amortized cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequent to initial recognition at amortized cost.

P&P VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Financial instruments, continued

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method, and is recognized in interest and other income, on the consolidated statements of loss and comprehensive loss.

The Company currently has no financial assets measured at amortized cost.

Fair value through other comprehensive income ("FVTOCI")

Financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and selling financial assets, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to retained earnings.

The Company currently has no financial assets designated as FVTOCI.

Fair value through profit or loss ("FVTPL")

By default, all other financial assets are measured subsequently at FVTPL. The Company has classified its cash and cash equivalent as FVTPL.

Classification – financial liabilities

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost include accounts payable and convertible notes.

Financial liabilities classified FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the statements of loss and comprehensive loss. The Company does not have any financial liabilities at FVTPL.

P&P VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Financial instruments, continued

The Company has no hedging arrangements and does not apply hedge accounting.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the consolidated statement of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

Convertible notes

Convertible notes, where applicable, are separated into their financial liability and equity instrument components and accounted for using the effective interest method. The fair value of the liability component at the time of issue is determined based on an estimated interest rate of the convertible loan without the conversion feature. The fair value of the equity component is determined as the difference between the face value and the fair value of the liability component. Issuance costs of the convertible notes are applied as a reduction of proceeds and allocated pro-rata between the liability and equity components. The issuance costs applied to the liability component are recognized as accretion expense over the term of the convertible notes.

P&P VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Debt issuance costs

Debt issue costs are recognized in connection with proposed financing transactions which are specifically identified in that the form of debt issuances is known and completion of the financing is probable. When the financing is completed, these costs are recognized and netted against the value of the debt for debt transactions. The debt is subsequently accreted to face value at maturity. The accretion amounts are included in interest and bank charges expense over the life of the debt. Debt issue costs include only those costs which are incremental and directly attributable to the proposed financing transaction. In the event that the transaction is abandoned, previously capitalized debt issue costs are expensed through the consolidated statement of comprehensive loss.

Share capital

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that the shares are issued.

Earnings / loss per share

Basic earnings/loss per share is calculated by dividing the earnings/loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the earnings/loss attributable to common shareholders equals the reported earnings/loss attributable to owners of the Company. The diluted earnings/loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

Share-based payments

The Company has adopted the fair value method of accounting for all share-based compensation. The fair value of stock options granted is determined using the Black-Scholes option pricing model. Share-based compensation is expensed over the period of vesting and initially credited to stock options reserve. Any consideration paid on the exercise of stock options is credited to share capital. When options are exercised, previously recorded compensation is transferred from stock options reserve to share capital to fully reflect the consideration for the shares issued.

Options granted under the Company's stock option plan vest as determined by the directors at the time of grant.

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

P&P VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Share-based payments, continued

Where the share options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless the fair value cannot be estimated reliably, in which case they are recorded at the fair value of the equity instruments granted.

Income taxes

Income tax expense comprises current and deferred tax and is recognized in operations except to the extent that it relates to business combinations, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for temporary differences in assets and liabilities arising in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, transactions relating to investments in jointly controlled entities to the extent that they will not reverse in the foreseeable future, and transactions arising on the initial recognition of goodwill.

Deferred tax is recognized at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Certain comparative information in these consolidated financial statements has been reclassified to conform to the presentation of the current period consolidated financial statements.

P&P VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, continued

New accounting standards

There were no new standards effective January 1, 2019 that had an impact on the Company's financial statements.

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2020, or later periods. The Company has not early adopted these new standards in preparing these financial statements. There new standards are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. CASH AND CASH EQUIVALENTS

	2019	2018
Cash	\$ 33,661	\$ 387,177
Guaranteed investment certificate (interest rate: 1.9%)	1,160,000	300,000
	\$ 1,193,661	\$ 687,177

5. CONVERTIBLE NOTES AND SUBSCRIPTIONS

On January 4, 2019, the Company closed a \$1 million private placement of convertible notes ("Notes") that are convertible into 20,000,000 units at \$0.05 per unit upon the Company's obtainment of either (i) TSXV conditional acceptance of a reactivation transaction that, on closing, will result in the Company, at a minimum, qualifying for Tier 2 listing of its Shares, or (ii) CSE conditional acceptance with respect to the listing of its shares on the CSE. Each unit consists of a common share and a share purchase warrant ("Warrant") exercisable at \$0.055 for an additional common share for a term of one year from the date of conversion of the Notes. The Notes are non-interest bearing and will become due 12 months from issuance. As at December 31, 2018, the Company had received subscriptions for \$367,500 of the Notes.

The fair value of the liability component at the time of issue is determined based on an estimated rate of 15% for loans without the conversion feature. After initial recognition the liability component is carried on an amortized cost basis and will be accreted to its face value over the term to maturity of the convertible notes at an effective interest rate of 17.44%. The fair value of the equity component is determined as the difference between the face value of the loans and the fair value of the liability component, less a deferred income tax adjustment to reflect the book to tax difference in value of the Notes at the time of issuance. As the Company has excess tax assets to offset the deferred tax liability, which was created from the book to tax difference in value of the Notes, the deferred tax liability was reversed, resulting in a deferred tax recovery of \$34,485.

Transaction costs of \$20,801 were incurred and have been recorded pro rata against the liability and equity components.

P&P VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

5. CONVERTIBLE NOTES AND SUBSCRIPTIONS, continued

On April 2, 2019, the Company entered into a merger agreement as amended or supplemented from time to time (the "Merger Agreement") with MJIC, Inc. ("MJIC") (the "Transaction" See Note 12). In conjunction with the Transaction, the maturity of the Notes has been extended to February 29, 2020. If the parties to the Merger Agreement are unable to effect its closing and the Transaction fails, the Notes will become due within ten business days thereof.

The Company determined that the extension of maturity dates relating to Notes represented non-substantial modifications of financial liabilities under IFRS 9, as the respective differences between the net present value of the cash flows under the modified terms was less than 10 percent different from the net present value of the remaining cash flows of the convertible loans prior to modification, both discounted at the original effective interest rate. The resulting difference of \$24,471 is recognized in the consolidated statement of loss and comprehensive loss.

The following table summarizes accounting for the convertible notes and subscriptions, and the amounts recognized in the liability and equity components during the year ended December 31, 2019 and 2018:

	Convertible Notes Subscriptions	Liability Component	Equity Component
Balance, December 31, 2017	\$ -	\$ -	\$ -
Subscription received	367,500	-	-
Balance, December 31, 2018	367,500	-	-
Convertible notes issued	(367,500)	869,565	130,435
Issuance costs allocated	-	(18,088)	(2,713)
Deferred income tax liability	-	-	(34,485)
Modification	-	(24,471)	-
Accretion	-	147,858	-
Balance, December 31, 2019	\$ -	\$ 974,864	\$ 93,237

6. RELATED PARTY TRANSACTIONS AND BALANCE

Key management personnel comprise the Company's Board of Directors and executive officers. The compensation paid or payable to key management personnel during the years ended December 31, 2019 and 2018 is as follows:

	2019	2018
Consulting fees	\$ 35,628	\$ 24,875

P&P VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS AND BALANCE, continued

The Company entered into the following related party transactions during the years ended December 31, 2019 and 2018:

Paid corporate consulting fees of \$35,628 (2018 - \$24,875) to directors of the Company or a company with a common director. As of December 31, 2019, \$Nil (2018 - \$11,025) is owed to directors in respect of these fees and out of pocket expenses.

During the year ended December 31, 2019, the Company paid professional fees of \$63,955 (2018 - \$21,555) to a sole practitioner law firm of which a director of the Company is the sole practitioner. As of December 31, 2019, \$1,200 (2018 - \$5,000) is owed to the law firm in respect of these fees and is included in accounts payable and accrued liabilities.

7. SHARE CAPITAL

Authorized

Unlimited common shares without par value

Issued

On July 5, 2018, the Company carried out a consolidation of its issued and outstanding common shares on a 1 new share for 2 old shares basis. All share and per share information has been restated to reflect this consolidation. At December 31, 2019 and 2018, there were 2,469,998 issued and fully paid common shares post consolidation.

Basic and diluted loss per share

The calculation of basic and diluted earnings per share for the year ended December 31, 2019 was based on the loss attributable to common shareholders of \$179,167 (2018 - \$74,390) and a weighted average number of common shares outstanding of 2,469,998 (2018 – 2,469,998).

8. SHARE-BASED PAYMENTS

The Company has adopted a stock option plan under which it may grant stock options for up to 10% of the Company's total number of shares issued and outstanding at the time of grant. The stock option plan provides for the granting of stock options to directors and officers, and persons providing investor-relation or consulting services up to a limit of 5% and 2% respectively of the Company's total number of issued and outstanding shares. The option price must be greater or equal to the discounted market price on the grant date and the option term cannot exceed five years from the grant date.

The Company had no stock option or warrant transactions during the years ended December 31, 2019 and 2018. The Company had no stock options or warrants outstanding at December 31, 2018 and 2019.

P&P VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders through expansion and acquisition correspondingly to the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets, reduce debt or increase its debt. The capital of the Company comprises the shareholders' equity.

There were no changes in the Company's approach to capital management during the year ended December 31, 2019. The Company is not subject to externally imposed capital requirements.

10. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2019	2018
Loss before income taxes	\$ (213,652)	\$ (74,390)
Statutory tax rate	27%	27%
Expected income tax recovery at statutory rates	\$ (57,686)	\$ (20,085)
Non-deductible and other items	25,661	1,718
Unrecognized temporary differences	(2,460)	18,367
Deferred income tax recovery	\$ (34,485)	\$ -

At December 31, 2019, the amount of deductible temporary differences for which no deferred tax asset is recognized in the statements of financial position is as follows:

	2019		2018	
	Temporary difference	Tax effect	Temporary difference	Tax effect
Non-capital loss	\$ 2,861,000	\$ 772,540	\$ 2,874,000	\$ 775,000
Capital loss	4,535,000	1,224,450	4,535,000	1,224,450
Equipment	2,000	540	2,000	540
	\$ 7,398,000	\$ 1,997,530	\$ 7,411,000	\$ 1,999,990

P&P VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

10. INCOME TAXES, continued

As at December 31, 2019, the Company has non-capital losses of approximately \$2,861,000 (2018 - \$2,874,000) for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. These losses, if not utilized, will expire between 2027 and 2039. The Company also has capital losses of approximately \$4,535,000 (2018 - \$4,535,000) available to reduce taxable income in future years.

In assessing the realizability of deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

11. FINANCIAL INSTRUMENTS

Fair Values and Classification

The Company's financial instruments consist of cash and cash equivalents, accounts payable and convertible notes. Financial instruments are classified into one of the following categories: FVTPL, FVTOCI, or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2019	December 31, 2018
Cash and cash equivalents	FVTPL	\$ 1,193,661	\$ 687,177
Accounts payable	Amortized cost	194	11,656
Convertible notes and subscriptions	Amortized cost	974,864	367,500

IFRS 7 Financial Instruments: Disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents are recorded at fair value and classified as level 1. The carrying amounts of the Company's accounts payable and convertible notes are a reasonable approximation of their fair values based on current market rates for similar financial instruments.

P&P VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS, continued

Financial instrument risk exposure

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk.

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has exposure to credit risk through its cash and cash equivalents. The Company manages credit risk, in respect of cash and cash equivalents, by maintaining the majority of cash and cash equivalents at highly rated financial institutions.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the statement of financial position. At December 31, 2019, no amounts were held as collateral.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by its operating, investing and financing activities. The Company had cash and cash equivalents at December 31, 2019, in the amount of \$1,172,044 and working capital of \$211,403 in order to meet short-term business requirements. Accounts payable have contractual maturities of approximately 30 to 90 days or are due on demand and are subject to normal trade terms. The convertible notes are convertible into 20,000,000 units at \$0.05 per unit upon the closing of the Transaction (see Note 5). If the parties to the Merger Agreement are unable to effect its closing by February 29, 2020 and the Transaction fails, the Notes will become due within ten business days thereof.

The maturity profiles of the Company's contractual obligations and commitments as at December 31, 2019, are summarized as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable	\$ 194	\$ 194	\$ -	\$ -
Convertible notes	1,000,000	1,000,000	-	-
Total	\$ 1,000,194	\$ 1,000,194	\$ -	\$ -

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk and price risk. These are discussed further below.

P&P VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS, continued

Financial instrument risk exposure, continued

Interest Rate Risk

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market rates differ from the interest rates on the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

In management's opinion, the Company is not exposed to significant interest rate risk as the risk is primarily on its outstanding GIC which is included in cash and cash equivalents.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not subject to significant foreign exchange risk.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is exposed not exposed to any significant price risk.

P&P VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

12. COMMITMENTS

On April 2, 2019, the Company entered into a Merger Agreement to acquire all of the outstanding shares of MJIC, doing business as ManifestSeven ("M7") which operates in the cannabis industry (the "Transaction"). In March, 2019 the Company had obtained an assignment of the acquisition rights with respect to the Transaction from a private arm's length party in consideration of cash payment of \$1,104,750 and an assignment fee of \$ 55,238, both upon and conditional on the completion of the Transaction.

The completion of the Transaction (the "Closing") will result in a reverse take-over of the Company by MJIC, with the Company delisting its common shares from the TSX-V and Resulting Issuer listing its common shares on the Canadian Securities Exchange (the "CSE").

The Transaction will be completed by way of a merger between MJIC and ManifestSeven Inc., a wholly owned subsidiary of the Company. In connection with the Transaction and prior to its Closing, the Company is to complete a consolidation of its common shares on the basis of one (1) post-consolidation common share for every 1.33 pre-consolidation shares issued and outstanding and to change its name. Each post-consolidation common share of the Company outstanding immediately prior to the Closing will be exchanged for one Resulting Issuer subordinate voting share. Upon completion of the Transaction, the current MJIC Shareholders will own approximately 79.6% of the post-consolidation Resulting Issuer Subordinate Voting Shares (on an as converted to Resulting Issuer Subordinate Voting Shares basis) on an undiluted basis.

APPENDIX "I"
P&P INTERIM FINANCIAL STATEMENTS

(see attached)

P&P VENTURES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020

(Unaudited – Expressed in Canadian Dollars)

P&P VENTURES INC.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	June 30 2020 (Unaudited)	December 31 2019 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	\$ 1,169,792	\$ 1,193,661
GST receivable	10,116	-
Total assets	\$ 1,179,908	\$ 1,193,661
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 6,702	\$ 7,394
Convertible notes and subscriptions (note 5)	1,000,000	974,864
Total liabilities	1,006,702	982,258
SHAREHOLDERS' EQUITY		
Share capital (note 7)	3,102,647	3,102,647
Reserves (note 5)	238,756	238,756
Deficit	(3,168,197)	(3,130,000)
Total equity	173,206	211,403
Total liabilities and equity	\$ 1,179,908	\$ 1,193,661

Going concern (note 2)

Commitments (note 10)

Approved on behalf of the Board:

Director "Peter Born"
Peter Born

Director "Michael Woods"
Michael Woods

The accompanying notes are an integral part of these condensed consolidated interim financial statements

P&P VENTURES INC.Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Three months ended		Six months ended	
	June 30		June 30	
	2020	2019	2020	2019
EXPENSES				
Consulting fees (note 6)	\$ 928	\$ 3,573	\$ 5,518	\$ 26,448
Office and miscellaneous	59	4,127	90	4,226
Professional fees (note 6)	1,846	20,286	11,056	54,335
Transfer agent and filing fees	3,327	4,726	6,378	11,411
	(6,160)	(32,712)	(23,042)	(96,420)
Other income (loss)				
Accretion expense	-	-	(25,136)	-
Interest income	5,435	5,684	9,981	11,136
Loss and comprehensive loss	\$ (725)	\$ (27,028)	\$ (38,197)	\$ (85,284)
Basic and diluted loss per share (note 7)	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted average number of common shares outstanding	2,469,998	2,469,998	2,469,998	2,469,998

The accompanying notes are an integral part of these condensed consolidated interim financial statements

P&P VENTURES INC.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

	Share Capital		Reserves		Equity Component of		Total Shareholders' Equity
	Number of Shares	Amount	Contributed Surplus	Share-based Payment Reserve	Convertible Notes	Deficit	
Balance at January 1, 2019	2,469,998	\$ 3,102,647	\$ 648	\$ 144,871	\$ -	\$ (2,950,833)	\$ 297,333
Loss for the period	-	-	-	-	-	(85,284)	(85,284)
Balance at June 30, 2019	2,469,998	3,102,647	648	144,871	-	(3,036,117)	212,049
Balance at January 1, 2020	2,469,998	3,102,647	648	144,871	93,237	(3,130,000)	211,403
Shares cancelled	(2)	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(38,197)	(38,197)
Balance at June 30, 2020	2,469,996	\$ 3,102,647	\$ 648	\$ 144,871	\$ 93,237	\$ (3,168,197)	\$ 173,206

The accompanying notes are an integral part of these condensed consolidated interim financial statements

P&P VENTURES INC.

Condensed Consolidated Interim Statements of Cash Flow
(Unaudited - Expressed in Canadian Dollars)

	Six months ended June 30	
	2020	2019
Cash provided by (used in):		
Operating activities		
Loss for the period	\$ (38,197)	\$ (85,284)
Item not affecting cash:		
Accretion expense	25,136	-
Change in non-cash working capital:		
GST receivable	(10,116)	-
Prepaid expenses	-	1,312
Accounts payable and accrued liabilities	(692)	(16,350)
Net cash flows used in operating activities	(23,869)	(100,322)
Financing activities		
Convertible note subscriptions received	-	632,500
Net cash flows provided by financing activities	-	632,500
Change in cash and cash equivalents	(23,869)	532,178
Cash and cash equivalents, beginning of the period	1,193,661	687,177
Cash and cash equivalents, end of the period	\$ 1,169,792	\$ 1,219,355

The Company did not pay any interest or income taxes in cash during the six months ended June 30, 2020 and 2019

The accompanying notes are an integral part of these condensed consolidated interim financial statements

P&P VENTURES INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the periods ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF BUSINESS

P&P Ventures Inc. (the "Company") was incorporated on May 31, 2007 under the laws of British Columbia, Canada and maintains its head office and registered office at Suite 300, 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9. The Company is currently in the process of completing a merger opportunity as discussed below. The Company is listed on the NEX board of the TSX Venture Exchange (TSX-V) under the symbol "PPV.H".

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

These condensed consolidated interim financial statements were authorized for issue on September 9, 2020 by the directors of the Company.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The consolidated interim financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS as issued by the IASB.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values. In addition these consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of Consolidation and Functional Currency

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned inactive subsidiaries, US incorporated ManifestSteven, Inc. and ManifestSeven Holdings Corporation, a company incorporated under the laws of British Columbia, Canada (collectively the "Company"). All inter-company balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated upon consolidation. Where necessary, adjustments are made to the results of the subsidiary to bring its accounting policies in line with those used by the Company.

The Company's functional and reporting currency is the Canadian dollar. The Company's subsidiary functional and reporting currency is the Canadian dollar.

P&P VENTURES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE, continued**Going concern**

At present, the Company's operations do not generate cash flow. The Company has incurred losses since inception and had an accumulated deficit of \$3,168,197 as at June 30, 2020. Management is actively pursuing opportunities with a view to identifying and making an acquisition of assets or businesses that will qualify the Company, at a minimum, for listing on Tier 2 of the Exchange. The continuing operations of the Company are dependent upon its ability to complete a qualified transaction to generate net income, managing cash on hand by reducing costs and expenses, and to raise adequate financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The March 2020 pandemic outbreak of COVID-19 could result in delays in finding and completing a qualified transaction and continue to have a negative impact on the Company's ability to raise new capital. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Management believes that the current cash position will be sufficient to fund the Company's operating requirements for at least the next 12 months. Should the Company identify a suitable asset or business acquisition, it would be required to raise additional capital to finance the transaction.

These condensed consolidated interim financial statements do not include adjustments that would be required if the going concern assumption is not an appropriate basis for preparation of the financial statements. These adjustments could be material.

3. SIGNIFICANT ACCOUNTING POLICIES**Significant estimates and assumptions**

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of the fair value of stock options, using stock option pricing models, requires the input of highly subjective assumptions, including the expected share price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.
- ii) The determination of discount rate and effective interest rates on liability and equity components of the convertible notes. Changes in these assumptions could materially affect the recorded amounts.
- iii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

P&P VENTURES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, continued**Significant judgments**

The preparation of these condensed consolidated interim financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- i) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.

New accounting standards

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

4. CASH AND CASH EQUIVALENTS

	June 30	December 31
	2020	2019
Cash	\$ 29,792	\$ 33,661
Guaranteed investment certificate (interest rate: 1.9%)	1,140,000	1,160,000
	\$ 1,169,792	\$ 1,193,661

P&P VENTURES INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the periods ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars)

5. CONVERTIBLE NOTES AND SUBSCRIPTIONS

On January 4, 2019, the Company closed a \$1 million private placement of convertible notes ("Notes") that are convertible into 20,000,000 units at \$0.05 per unit upon the Company's obtainment of either (i) TSXV conditional acceptance of a reactivation transaction that, on closing, will result in the Company, at a minimum, qualifying for Tier 2 listing of its Shares, or (ii) CSE conditional acceptance with respect to the listing of its shares on the CSE. Each unit consists of a common share and a share purchase warrant ("Warrant") exercisable at \$0.055 for an additional common share for a term of one year from the date of conversion of the Notes. The Notes are non-interest bearing and will become due 12 months from issuance. As at June 30, 2019, the Company had received subscriptions for \$1,000,000 of the Notes.

The fair value of the liability component at the time of issue is determined based on an estimated rate of 15% for loans without the conversion feature. After initial recognition the liability component is carried on an amortized cost basis and will be accreted to its face value over the term to maturity of the convertible notes at an effective interest rate of 17.44%. The fair value of the equity component is determined as the difference between the face value of the loans and the fair value of the liability component, less a deferred income tax adjustment to reflect the book to tax difference in value of the Notes at the time of issuance. As the Company has excess tax assets to offset the deferred tax liability, which was created from the book to tax difference in value of the Notes, the deferred tax liability was reversed, resulting in a deferred tax recovery of \$34,485 at December 31, 2019.

Transaction costs of \$20,801 were incurred and have been recorded pro rata against the liability and equity components.

On April 2, 2019, the Company entered into a merger agreement as amended or supplemented from time to time (the "Merger Agreement") with MJIC, Inc. ("MJIC") (the "Transaction" See Note 12). In conjunction with the Transaction, the maturity of the Notes has been extended to the closing date of the Merger Agreement. If the parties to the Merger Agreement are unable to effect its closing and the Transaction fails, the Notes will become due within ten business days thereof.

The Company determined that the extension of maturity dates relating to Notes represented non-substantial modifications of financial liabilities under IFRS 9, as the respective differences between the net present value of the cash flows under the modified terms was less than 10 percent different from the net present value of the remaining cash flows of the convertible loans prior to modification, both discounted at the original effective interest rate. The resulting difference of \$24,471 was recognized in the consolidated statement of loss and comprehensive loss at December 31, 2019.

On February 28, 2020 and March 30, 2020, the maturity of the Notes was extended to April 30, 2020 and June 5, 2020 in conjunction with the extension of the closing date of the Merger Agreement. On June 5, 2020, the maturity of the Notes was further extended to July 10, 2020. The Company determined that the differences between the net present value of the cash flows under the modified terms was immaterial. Subsequent to the period end, the maturity of the Notes was further extended to September 11, 2020.

The following table summarizes accounting for the convertible notes and subscriptions, and the amounts recognized in the liability and equity components during the periods ended June 30, 2020 and December 31, 2019:

P&P VENTURES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars)

5. CONVERTIBLE NOTES AND SUBSCRIPTIONS, continued

	Convertible Notes Subscriptions	Liability Component	Equity Component
Balance, December 31, 2018	\$ 367,500	\$ -	\$ -
Subscriptions received	632,500	-	-
Balance, June 30, 2019	1,000,000	-	-
Convertible notes issued	(1,000,000)	869,565	130,435
Issuance costs allocated	-	(18,088)	(2,713)
Deferred income tax liability	-	-	(34,485)
Modification	-	(24,471)	-
Accretion	-	147,858	-
Balance, December 31, 2019	-	974,864	93,237
Accretion	-	25,136	-
Balance, June 30, 2020	\$ -	\$ 1,000,000	\$ 93,237

On March 31, 2020, pursuant to the Warrant Purchase and Amendment Agreement among the Company, the Notes holders and an arm's length third party, the exercise price of the warrants was amended to USD \$7,500,000 multiplied by X (where X equals the USD/CAD foreign exchange rate on the Closing Date as reported by the Royal Bank of Canada) minus \$2,550,000 divided by 15,000,003, which shall be no less than \$0.50 per share.

6. RELATED PARTY TRANSACTIONS AND BALANCEKey management compensation:

Key management personnel comprise the Company's Board of Directors and executive officers. The compensation paid or payable to key management personnel during the three and six months ended June 30, 2020 and 2019 is as follows:

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Consulting fees (a)	\$ 928	\$ 3,573	\$ 5,518	\$ 26,448

(a) Corporate consulting fees to directors of the Company or a company with a common director. As of June 30, 2020, \$Nil (2019 - \$Nil) is owed to directors in respect of these fees and out of pocket expenses.

P&P VENTURES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS AND BALANCE, continuedOther transaction:

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Professional fees (b)	\$ 807	\$ 19,930	\$ 8,640	\$ 49,333

(b) Professional fees to a sole practitioner law firm of which a director of the Company is the sole practitioner. As of June 30, 2020, \$Nil (2019 - \$1,200) is owed to the law firm in respect of these fees.

7. SHARE CAPITAL AND RESERVE**Authorized**

Unlimited common shares without par value

Issued

At June 30, 2020, there were 2,469,996 (December 31, 2019 - 2,469,998) issued and fully paid common shares post consolidation.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three and six months ended June 30, 2020 and 2019 are as follows:

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net loss for the period	\$ (725)	\$ (27,028)	\$ (38,197)	\$ (85,284)
Basic weighted average number of common shares outstanding	2,469,998	2,469,998	2,469,998	2,469,998
Effect of dilutive options and warrants	-	-	-	-
Diluted weighted average number of common shares outstanding	2,469,998	2,469,998	2,469,998	2,469,998
Basic and diluted earnings (loss) per share	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.03)

P&P VENTURES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVE, continued**Share-based payment reserve**

The Company has adopted a stock option plan under which it may grant stock options for up to 10% of the Company's total number of shares issued and outstanding at the time of grant. The stock option plan provides for the granting of stock options to directors and officers, and persons providing investor-relation or consulting services up to a limit of 5% and 2% respectively of the Company's total number of issued and outstanding shares. The option price must be greater or equal to the discounted market price on the grant date and the option term cannot exceed five years from the grant date.

The Company had no stock option or warrant transactions during the six months ended June 30, 2020 or the year ended December 31, 2019 and no stock options or warrants were outstanding at those dates.

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders through expansion and acquisition correspondingly to the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets, reduce debt or increase its debt. The capital of the Company comprises the shareholders' equity.

There were no changes in the Company's approach to capital management during the six months ended June 30, 2020. The Company is not subject to externally imposed capital requirements.

P&P VENTURES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTSFair Values and Classification

The Company's financial instruments consist of cash and cash equivalents, accounts payable and convertible notes. Financial instruments are classified into one of the following categories: FVTPL, FVTOCI, or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category		June 30, 2020		December 31, 2019
Cash and cash equivalents	FVTPL	\$	1,169,792	\$	1,193,661
Accounts payable	Amortized cost		201		194
Convertible notes and subscriptions	Amortized cost		1,000,000		974,864

IFRS 7 Financial Instruments: Disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents are recorded at fair value and classified as level 1. The carrying amounts of the Company's accounts payable and convertible notes are a reasonable approximation of their fair values based on current market rates for similar financial instruments.

Financial instrument risk exposure

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk.

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has exposure to credit risk through its cash and cash equivalents. The Company manages credit risk, in respect of cash and cash equivalents, by maintaining the majority of cash and cash equivalents at highly rated financial institutions.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the statement of financial position. At June 30, 2020, no amounts were held as collateral.

P&P VENTURES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS, continued**(b) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by its operating, investing and financing activities. The Company had cash and cash equivalents at June 30, 2020, in the amount of \$1,169,792 and working capital of \$173,206 in order to meet short-term business requirements. Accounts payable have contractual maturities of approximately 30 to 90 days or are due on demand and are subject to normal trade terms. The convertible notes are convertible into 20,000,000 units at \$0.05 per unit upon the closing of the Transaction (see Note 5). If the parties to the Merger Agreement are unable to effect its closing by the closing date of the Merger Agreement and the Transaction fails, the Notes will become due within ten business days thereof.

The maturity profiles of the Company's contractual obligations and commitments as at June 30, 2020, are summarized as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable	\$ 201	\$ 201	\$ -	\$ -
Convertible notes	1,000,000	1,000,000	-	-
Total	\$1,000,201	\$1,000,201	\$ -	\$ -

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk and price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market rates differ from the interest rates on the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

In management's opinion, the Company is not exposed to significant interest rate risk as the risk is primarily on its outstanding GIC which is included in cash and cash equivalents.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not subject to significant foreign exchange risk.

P&P VENTURES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS, continued*Price Risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is not exposed to any significant price risk.

10. COMMITMENTS

On April 2, 2019, the Company entered into a Merger Agreement to acquire all of the outstanding shares of MJIC, doing business as ManifestSeven ("M7") which operates in the cannabis industry (the "Transaction"). In March, 2019 the Company had obtained an assignment of the acquisition rights with respect to the Transaction from a private arm's length party in consideration of the payment of an assignment fee totaling approximately \$1,160,000, which fee is only payable on completion of the Transaction.

The completion of the Transaction (the "Closing") will result in a reverse take-over of the Company by MJIC, with the Company delisting its common shares from the TSX-V and the Resulting Issuer listing its common shares on the Canadian Securities Exchange (the "CSE").

The Transaction will be completed by way of a merger between MJIC and ManifestSeven Inc., a wholly owned subsidiary of the Company. In connection with the Transaction and prior to its Closing, the Company is to complete a consolidation of its common shares on the basis of one (1) post-consolidation common share for every 1.33 pre-consolidation shares issued and outstanding and to change its name. Each post-consolidation common share of the Company outstanding immediately prior to the Closing will be exchanged for one Resulting Issuer subordinate voting share. Upon completion of the Transaction, the current MJIC Shareholders will own approximately 79.6% of the post-consolidation Resulting Issuer Subordinate Voting Shares (on an as converted to Resulting Issuer Subordinate Voting Shares basis) on an undiluted basis.

APPENDIX "J"
P&P ANNUAL MD&A

(see attached)

P&P VENTURES INC.
(the “Company” or “P&P”)

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year and Three Months Ended December 31, 2019

The following Management’s Discussion and Analysis (“MD&A”), prepared as of April 22, 2020, should be read in conjunction with the audited consolidated financial statements and related notes of the Company for the year ended December 31, 2019. The consolidated financial statements have been prepared using accounting principles consistent with International Reporting Standards (IFRS) as issued by the International Accounting Standards Board (“IASB”). All monetary amounts in this MD&A and in the consolidated financial statements are expressed in Canadian dollars unless otherwise stated. Additional information on the Company can be found on SEDAR at www.sedar.com. The reader should be aware that historical results are not necessarily indicative of future performance. The consolidated financial statements together with the following MD&A are intended to provide readers with a reasonable basis for assessing the financial performance of the Company.

FORWARD LOOKING STATEMENTS

The statements made in this MD&A that are not historical facts contain forward-looking information that involves risks and uncertainties. All statements, other than statements of historical facts, which address the Company’s expectations, should be considered forward-looking statements. Such statements are based on management’s exercise of business judgment as well as assumptions made by and information currently available to management. When used in this document, the words “may”, “will”, “anticipate”, “believe”, “estimate”, “expect”, “intend” and words of similar import, are intended to identify any forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements and actual results, performance or achievements may differ materially from those expressed or implied in such statements. You should not place undue reliance on forward-looking statements as a number of important factors, many of which are beyond our control, could cause actual results, performance or achievements to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors that relate to our company include, but are not limited to: execution of the business plan; expansion plans; dependence on key personnel; key relationships; dependence on key customers; dependence on key suppliers; competition; market factors and volatility of commodity prices; operating risks; proprietary rights; infrastructure; future capital requirements; technical substitution; exchange rate fluctuations; insurance; weather conditions and natural disasters; control by management; seasonality; dividends; conflicts of interest; global financial conditions; change of law; government sector intervention; foreign investment; repatriation of profit and currency conversion; tax; shareholders’ rights and enforcement judgments; protection of intellectual property rights; permits and business licenses; appropriation. Should one or more of these factors materialize, or should the Company’s estimates or underlying assumptions prove incorrect, actual results, performance or achievements may vary materially from those described in forward-looking statements.

The Company cannot assure readers that actual results, performance and achievements will be consistent with these forward-looking statements, and the differences may be material. The Company undertakes no obligation to update any forward-looking statements except as required by law.

OVERVIEW

P&P Ventures Inc. was incorporated on May 31, 2007 under the laws of British Columbia and is listed on the NEX board of the TSX Venture Exchange ("TSX-V" or the "Exchange") under the symbol "PPV.H". Pursuant to the policies of the TSX-V, management have been actively pursuing the completion of an acquisition that will qualify the Company, at a minimum, for listing on Tier 2 of the TSX-V or alternatively, for listing on the Canadian Securities Exchange ("CSE"). On April 2nd, 2019, the Company announced that it had entered into a merger agreement (the "Merger Agreement") with MJIC, Inc. ("MJIC"), a California based company operating in the cannabis industry, with the resulting issuer to be listed on the CSE. The Merger Agreement has since been amended to extend the closing date for the Merger Agreement with an additional amendment expected prior to the current deadline of February 29, 2020.

P&P's continuing operations are dependent upon its ability to close the Merger Agreement or to identify, evaluate and negotiate an alternative agreement to acquire an interest in a material asset or business. Management believes the Company has sufficient working capital to meet its liabilities for the next twelve months.

The consolidated financial statements of the Company are presented in Canadian dollars, the functional currency of the Company, unless otherwise stated.

On June 5, 2018 the Company announced that, effective immediately, it had reconstituted its board of directors by adding Richard Grayston and Marco Parente to join Michael Woods. Mr. Grayston was appointed CEO and Mr. Woods was appointed CFO.

On June 29, 2018 the Company announced that it had received all necessary regulatory approvals to complete a share consolidation on the basis of 1 new share for each 2 currently outstanding shares which consolidation was effected on July 5.

On January 4, 2019, the Company closed a \$1 million private placement of convertible notes ("Notes") that are convertible into 20,000,000 units at \$0.05 per unit, each unit consisting of a common share and a share purchase warrant ("Warrant"), each Warrant exercisable at \$0.055 for an additional common share for a term of one year from the date of conversion of the Notes. No interest is payable on the Notes and the Notes mature one year from the date of issuance. The net proceeds of the private placement will be used to settle certain indebtedness and for working capital purposes. No finders' fees are payable in connection with the private placement.

On March 1, 2019, Mark Ferguson joined the board of directors of the Company in the place and stead of Marco Parente who had resigned to pursue other opportunities.

On April 2nd, 2019, the Company announced that it had entered into the Merger Agreement.

On May 8, 2019, the Company announced, with deep regret, that Richard Grayston had passed away and Peter Born, from Ottawa, Ontario, had been appointed as CEO and a Director in his place and stead.

On July 11, 2019, the Company announced that the shareholders had approved the reverse takeover of the Company that would result on closing of the Merger Agreement, and approved the de-listing of the Company's common shares from the TSX-V and listing on the CSE.

On July 31, 2019, the Company announced that the Merger Agreement had been amended primarily to extend the closing date to October 31, 2019.

On October 31, 2019, the Company announced that the Merger Agreement had been amended primarily to extend the closing date to February 29, 2020. The maturity date of the Notes was also extended to the closing date of the Merger Agreement with a consequent extension of the exercise period for the Warrants to one year following the closing of the Merger Agreement.

Reference is made to "Events Subsequent to the Reporting Period" for recent additional material contingent events with respect to the Company.

SELECTED ANNUAL INFORMATION

The following financial data are selected information for the Company for the three most recently completed financial years:

	December 31, 2019	December 31, 2018	December 31, 2017
	\$	\$	\$
Current assets	1,193,661	688,489	393,403
Total assets	1,193,661	688,489	393,754
Current liabilities	982,258	391,156	22,031
Total non-current financial liabilities	Nil	Nil	Nil
Total revenue	Nil	Nil	Nil
Net loss	(179,167)	(74,390)	(87,438)
Net loss per share, basic and fully diluted	0.07	0.03	0.04
Weighted average number of common shares outstanding	2,469,998	2,469,998	2,469,998

The losses in fiscal years 2019, 2018 and 2017 result from expenditures made to continue meeting public document filing deadlines, maintaining the Company's legal status and sustaining the Company's common share listing on NEX. The Company also incurred costs related to the proposed merger in 2019.

RESULTS OF OPERATIONS

The following selected financial data is derived from the consolidated financial statements of the Company prepared within acceptable limits of materiality and is in accordance with International Financial Reporting Standards.

	3 Months ended Dec 31, 2019 \$	3 Months ended Sept 30, 2019 \$	3 Months ended June 30, 2019 \$	3 Months ended Mar 31, 2019 \$	3 Months ended Dec 31, 2018 \$	3 Months ended Sept 30, 2018 \$	3 Months ended June 30, 2018 \$	3 Months ended Mar 31, 2018 \$
Total revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loss for the period	(82,770)	(11,113)	(27,029)	(58,255)	(25,971)	(13,102)	(27,525)	(13,918)
Net loss per share, basic and fully diluted	0.04	0.00	0.01	0.02	0.01	0.01	0.01	0.00
Total assets	1,193,661	1,202,975	1,219,355	1,251,103	688,489	332,353	346,840	372,691
Total liabilities	982,258	1,002,039	1,007,306	1,012,025	391,156	9,048	10,434	14,886
Total shareholders' equity	211,403	200,936	212,049	239,078	297,333	323,305	336,406	357,805

Operating Results for the Three Months Ended December 31, 2019

During the three months ended December 31, 2019 P&P incurred a loss of \$82,770 (\$0.04 per share) compared to a loss of \$25,971 (\$0.01 per share) in the same period of 2018. Consulting fees declined to \$4,590 in the three months ended December 31, 2019 compared to \$7,875 in the 2018 period. Transfer agent and filing fees and office and miscellaneous costs totalled \$2,002 in 2019 and were consistent with the same period in 2018 at \$2,247. Professional fees were \$13,645 in the three months ended December 31, 2019 compared with the \$16,978 in the 2018

period. Finally, in the December 31, 2019 quarter the Company earned interest of \$5,568 on its guaranteed investment certificate versus \$1,129 in the 2018 period.

Operating Results for the Year Ended December 31, 2019

During the year ended December 31, 2019, P&P incurred a loss of \$179,167 (\$0.07 per share) compared to a loss of \$74,390 (\$0.03 per share) in 2018. Consulting fees were \$35,628 in the year ended December 31, 2019 compared to \$24,875 in the 2018 year, the difference resulting from additional activity in negotiating the proposed acquisition. Office and miscellaneous costs were \$316 in 2019 versus \$2,045 in 2018. Professional fees were \$55,951 in the year ended December 31, 2019 compared to \$33,627 in the 2018 year, also due to legal costs associated with the proposed acquisition. Transfer agent and filing fees stayed consistent at \$20,756 in the 2019 year compared with \$18,960 in 2018. The Company experienced no depreciation or rental costs in 2019 compared to 2018. Finally, in the year ended December 31, 2019 the Company earned interest of \$22,386 on its guaranteed investment certificate versus \$5,777 in the 2018 year. In the 2019 year, the Company recorded accretion expense of \$147,858 and a gain on debt modification of \$24,471 related to the convertible notes that were issued January 4, 2019. For a full discussion of the convertible notes, refer to Note 5 of the December 31, 2019 consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2019, the Company had a cash and cash equivalent balance of \$1,193,661 compared to \$687,177 as at December 31, 2018. The Company had working capital of \$211,403 as at December 31, 2019 compared to working capital of \$297,333 as at December 31, 2018.

During the year ended December 31, 2019, P&P used \$105,215 (2018 - \$73,726) of cash and cash equivalents in operating activities. The Company raised \$611,699 through subscriptions for convertible notes in 2019 (2018 - \$367,500). P&P conducted no investing activities in 2019 or 2018.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business. Management believes the Company has sufficient working capital to meet its liabilities for the next twelve months.

At present, the Company has sufficient capital resources to fund its operating requirements for at least the next 12 months. Should the Company complete a suitable asset or business acquisition, it may be required to raise additional capital to finance the transaction.

The Company's cash and cash equivalents are held in a Schedule 1 Canadian financial institution.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key management personnel comprise the Company's board of directors and executive officers. The compensation paid or payable to key management personnel during the year ended December 31, 2019 and 2018 is as follows:

	2019	2018
Consulting fees	\$ 35,627	\$ 24,875

The Company entered into the following related party transactions during the year ended December 31, 2019 (2018):

Paid corporate consulting fees of \$35,628 (2018 - \$24,875) to directors of the Company or a company with a common director (\$19,187 to Richard Grayston; \$7,400 to Mark Ferguson; \$9,040 to a company controlled by Peter Born). As of December 31, 2019, \$Nil (2018 - \$11,025) is owed to directors in respect of these fees and out of pocket expenses.

During the year ended December 31, 2019, the Company incurred professional fees of \$63,955 (2018 - \$21,555) due to a sole practitioner law firm of which, Michael Woods, a director, is the sole practitioner. As of December 31, 2019, \$1,200 (2018 - \$5,000) is owed to the law firm in respect of these fees.

SUMMARY OF OUTSTANDING SHARE DATA

The Company's issued and outstanding share capital as at the date of this report is as follows:

Authorized: Unlimited common shares without par value and unlimited number of preferred shares with no par value.

On July 5, 2018 the Company carried out a consolidation of its issued and outstanding common shares on a 1 new share for 2 old shares basis. All share and per share information has been restated to reflect this consolidation. At December 31, 2019 and 2018 there were 2,469,998 issued and fully paid common shares post consolidation.

CRITICAL ACCOUNTING ESTIMATES

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of the fair value of stock options using stock option pricing models, require the input of highly subjective assumptions, including the expected share price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.
- ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

FINANCIAL INSTRUMENTS

Cash and cash equivalents and convertible note subscriptions are recorded at fair value. The carrying amounts of the Company's accounts payable and convertible note subscriptions are a reasonable approximation of their fair values based on current market rates for similar financial instruments.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk.

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has exposure to credit risk through its cash and cash equivalents. The Company manages credit risk, in respect of cash and cash equivalents, by maintaining the majority of cash and cash equivalents at highly rated financial institutions.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the statement of financial position. At December 31, 2019, no amounts were held as collateral.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by its operating, investing and financing activities. The Company had cash and cash equivalents at December 31, 2019, in the amount of \$1,193,661 and working capital of \$211,403 in order to meet short-term business requirements. Accounts payable have contractual maturities of approximately 30 to 90 days or are due on demand and are subject to normal trade terms. The convertible note subscriptions are without stated terms of repayment.

The maturity profiles of the Company's contractual obligations and commitments as at December 31, 2019, are summarized as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable	\$ 194	\$ 194	\$ -	\$ -
Convertible notes	1,000,000	1,000,000	-	-
Total	\$1,000,194	\$1,000,194	\$ -	\$ -

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk and price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market rates differ from the interest rates on the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

In management's opinion, the Company is not exposed to significant interest rate risk as the risk is primarily on its outstanding GIC which is included in cash and cash equivalents.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not subject to significant foreign exchange risk.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is exposed not exposed to any significant price risk.

Classification of Financial Instruments

IFRS 7 Financial Instruments: Disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets and financial liabilities measured at fair value on a recurring basis by level within the fair value hierarchy as at December 31, 2019:

	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,193,661	\$ -	\$ -
Accounts payable	(194)	-	-
Convertible note subscriptions	(974,864)	-	-

RISKS AND UNCERTAINTIES

The Company does not have an active business and is currently listed on the NEX Board of the Exchange. Management is actively pursuing business opportunities with a view to making an acquisition that will qualify the Company, at a minimum, for listing on Tier 2 of the Exchange. When and what acquisition to be made are uncertainties. As of the date of this MD&A, the Company has not entered any letter of intent or agreement for possible merger or acquisition.

NEW ACCOUNTING STANDARDS

There were no new standards effective January 1, 2019 that had an impact on the Company's financial statements.

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2020, or later periods. The Company has not early adopted these new standards in preparing these consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

DISCLOSURE CONTROLS

In connection with Exemption Orders issued by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual and interim financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of Disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

There have been no changes in the Company's internal control over financial reporting during the year ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, its controls over financial reporting.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On April 2, 2019, the Company entered into the Merger Agreement, as amended, to acquire all of the outstanding shares of MJIC, doing business as ManifestSeven ("M7") which operates in the cannabis industry which would result in a reverse takeover of the Company (the "Transaction"). Prior to entering into the Merger Agreement, the Company had obtained an assignment of the acquisition rights with respect to the Transaction from a private arm's length party in consideration of the payment of an assignment fee (the "Assignment Fee") totaling approximately \$1,160,000, which Assignment Fee is only payable on completion of the Transaction.

The completion of the Transaction (the "Closing") will result in the Company de-listing its common shares from the TSX-V and the resulting issuer ("Resulting Issuer") listing its subordinate voting common shares on the CSE.

In connection with the Transaction and prior to its Closing, the Company anticipates completing a consolidation of its common shares on the basis of one (1) post-consolidation common share for every 1.33 pre-consolidation shares issued and outstanding.

The Transaction will be completed by way of a merger between MJIC and ManifestSeven Inc. ("SubCo"), a wholly owned subsidiary of the Company. Upon completion of the Transaction, the current MJIC shareholders will own approximately 80% of the post-consolidation Resulting Issuer Class A subordinate voting common shares to be listed on the CSE, on an undiluted basis, as well as all of the newly created Class B shares and Class C shares (reference is made to the Merger Agreement that is posted at www.sedar.com under the Company). The directors and officers of the Resulting Issuer will be nominees of MJIC as more particularly described in the Company's news release dated April 2nd, 2019 that is posted at www.sedar.com under the Company.

At a special shareholder meeting ("Annual and Special Shareholder Meeting") held on July 11, 2019, the shareholders approved the Transaction, including a majority of the minority shareholders approving the proposed delisting of the Company's common shares from the TSX-V with a view to listing on the CSE, and conditional on the Transaction completing, the election of a new board of directors, a capital restructuring by way of the creation of three new classes of shares to replace its existing common shares and preferred shares, the adoption of a new set of articles, the adoption of a new stock option plan and related matters. As at April 22, 2020, the Transaction had not yet closed. Concurrent with the closing of the Transaction, the Assignment Fee will be paid.

ADDITIONAL INFORMATION

Additional information is available concerning the Company and its operations on SEDAR at www.sedar.com.

APPROVAL

The Board of Directors of P&P Ventures Inc. has approved the contents of this April 22, 2020 management discussion and analysis. A copy of this MD&A together with the Company's financial report for the year ended December 31, 2019 will be provided to anyone who requests it.

APPENDIX "K"
P&P INTERIM MD&A

(see attached)

P&P VENTURES INC.
(the "Company" or "P&P")

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
For the Six Months Ended June 30, 2020

The following Management's Discussion and Analysis ("MD&A"), prepared as of September 9, 2020, should be read in conjunction with the unaudited consolidated interim financial statements and related notes of the Company for the six months ended June 30, 2020 and the audited consolidated financial statements and related notes of the Company for the year ended December 31, 2019. The consolidated financial statements have been prepared using accounting principles consistent with International Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"). All monetary amounts in this MD&A and in the consolidated financial statements are expressed in Canadian dollars unless otherwise stated. Additional information on the Company can be found on SEDAR at www.sedar.com. The reader should be aware that historical results are not necessarily indicative of future performance. The consolidated financial statements together with the following MD&A are intended to provide readers with a reasonable basis for assessing the financial performance of the Company.

FORWARD LOOKING STATEMENTS

The statements made in this MD&A that are not historical facts contain forward-looking information that involves risks and uncertainties. All statements, other than statements of historical facts, which address the Company's expectations, should be considered forward-looking statements. Such statements are based on management's exercise of business judgment as well as assumptions made by and information currently available to management. When used in this document, the words "may", "will", "anticipate", "believe", "estimate", "expect", "intend" and words of similar import, are intended to identify any forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements and actual results, performance or achievements may differ materially from those expressed or implied in such statements. You should not place undue reliance on forward-looking statements as a number of important factors, many of which are beyond our control, could cause actual results, performance or achievements to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors that relate to our company include, but are not limited to: execution of the business plan; expansion plans; dependence on key personnel; key relationships; dependence on key customers; dependence on key suppliers; competition; market factors and volatility of commodity prices; operating risks; proprietary rights; infrastructure; future capital requirements; technical substitution; exchange rate fluctuations; insurance; weather conditions and natural disasters; control by management; seasonality; dividends; conflicts of interest; global financial conditions; change of law; government sector intervention; foreign investment; repatriation of profit and currency conversion; tax; shareholders' rights and enforcement judgments; protection of intellectual property rights; permits and business licenses; appropriation. Should one or more of these factors materialize, or should the Company's estimates or underlying assumptions prove incorrect, actual results, performance or achievements may vary materially from those described in forward-looking statements.

The Company cannot assure readers that actual results, performance and achievements will be consistent with these forward-looking statements, and the differences may be material. The Company undertakes no obligation to update any forward-looking statements except as required by law.

OVERVIEW

P&P Ventures Inc. was incorporated on May 31, 2007 under the laws of British Columbia and is listed on the NEX board of the TSX Venture Exchange ("TSX-V" or the "Exchange") under the symbol "PPV.H". Pursuant to the policies of the TSX-V, management have been actively pursuing the completion of an acquisition that will qualify the Company, at a minimum, for listing on Tier 2 of the TSX-V or alternatively, for listing on the Canadian Securities Exchange ("CSE"). On April 2nd, 2019, the Company announced that it had entered into a merger agreement (the "Merger Agreement") with MJIC, Inc. ("MJIC"), a California based company operating in the cannabis industry, with the resulting issuer to be listed on the CSE. The Merger Agreement has since been amended to extend the closing date for the Merger Agreement with expected completion by September 11, 2020.

P&P's continuing operations are dependent upon its ability to close the Merger Agreement or to identify, evaluate and negotiate an alternative agreement to acquire an interest in a material asset or business. The March 2020 pandemic outbreak of COVID-19 could result in delays in closing the Merger Agreement and continue to have a negative impact on the Company's ability to raise new capital. However, management believes the Company has sufficient working capital to meet its liabilities for the next twelve months.

The consolidated interim financial statements of the Company are presented in Canadian dollars, the functional currency of the Company, unless otherwise stated.

On June 5, 2018 the Company announced that, effective immediately, it had reconstituted its board of directors by adding Richard Grayston and Marco Parente to join Michael Woods. Mr. Grayston was appointed CEO and Mr. Woods was appointed CFO.

On June 29, 2018 the Company announced that it had received all necessary regulatory approvals to complete a share consolidation on the basis of 1 new share for each 2 currently outstanding shares which consolidation was effected on July 5.

On January 4, 2019, the Company closed a \$1 million private placement of convertible notes ("Notes") that are convertible into 20,000,000 units at \$0.05 per unit, each unit consisting of a common share and a share purchase warrant ("Warrant"), each Warrant exercisable at \$0.055 for an additional common share for a term of one year from the date of conversion of the Notes. No interest is payable on the Notes and the Notes mature upon closing of the Merger Agreement or if terminated prior to closing within 10 days of such termination. The net proceeds of the private placement will be used to settle certain indebtedness and for working capital purposes. No finders' fees are payable in connection with the private placement.

On March 1, 2019, Mark Ferguson joined the board of directors of the Company in the place and stead of Marco Parente who had resigned to pursue other opportunities.

On April 2nd, 2019, the Company announced that it had entered into the Merger Agreement.

On May 8, 2019, the Company announced, with deep regret, that Richard Grayston had passed away and Peter Born, from Ottawa, Ontario, had been appointed as CEO and a Director in his place and stead.

On July 11, 2019, the Company announced that the shareholders had approved the reverse takeover of the Company that would result on closing of the Merger Agreement, and approved the de-listing of the Company's common shares from the TSX-V and listing on the CSE.

On July 31, 2019, the Company announced that the Merger Agreement had been amended primarily to extend the closing date to October 31, 2019.

On October 31, 2019, the Merger Agreement was further amended by the parties primarily to extend the closing date to February 29, 2020. The maturity date of the Notes was also extended to the closing date of the Merger Agreement with a consequent extension of the exercise period for the Warrants to one year following the closing of the Merger Agreement.

On February 28, 2020, the Merger Agreement was further amended by the parties including extending the latest closing date for the Merger Agreement to April 30, 2020.

On March 31, 2020, the Merger Agreement was further amended by the parties to extend the latest closing date for the Merger Agreement to June 5, 2020 or within fourteen (14) business days after such date if closing is only subject to issuance of a bulletin by the Canadian Securities Exchange advising of final approval of the Company's listing, and to provide for necessary administrative amendments to effectuate the terms of a proposed Warrant purchase transaction with a third party.

On June 5, 2020 the Merger Agreement was further amended by the parties to extend the closing date for the Merger Agreement to July 10, 2020 or, subject to the agreement in writing of the parties, within 90 days following the receipt of conditional approval from the Canadian Securities Exchange for the Company's listing.

On and after July 17, 2020, having received conditional approval from the Canadian Securities Exchange to list the Company's common shares, the Merger Agreement was further amended by the parties to extend the closing date for the Merger Agreement to September 11, 2020.

SELECTED ANNUAL INFORMATION

The following financial data are selected information for the Company for the three most recently completed financial years:

	December 31, 2019	December 31, 2018	December 31, 2017
	\$	\$	\$
Current assets	1,193,661	688,489	393,403
Total assets	1,193,661	688,489	393,754
Current liabilities	982,258	391,156	22,031
Total non-current financial liabilities	Nil	Nil	Nil
Total revenue	Nil	Nil	Nil
Net loss	(179,167)	(74,390)	(87,438)
Net loss per share, basic and fully diluted	0.07	0.03	0.04
Weighted average number of common shares outstanding	2,469,996	2,469,996	2,469,996

The losses in fiscal years 2019, 2018 and 2017 result from expenditures made to continue meeting public document filing deadlines, maintaining the Company's legal status and sustaining the Company's common share listing on NEX. The Company also incurred costs related to the proposed merger in 2019.

RESULTS OF OPERATIONS

The following selected financial data is derived from the consolidated financial statements of the Company prepared within acceptable limits of materiality and is in accordance with International Financial Reporting Standards.

	3 Months ended June 30, 2020 \$	3 Months ended Mar 31, 2020 \$	3 Months ended Dec 31, 2019 \$	3 Months ended Sept 30, 2019 \$	3 Months ended June 30, 2019 \$	3 Months ended Mar 31, 2019 \$	3 Months ended Dec 31, 2018 \$	3 Months ended Sept 30, 2018 \$
Total revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loss for the period	(725)	(37,471)	(82,770)	(11,113)	(27,029)	(58,255)	(25,971)	(13,102)
Net loss per share, basic and fully diluted	0.00	0.02	0.04	0.00	0.01	0.02	0.01	0.01
Total assets	1,179,908	1,182,446	1,193,661	1,202,975	1,219,355	1,251,103	688,489	332,353
Total liabilities	1,006,702	1,008,514	982,258	1,002,039	1,007,306	1,012,025	391,156	9,048
Total shareholders' equity	173,206	173,932	211,403	200,936	212,049	239,078	297,333	323,305

Operating Results for the Six Months Ended June 30, 2020

For the six months ended June 30, 2020 P&P incurred a loss of \$38,197 (\$0.02 per share) compared to a loss of \$85,284 (\$0.03 per share) in the same period of 2019. Consulting fees declined to \$9,180, net of GST recoveries of \$3,662, in the six months ended June 30, 2020 compared to \$26,448 in the 2019 period. Office and miscellaneous expenses were \$90 in the first six months of 2020 (2019 - \$4,226). Transfer agent and filing fees declined to \$6,378 in the 2020 period compared to \$11,411 in the 2019 period. Professional fees were \$11,056 in the six months ended June 30, 2020 compared with \$54,335 in the 2019 period. Accretion expense related to

the convertible notes was \$25,136 in the six months ended June 30, 2020 with no comparable expense in 2019. Finally, in the June 30, 2020 period the Company earned interest of \$9,981 on its guaranteed investment certificate versus \$11,136 in the 2019 period.

Operating Results for the Three Months Ended June 30, 2020

During the three months ended June 30, 2020 P&P incurred a loss of \$725 (\$0.00 per share) compared to a loss of \$27,028 (\$0.01 per share) in the same period of 2019. Consulting fees declined to \$4,590, net of GST recoveries of \$3,662, in the three months ended June 30, 2020 compared to \$3,573 in the 2019 period. Transfer agent and filing fees declined to \$3,327 in the 2020 period compare to \$4,726 in the 2019 period. Professional fees were \$1,846 in the three months ended June 30, 2020 compared with \$20,286 in the 2019 period. Finally, in the June 30, 2020 quarter the Company earned interest of \$5,435 on its guaranteed investment certificate versus \$5,684 in the 2019 period.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2020, the Company had a cash and cash equivalent balance of \$1,169,792 compared to \$1,193,661 as at December 31, 2019. The Company had working capital of \$173,206 at June 30, 2020 compared to working capital of \$211,403 as at December 31, 2019.

During the six months ended June 30, 2020, P&P used \$23,869 (2019 - \$100,322) of cash and cash equivalents in operating activities. The Company raised \$Nil through subscriptions for convertible notes in 2020 (2019 - \$632,500). P&P conducted no investing activities in 2020 or 2019.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business. Management believes the Company has sufficient working capital to meet its liabilities for the next twelve months.

At present, the Company has sufficient capital resources to fund its operating requirements for at least the next 12 months. Should the Company complete a suitable asset or business acquisition, it may be required to raise additional capital to finance the transaction.

The Company's cash and cash equivalents are held in a Schedule 1 Canadian financial institution.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key management compensation:

Key management personnel comprise the Company's Board of Directors and executive officers. The compensation paid or payable to key management personnel during the three and six months ended June 30, 2020 and 2019 is as follows:

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Consulting fees (a)	\$ 928	\$ 3,573	\$ 5,518	\$ 26,448

- (a) Corporate consulting fees to directors of the Company or a company with a common director. As of June 30, 2020, \$Nil (2019 - \$Nil) is owed to directors in respect of these fees and out of pocket expenses.

Other transaction:

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Professional fees (b)	\$ 807	\$ 19,930	\$ 8,640	\$ 49,333

- (b) Professional fees to a sole practitioner law firm of which a director of the Company is the sole practitioner. As of June 30, 2020, \$Nil (2019 - \$1,200) is owed to the law firm in respect of these fees.

SUMMARY OF OUTSTANDING SHARE DATA

The Company's issued and outstanding share capital as at the date of this report is as follows:

Authorized: Unlimited common shares without par value and unlimited number of preferred shares with no par value.

At September 9, 2020, there were 2,469,996 issued and fully paid common shares.

CRITICAL ACCOUNTING ESTIMATES

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of the fair value of stock options, using stock option pricing models, requires the input of highly subjective assumptions, including the expected share price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.
- ii) The determination of discount rate and effective interest rates on liability and equity components of the convertible notes. Changes in these assumptions could materially affect the recorded amounts.
- iii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

The preparation of these consolidated financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- i) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.

FINANCIAL INSTRUMENTS

Fair Values and Classification

The Company's financial instruments consist of cash and cash equivalents, accounts payable and convertible notes. Financial instruments are classified into one of the following categories: FVTPL, FVTOCI, or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	June 30, 2020	December 31, 2019
Cash and cash equivalents	FVTPL	\$ 1,169,792	\$ 1,193,661
Accounts payable	Amortized cost	201	194
Convertible notes and subscriptions	Amortized cost	1,000,000	974,864

IFRS 7 Financial Instruments: Disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
 Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
 Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents are recorded at fair value and classified as level 1. The carrying amounts of the Company's accounts payable and convertible notes are a reasonable approximation of their fair values based on current market rates for similar financial instruments.

Financial instrument risk exposure

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk.

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has exposure to credit risk through its cash and cash equivalents. The Company manages credit risk, in respect of cash and cash equivalents, by maintaining its cash and cash equivalents at highly rated financial institutions.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the statement of financial position. At June 30, 2020, no amounts were held as collateral.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by its operating, investing and financing activities. The Company had cash and cash equivalents at June 30, 2020, in the amount of \$1,169,792 and working capital of \$173,206 in order to meet short-term business requirements. Accounts payable have contractual maturities of approximately 30 to 90 days or are due on demand and are subject to normal trade terms. The convertible note subscriptions are without stated terms of repayment.

The maturity profiles of the Company's contractual obligations and commitments as at June 30, 2020, are summarized as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable	\$ 201	\$ 201	\$ -	\$ -
Convertible notes	1,000,000	1,000,000	-	-
Total	\$1,000,201	\$1,000,201	\$ -	\$ -

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk and price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market rates differ from the interest rates on the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

In management's opinion, the Company is not exposed to significant interest rate risk as the risk is primarily on its outstanding GIC which is included in cash and cash equivalents.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not subject to significant foreign exchange risk.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is not exposed to any significant price risk.

RISKS AND UNCERTAINTIES

The Company does not have an active business and is currently listed on the NEX Board of the Exchange. Management is actively pursuing business opportunities with a view to making an acquisition that will qualify the Company, at a minimum, for listing on Tier 2 of the Exchange. When and what acquisition to be made are uncertainties. As of the date of this MD&A, the Company has entered into the referenced Merger Agreement for possible merger with MJIC.

NEW ACCOUNTING STANDARDS

There were no new standards effective January 1, 2020 that had an impact on the Company's financial statements.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

DISCLOSURE CONTROLS

In connection with Exemption Orders issued by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual and interim financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of Disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

There have been no changes in the Company's internal control over financial reporting during the period ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, its controls over financial reporting.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On April 2, 2019, the Company entered into the Merger Agreement, as amended, to acquire all of the outstanding shares of MJIC, doing business as ManifestSeven ("M7") which operates in the cannabis industry which would result in a reverse takeover of the Company (the "Transaction"). Prior to entering into the Merger Agreement, the Company had obtained an assignment of the acquisition rights with respect to the Transaction from a private arm's length party in consideration of the payment of an assignment fee (the "Assignment Fee") totaling approximately \$1,160,000, which Assignment Fee is only payable on completion of the Transaction.

The completion of the Transaction (the "Closing") will result in the Company de-listing its common shares from the TSX-V and the resulting issuer ("Resulting Issuer") listing its subordinate voting common shares on the CSE.

In connection with the Transaction and prior to its Closing, the Company anticipates completing a consolidation of its common shares on the basis of one (1) post-consolidation common share for every 1.33 pre-consolidation shares issued and outstanding.

The Transaction will be completed by way of a merger between MJIC and ManifestSeven Inc. ("SubCo"), a wholly owned subsidiary of the Company. Upon completion of the Transaction, the current MJIC shareholders will own approximately 80% of the post-consolidation Resulting Issuer Class A subordinate voting common shares to be listed on the CSE, on an undiluted basis, as well as all of the newly created Class B shares and Class C shares (reference is made to the Merger Agreement that is posted at www.sedar.com under the Company). The directors and officers of the Resulting Issuer will be nominees of MJIC as more particularly described in the Company's news release dated April 2nd, 2019 that is posted at www.sedar.com under the Company.

At a special shareholder meeting ("Annual and Special Shareholder Meeting") held on July 11, 2019, the shareholders approved the Transaction, including a majority of the minority shareholders approving the proposed delisting of the Company's common shares from the TSX-V with a view to listing on the CSE, and conditional on the Transaction completing, the election of a new board of directors, a capital restructuring by way of the creation of three new classes of shares to replace its existing common shares and preferred shares, the adoption of a new set of articles, the adoption of a new stock option plan and related matters.

The Transaction is expected to be closed on or before September 11, 2020. The Company obtained conditional approval of the Transaction from the CSE by letter dated July 14, 2020. Concurrent with the closing of the Transaction, the Assignment Fee will be paid.

ADDITIONAL INFORMATION

Additional information is available concerning the Company and its operations on SEDAR at www.sedar.com.

APPROVAL

The Board of Directors of P&P Ventures Inc. has approved the contents of this management discussion and analysis on September 9, 2020. A copy of this MD&A together with the Company's financial report for the six months ended June 30, 2020 will be provided to anyone who requests it.

APPENDIX "L"
MERGER AGREEMENT

(see attached)

MERGER AGREEMENT

Made as of March 28, 2019

Among

P&P VENTURES INC.
A BRITISH COLUMBIA CORPORATION

And

MANIFESTSEVEN, INC.
A DELAWARE CORPORATION

And

MJIC, INC.
A CALIFORNIA CORPORATION

mcmillan

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MERGER AGREEMENT

This Agreement is made as of March 28, 2019.

AMONG:

P & P VENTURES INC., a corporation incorporated and existing under the laws of the Province of British Columbia, having an office at Suite 2300, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2

(“**Pubco**”)

OF THE FIRST PART

AND:

MANIFESTSEVEN, INC., a corporation incorporated under the laws of the State of Delaware, USA, and having a registered office at 3500 S. DuPont Highway, Dover, Delaware 19901

(“**Subco**”)

OF THE SECOND PART

AND:

MJIC, INC., a corporation incorporated and existing under the laws of the State of California, USA, having an office at 5800 South Eastern Avenue, Suite 300, Commerce, California, USA 90404

(“**MJIC**”)

OF THE THIRD PART

WHEREAS:

- A. MJIC is a private corporation incorporated in the State of California;
- B. Pubco is a reporting issuer in the Canadian provinces of British Columbia, Alberta and Ontario, and the Pubco Common Shares (as defined herein) are currently listed on the NEX Board of the TSXV (as defined herein);
- C. Subco is a private corporation incorporated in the State of Delaware that is wholly-owned by Pubco;
- D. Pursuant to the Merger (as defined herein), Subco proposes to merge with MJIC;
- E. Pursuant to the Acquisition (as defined herein) and the CSE Listing (as defined herein), the Resulting Issuer (as defined herein) proposes to delist from the TSXV (as defined herein) and list on the CSE (as defined herein); and

F. The board of directors of each of Pubco, MJIC and Subco have, as applicable, unanimously determined that each of the Transactions (as defined herein) are in the best interest of their respective corporations and shareholders, and have resolved to enter into this Agreement.

NOW THEREFORE, in consideration of the foregoing, and the respective mutual covenants, agreements, representations and warranties of the Parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the Parties covenant and agree as follows:

ARTICLE 1 - DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions

For the purposes of this Agreement, except as otherwise expressly provided herein, the following words and phrases will have the following meanings:

- (1) “**Acquisition**” means the reverse take over of Pubco by MJIC effected through the Merger, such acquisition constituting a Fundamental Change of Pubco within the meaning of the CSE Policy;
- (2) “**Affiliate**” has the meaning specified in the Securities Act;
- (3) “**Agreement**” means this Merger Agreement and the Schedules attached hereto;
- (4) “**Agreement Date**” means the date of this Agreement;
- (5) “**Alternate Transaction**” means any of the following occurring prior to or immediately upon Closing (other than the transactions contemplated by this Agreement):
(a) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or other business combination directly involving MJIC or Pubco or any of their subsidiaries, (c) any acquisition of all or substantially all of the assets of the parties or their subsidiaries (or any agreement having a similar economic effect), (c) any acquisition of beneficial ownership of 20% or more of the securities of either MJIC or Pubco other than as contemplated herein, (d) any acquisition by either MJIC or Pubco or any of their subsidiaries of any assets or capital stock of another person, or (e) any bona fide proposal to, or public announcement of an intention to, do any of the foregoing;
- (6) “**Ancillary Agreements**” means all agreements, certificates and other instruments delivered or given pursuant to this Agreement;
- (7) “**Applicable California Law**” means the *California Corporations Code*;
- (8) “**Applicable Delaware Law**” means the *General Corporation Law* (Delaware);
- (9) “**Applicable Laws**” in the context that refers to one or more Persons, means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted,

promulgated or applied by a Government Agency and any terms and conditions of any grant of approval, permission, authority or license of any Government Agency, that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

(10) “**Applicable MJIC Class A Common Shares**” means the MJIC Class A Common Shares held by Applicable U.S. Stockholders as set out in Schedule “A” hereto, which are exchangeable for Resulting Issuer Class C Common Shares on the terms set forth herein;

(11) “**Applicable Securities Laws**” means applicable Canadian securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time;

(12) “**Applicable U.S. Stockholders**” means certain U.S. resident holders of MJIC Class A Common Shares as such holders are more particularly described in Schedule “A” hereto;

(13) “**Assets**” means the property and assets of MJIC, of every kind and description and wheresoever situated;

(14) “**BCBCA**” means the *Business Corporations Act* (British Columbia);

(15) “**BCSC**” means the British Columbia Securities Commission;

(16) “**Board of Directors**” means the board of directors of MJIC;

(17) “**Break Fee**” has the meaning set forth in Section 10.3;

(18) “**Business Day**” means any day, other than a Saturday, Sunday or statutory holiday in the Province of British Columbia, Canada;

(19) “**By-laws**” means the bylaws of MJIC adopted on February 11, 2015;

(20) “**Certificate of Merger**” means the Delaware certificate of merger filed with the Secretary of State of Delaware at the Effective Time, effecting the Merger;

(21) “**Closing**” means the completion of the Transactions contemplated herein, which Closing shall occur on or before July 31, 2019;

(22) “**Closing Date**” means the Business Day on which all conditions set forth in Part 9 (other than those conditions that by their nature are to be satisfied or waived at the Closing, but subject to the satisfaction or waiver of those conditions) are satisfied or waived or such other Business Day as the Parties may agree to in writing;

(23) “**Code**” means the United States Internal Revenue Code of 1986, as amended;

(24) “**Consolidation**” means the consolidation of Pubco Common Shares to be effective prior to the Merger on the basis of one (1) post-consolidation Pubco Common

Share for every 1.333 Pubco Common Share existing immediately before the consolidation;

(25) “**Confidential Information**” means all information, whether written, visual, oral or electronic, furnished by MJIC or Pubco (the “**Disclosing Party**”) related to its business, properties and assets, including but not limited to all contracts, financial information, economic data, project development plans, marketing plans, business plans, investor and financing information, partnering arrangements, customer lists, marketing terms and arrangements, pricing, products and service offerings, sales information, ideas, conceptions, photographs, visual demonstrations, computer records or software, specifications, models, analyses, forecasts, strategy papers, studies, equipment vendor information, patents, copyrights, trade secrets, processes or techniques, made available to the other party or its representatives (the “**Receiving Party**”); provided that it does not include information that (i) is generally available to or known by the public other than as a result of improper disclosure by the Receiving Party, or (ii) is obtained by the Receiving Party from a source other than the Disclosing Party, provided that (to the reasonable knowledge of the Receiving Party) such source was not bound by a duty of confidentiality to the Disclosing Party or another party with respect to such information;

(26) “**Consideration Securities**” has the meaning set forth in Section 2.16(a);

(27) “**Constituting Documents**” means, in respect of Pubco, MJIC or Subco, as the case may be, the articles of incorporation, notice of articles, articles of incorporation, by-laws and all amendments to the same;

(28) “**Contract**” means, with respect to a Person, any contract, instrument, permit, concession, licence, loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, partnership or joint venture agreement or other legally binding agreement, arrangement or understanding, whether written or oral, to which the Person is a party or by which, to the knowledge of such Person, the Person or its property and assets is bound or affected;

(29) “**CSE**” means the Canadian Securities Exchange;

(30) “**CSE Listing**” means the delisting of the Pubco Shares from the TSXV and the concurrent listing of the Resulting Issuer Shares on the CSE;

(31) “**CSE Policy**” means Policy 8 Fundamental Changes and Changes of Business;

(32) “**Disclosure Documents**” has the meaning set forth in Section 3.1(a)(vi);

(33) “**Effective Date**” has the meaning set forth in Section 2.11;

(34) “**Effective Time**” has the meaning set forth in Section 2.11;

(35) “**Employee**” means any officer or employee of MJIC or a Person providing services in the nature of an employee to MJIC;

(36) “**Exchange Approval**” means the conditional approval of the TSXV and the CSE with respect to the Acquisition and CSE Listing;

(37) “**Finders Fee Agreement**” means the agreement between MJIC and Haywood Securities Inc. dated March 7, 2019 in connection with the MJIC Financing, pursuant to which Haywood Securities Inc. will be paid a fee for finding subscribers to the MJIC Financing, of up to 6% of the gross proceeds of the MJIC Financing in cash and warrants convertible into MJIC Class A Common Shares up to an aggregate of 6% of MJIC Class A Common Shares issued pursuant to the MJIC Financing;

(38) “**Fundamental Change**” shall have the meaning ascribed to such term in the CSE Policy;

(39) “**Government Agency**” means and includes, without limitation, any national, federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing, including the TSXV and the CSE;

(40) “**Government Official**” means (i) any official, officer, employee, or representative of, or any individual acting in an official capacity for or on behalf of, any Government Agency, or (ii) any company, business, enterprise or other entity owned or controlled by any person described in the foregoing clauses;

(41) “**IFRS**” means International Financial Reporting Standards;

(42) “**Lien**” means any mortgage, encumbrance, charge, demand, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition, which, in substance, secures payment, or performance of an obligation;

(43) “**Listing Date**” means the date that the Resulting Issuer Common Shares are listed on the CSE;

(44) “**Listing Statement**” means the Form 2A listing statement of Pubco in the form prescribed by the CSE, pertaining to the Fundamental Change of Pubco and the Acquisition, which shall be filed with the CSE and on SEDAR prior to Closing;

(45) “**Lock-up Agreements**” means collectively, the Restricted Holder Lock-up Agreement, the Pubco Shareholder Lock-up Agreement, and the Pubco Warrantholder Lock-up Agreement;

(46) “**Materially Adverse**” when used in respect of a fact, circumstance, change, effect, occurrence, event or term means a fact, circumstance, change, effect, occurrence, event or term that (i) materially and adversely affects, or would reasonably be expected to materially and adversely affect, the business, assets, liabilities, condition (financial or otherwise) or capital of MJIC or Pubco, as the case may be, or (ii) prevents, or would

reasonably be expected to prevent, MJIC or Pubco, as the case may be, from performing its obligations under this Agreement or consummating the transactions contemplated herein; provided, however, that it will not include: (i) any fact, circumstance, event, change, effect, occurrence, event or term relating to the global economy or securities markets in general; or (ii) any fact, circumstance, change, effect, occurrence or event affecting the industry in which MJIC or Pubco operates in general and which, in each case, does not have a materially disproportionate effect on MJIC or Pubco relative to comparable entities operating in the industry in which MJIC or Pubco conducts its business;

(47) “**Material Adverse Change**” or “**Material Adverse Effect**” with respect to Pubco or MJIC, as the case may be, means any change, event, violation, inaccuracy, circumstance or effect that is Materially Adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, financial condition or results of operations of Pubco or MJIC, as the case may be, on a consolidated basis;

(48) “**Merger**” means the merger of Subco and MJIC pursuant to the provisions of the Applicable Delaware Law and the terms and conditions of this Agreement;

(49) “**MJIC**” has the meaning given to such term on the cover page hereto;

(50) “**MJIC Alternative Transaction Offer**” has the meaning set forth in Section 6.3;

(51) “**MJIC Class A Common Shares**” means Class A common shares of MJIC, with each such share allowing the holder thereof to cast one vote per share;

(52) “**MJIC Class B Common Shares**” means the Class B common shares of MJIC, with each such share consisting of no voting rights but being convertible into MJIC Class A Common Shares on a one (1) to one (1) basis on the date that is twelve (12) months from the Listing Date;

(53) “**MJIC Convertible Notes**” means the USD\$4,880,101 principal amount convertible notes of MJIC, which, together with accrued interest, shall be convertible upon maturity into an aggregate of up to 2,333,043 MJIC Class A Common Shares and 4,666,086 MJIC Warrants;

(54) “**MJIC Dissent Rights**” means the rights of dissent exercisable by MJIC Shareholders in respect of the MJIC Meeting Matters under Applicable California Law;

(55) “**MJIC Dissenting Shares**” means MJIC Shares held by a MJIC Shareholder who has made a demand that MJIC purchase such MJIC Shares at their fair market value in accordance with section 17602 of Applicable California Law;

(56) “**MJIC Financing**” means the non-brokered private placement offering by MJIC of up to 8,888,889 MJIC Class A Common Shares at a price of USD\$2.25 per MJIC Class A Common Shares for aggregate gross proceeds of up to USD\$20,000,000, subject to MJIC’s ability to increase or decrease the size of the private placement at its sole discretion;

(57) “**MJIC Financial Statements**” means the audited and interim unaudited financial statements of MJIC and pro forma financial statements of MJIC for the financial years ended November 30, 2018 and 2017, and three-months ended February 28, 2019, all of which shall be prepared in accordance with IFRS and applicable Canadian and U.S. accounting standards;

(58) “**MJIC Founders**” has the meaning set forth in Section 2.15(a);

(59) “**MJIC’s Intellectual Property**” means all of the following and similar intangible property and related proprietary rights, interests and protections, however arising, pursuant to the Applicable Laws of any jurisdiction throughout the world relating to, among other things, the products produced by MJIC, including: (a) trademarks, including the trademarks, service marks, trade names, brand names, logos, trade dress and other proprietary indicia of goods and services, whether registered, unregistered or arising by Applicable Laws, and all registrations and applications for registration of such trademarks, including intent-to-use applications, and all issuances, extensions and renewals of such registrations and applications related to any of the products produced by MJIC; (b) internet domain names; (c) original works of authorship of product technology or otherwise in any medium of expression, whether or not published, all copyrights (whether registered, unregistered or arising by Applicable Laws), all registrations and applications for registration of such copyrights, and all issuances, extensions and renewals of such registrations and applications; (d) Confidential Information (as defined herein), plans, diagrams, schematics, specifications, manufacturing and/or preparation techniques, ideas, plans, designs, concepts, devices, technology, know-how, research and development, inventions, methods, processes, compositions, business records, customer lists and other trade secrets involving vaporizer products or otherwise, whether or not patentable; and (e) patented and patentable designs and inventions, all design, plant and utility patents, letters patent, utility models, pending patent applications and provisional applications and all issuances, divisions, continuations, continuations-in-part, reissues, extensions, re-examinations and renewals of such patents and applications;

(60) “**MJIC Meeting**” means the annual meeting of the shareholders of MJIC for the consideration of the MJIC Meeting Matters;

(61) “**MJIC Meeting Matters**” means, *inter alia*, the items to be approved by MJIC Shareholders at the MJIC Meeting with respect to the Transactions;

(62) “**MJIC Options**” means the options to purchase MJIC Shares as described in Schedule “B” to this Agreement;

(63) “**MJIC Securities**” means all of the equity securities of MJIC, being the MJIC Class A Common Shares, the MJIC Class B Common Shares, the MJIC Series A Convertible Preferred Shares, the MJIC Notes, the MJIC Warrants and the MJIC Options;

(64) “**MJIC Series A Convertible Preferred Shares**” means the Series A convertible preferred shares in the capital of MJIC, with each such share allowing the holder thereof to cast one (1) vote per share, and with each such share being convertible

into MJIC Class A Common Shares on a one (1) to one (1) basis at any time at the option of the holder thereof, but in no event later than the Listing Date;

(65) “**MJIC Shareholders**” means holders of MJIC Shares prior to the Merger;

(66) “**MJIC Shares**” means the MJIC Class A Common Shares and the MJIC Class B Common Shares;

(67) “**MJIC Shareholder Approval**” means the requisite shareholder approval for the MJIC Meeting Matters at the MJIC Meeting;

(68) “**MJIC Warrants**” means the common share purchase warrants of the MJIC as described in Schedule “C” to this Agreement;

(69) “**Name Change**” means a change of the name of Pubco from “P&P Ventures Inc.” to “ManifestSeven Holdings Corp.” or such other name as is agreed to by MJIC and Pubco;

(70) “**Party**” means any of Pubco, Subco or MJIC, as the context dictates, and “**Parties**” means Pubco, Subco and MJIC;

(71) “**Person**” includes an individual, corporation, partnership, joint venture, trust, unincorporated organization or Government Agency, and “**Persons**” means two or more thereof;

(72) “**Proceeding**” means any action, arbitration, claim, hearing, investigation, litigation or suit (whether civil, criminal, administrative, investigative or informal) commenced, brought, conducted or heard by or before, or otherwise involving, any governmental authority or other person, including, any arbitrator;

(73) “**Pubco**” has the meaning given to such term on the cover page hereto;

(74) “**Pubco Alternative Transaction Offer**” has the meaning set forth in Section 7.3;

(75) “**Pubco Assets**” means the property and assets of Pubco, of every kind and description and wheresoever situated;

(76) “**Pubco Common Shares**” means the common shares in the capital of Pubco, with each such share allowing the holder thereof to cast one vote per share;

(77) “**Pubco Class B Common Shares**” means the newly created Class B common shares in the capital of Pubco, with each such share consisting of no voting rights but being convertible on a one (1) to one (1) basis into Resulting Issuer Common Shares on the date that is twelve (12) months from the Listing Date;

(78) “**Pubco Class C Common Shares**” means the newly created Class C multiple voting shares in the capital of Pubco, with each such share consisting of (i) ten (10) votes allowed per share thereof, and (ii) immediately upon the date that is twelve (12)

months from the Closing Date, be convertible into Resulting Issuer Common Shares at a ratio of ten (10) Pubco Class C Common Shares to one Resulting Issuer Common Share;

(79) “**Pubco’s Closing Documents**” means the documents required to be delivered to MJIC by Pubco pursuant to Section 9.2 hereof;

(80) “**Pubco’s Financial Statements**” means the audited and interim unaudited financial statements of Pubco and pro forma financial statements of Pubco for the years ended December 31, 2018 and December 31, 2017, all of which shall be prepared in accordance with IFRS and applicable Canadian and U.S. accounting standards;

(81) “**Pubco Meeting**” means the special meeting of the shareholders of Pubco for the consideration of the Pubco Meeting Matters;

(82) “**Pubco Meeting Materials**” means the notice of meeting, information circular and proxy materials of Pubco to be distributed to Pubco Shareholders in connection with the Pubco Meeting;

(83) “**Pubco Meeting Matters**” means, *inter alia*, the following items to be approved by the shareholders at the Pubco Meeting with respect to Pubco:

- (a) the amendment of Pubco’s Constatng Documents to increase the size of Pubco’s board of directors, the election of the directors of Pubco to serve on the board of the Resulting Issuer from the effective time of the completion of the Transactions;
- (b) the Merger;
- (c) the Consolidation;
- (d) the Share Amendment;
- (e) the delisting of the Pubco Shares from the TSXV;
- (f) the CSE Listing;
- (g) the Name Change;
- (h) the amendment to Pubco’s Constatng Documents, as required;
- (i) the adoption of the Stock Option Plan to be implemented following the Closing;
and
- (j) such further or other matters as shall properly come before the Pubco Meeting.

(84) “**PubCo Notes**” means \$1 million of convertible notes issued by PubCo, which on a post-Consolidation basis shall be convertible into 15 million PubCo Common Shares and 15 million PubCo Warrants.

(85) “**Pubco Shareholders**” means the holders of Pubco Shares prior to the Merger;

(86) “**Pubco Shares**” means the Pubco Common Shares, the Pubco Class B Common Shares and the Pubco Class C Common Shares;

(87) “**Pubco Shareholder Lock-up Agreement**” has the meaning set forth in Section 2.15(a)(ii);

(88) “**Pubco Warrantholder Lock-up Agreement**” has the meaning set forth in Section 2.15(a)(iii);

(89) “**Pubco Warrants**” means the share purchase warrants of Pubco, with each warrant entitling the holder thereof to purchase one (1) Pubco Common Share at an exercise price of \$0.055 on a pre-Consolidation basis with an expiry date of January 4, 2020, which will be issued on conversion of the PubCo Notes;

(90) “**Pubco Warrantholders**” means the holders of Pubco Warrants;

(91) “**Regulation D**” means Regulation D promulgated under the U.S. Securities Act;

(92) “**Regulation S**” means Regulation S promulgated under the U.S. Securities Act;

(93) “**Restricted Holders**” means all MJIC Shareholders excluding the MJIC Founders;

(94) “**Restricted Holder Lock-up Agreement**” has the meaning set forth in Section 2.15(a)(i);

(95) “**Resulting Issuer**” has the meaning set forth in Section 2.7;

(96) “**Resulting Issuer Common Shares**” means the Common shares in the capital of the Resulting Issuer, with each such share having attached thereto the same special rights and restrictions as the Pubco Common Shares;

(97) “**Resulting Issuer Class B Common Shares**” means the Class B common shares in the capital of the Resulting Issuer, with each such share having attached thereto the same special rights and restrictions as the Pubco Class B Common Shares;

(98) “**Resulting Issuer Class C Common Shares**” means the Class C common shares in the capital of the Resulting Issuer, with each such share having attached thereto the same special rights and restrictions as the Pubco Class C Common Shares;

(99) “**Resulting Issuer Replacement Options**” means the options of the Resulting Issuer for which MJIC Options shall be exchanged as provided in Section 2.5 hereof;

(100) “**Resulting Issuer Replacement Securities**” means the Resulting Issuer Replacement Options and Resulting Issuer Replacement Warrants;

(101) “**Resulting Issuer Replacement Warrants**” means the common share purchase warrants of the Resulting Issuer for which MJIC Warrants shall be exchanged as provided in Section 2.5 hereof;

(102) “**Resulting Issuer Shares**” means the Resulting Issuer Common Shares, the Resulting Issuer Class B Common Shares and the Resulting Issuer Class C Common Shares;

(103) “**Resulting Issuer Shareholders**” means the holders of the Resulting Issuer Shares;

(104) “**Share Amendment**” means the amendment to the articles of Pubco providing for the creation of two (2) additional classes of shares of Pubco, being (i) the Pubco Class B Common Shares, and (ii) the Pubco Class C Common Shares;

(105) “**Securities Act**” means the *Securities Act* (British Columbia);

(106) “**Stock Option Plan**” means the 10% rolling incentive stock option plan of Pubco approved by the Pubco Shareholders at the Pubco Meeting;

(107) “**Subco**” has the meaning given to such term on the cover page hereto;

(108) “**Subco Shares**” means all of the outstanding common shares of Subco;

(109) “**Surviving Corporation**” has the meaning ascribed thereto in Section 2.1;

(110) “**SEDAR**” means the System for Electronic Document Analysis and Retrieval administered by the Canadian Securities Administrators;

(111) “**Tax Act**” means the *Income Tax Act* (Canada), RSC 1985, c 1;

(112) “**Taxes**” means all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers’ compensation payments, property taxes and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto;

(113) “**Tax Returns**” means any return, declaration, report, claim for refund or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof;

(114) “**Termination Date**” has the meaning given to the term in Section 10.1;

(115) “**Transactions**” mean the MJIF Financing, the Consolidation, the Share Amendment, Merger, the Acquisition, the TSXV delisting, the Name Change, the CSE Listing, and all transactions contemplated herein;

(116) “**Treasury Regulations**” means the regulations promulgated under the Internal Revenue Code of the United States, as may be amended from time to time;

(117) “**TSXV**” means the TSX Venture Exchange, including the NEX board of the TSXV;

(118) “**U.S. Person**” means a “U.S. person” as such term is defined in Rule 902 of Regulation S;

(119) “**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder; and

(120) “**USA**”, “**United States**”, or “**U.S.**” means the United States of America, its territories and possessions, and any state of the United States, and the District of Columbia.

Section 1.2 Interpretation

For the purposes of this Agreement, except as otherwise expressly provided herein:

- (a) The words “herein”, “hereof”, and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Part, clause, subclause or other subdivision or Schedule or Exhibit.
- (b) A reference to a Part means a Part of this Agreement and the symbol Section followed by a number or some combination of numbers and letters refers to the Section, paragraph or subparagraph of this Agreement so designated.
- (c) The headings are for convenience only, do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions.
- (d) The word “including”, when following a general statement, term or matter, is not to be construed as limiting such general statement, term or matter to the specific items or matters set forth or to similar items or matters (whether or not qualified by non-limiting language such as “without limitation” or “but not limited to” or words of similar import) but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its possible scope.
- (e) Where the phrase “to the knowledge of” or phrases of similar import are used in respect of the Parties, it will be a requirement that the Party in respect of who the phrase is used will have made such due inquiries as is reasonably necessary to enable such Party to make the statement or disclosure.
- (f) Unless there is something in the subject matter or context inconsistent therewith:
 - (i) words in the singular number include the plural and such words shall be construed as if the plural had been used;
 - (ii) words in the plural include the singular and such words shall be construed as if the singular had been used; and
 - (iii) words importing the use of any gender shall include all genders where the context or the Party referred to so requires, and the rest of the sentence

shall be construed as if the necessary grammatical and terminological changes had been made.

Section 1.3 Schedules

The schedules to this Agreement, listed below, are an integral part of this Agreement, and must be completed and attached before the Closing Date for this Agreement to be fully-integrated and thereafter enforceable by or against either Party:

<u>Schedule</u>	<u>Description</u>
Schedule “A”	List of Applicable U.S. Stockholders
Schedule “B”	MJIC Options
Schedule “C”	MJIC Warrants
Schedule “D”	Form of U.S. Representation Letter
Schedule “E”	MJIC Corporate Structure
Schedule “F”	Voting Support Agreements

ARTICLE 2- TRANSACTION

Section 2.1 Agreement to Merge

Upon the terms and subject to the conditions contained in this Agreement, the Parties hereby agree that, pursuant to the Merger, Subco shall merge with MJIC at Closing and Subco, being the entity surviving such merger (the “**Surviving Corporation**”), shall be named “**ManifestSeven Holdings Corporation**”, or such other name that is acceptable to MJIC. Pubco, in its capacity as the sole shareholder of Subco, and MJIC shall approve (or seek the approvals of) this Agreement and the Merger as soon as reasonably practicable with the intent that the same shall be completed on or before June 30, 2019, or such other date agreed upon in writing by the Parties.

Section 2.2 Pubco Meeting

Subject to the terms of this Agreement:

- (a) Pubco agrees to convene and conduct the Pubco Meeting in accordance with Pubco’s Constating Documents and Applicable Laws as soon as reasonably practicable and any event on or before May 31, 2019. Pubco agrees that it shall, in consultation with MJIC and in accordance with Applicable Laws, prepare the Pubco Meeting Materials and set a record date for the purpose of determining which Pubco Shareholders are entitled to receive notice of and vote at the Pubco Meeting.

- (b) Except as required for quorum purposes or otherwise permitted under this Agreement and Applicable Laws, Pubco shall not adjourn, postpone, cancel or propose, or permit the adjournment, postponement or cancellation of, the Pubco Meeting without the prior written consent of MJIC, such consent not to be unreasonably withheld or delayed.
- (c) Pubco will advise MJIC on a daily basis on each of the ten (10) Business Days prior to the date of the Pubco Meeting of the aggregate tally of proxies received by Pubco in connection with the Pubco Meeting Matters.
- (d) Pubco will promptly advise MJIC of any written notice of dissent or purported exercise of Pubco Dissent Rights received in connection with the Pubco Meeting Matters and any withdrawal of Pubco Dissent Rights received by Pubco and any written communications sent by or on behalf of any Pubco Shareholder exercising or purporting to exercise Pubco Dissent Rights in connection with the Pubco Meeting Matters.

Section 2.3 MJIC Meeting

Subject to the terms of this Agreement:

- (a) MJIC agrees to convene and conduct the MJIC Meeting in accordance with MJIC's Constating Documents and Applicable California Law as soon as reasonably practicable and any event on or before April 15, 2019.
- (b) Except as required for quorum purposes or otherwise permitted under this Agreement and Applicable Laws, MJIC shall not adjourn, postpone or cancel, or propose or permit the adjournment, postponement or cancellation of, the MJIC Meeting without the prior written consent of Pubco, such consent not to be unreasonably withheld or delayed.
- (c) MJIC will promptly advise Pubco of any written notice of dissent or purported exercise of MJIC Dissent Rights received in connection with the MJIC Meeting Matters and any withdrawal of MJIC Dissent Rights received by MJIC and any written communications sent by or on behalf of any MJIC Shareholder exercising or purporting to exercise MJIC Dissent Rights in connection with the MJIC Meeting Matters.

Section 2.4 Pubco Meeting Materials and Listing Statement

- (a) As promptly as reasonably practicable following execution of this Agreement with a targeted date on or before April 30, 2019, (i) each of the Parties shall furnish all information regarding such Party as may be required to be included in the Pubco Meeting Materials and the Listing Statement under Applicable Laws; (ii) Pubco and MJIC shall work together to prepare the Pubco Meeting Materials, the Listing Statement, and any other documents required by Applicable Laws, (iii) Pubco shall (A) file the Pubco Meeting Materials in all jurisdictions where the same is required to be filed, (B) mail the Pubco Meeting Materials as required in accordance with all Applicable Laws, and (C) Pubco shall file the Listing

Statement and other required filings with applicable regulatory authorities in all jurisdictions where the same is required to be filed.

- (b) Each of the Parties shall ensure that the information furnished by such Party that is reasonably required to be included in the Pubco Meeting Materials and the Listing Statement under Applicable Laws complies in all material respects with all Applicable Laws, and, without limiting the generality of the foregoing, that such information that is included in the Pubco Meeting Materials and the Listing Statement will not contain any misrepresentation.
- (c) Each of the Parties shall use commercially reasonable efforts to obtain any necessary consents from its auditors and any other advisors authorizing the use of any financial, technical or other expert information required to be included in the Pubco Meeting Materials and/or the Listing Statement and to the disclosure in the Pubco Meeting Materials and/or the Listing Statement of each such advisor.
- (d) MJIC, Pubco and their respective legal counsel shall be given a reasonable opportunity to review and comment on drafts of the Pubco Meeting Materials, the Listing Statement and other documents related thereto, and reasonable consideration shall be given to any comments made by MJIC, Pubco and their respective advisors, provided that all information relating solely to Pubco included in the Pubco Meeting Materials and the Listing Statement shall be in form and content satisfactory to Pubco, acting reasonably, and all information relating solely to MJIC included in the Pubco Meeting Materials and the Listing Statement shall be in form and content satisfactory to MJIC, acting reasonably.
- (e) The Parties shall promptly notify each other if, at any time before the date of the Pubco Meeting, the Pubco Meeting Materials, or, prior to the date of filing the Listing Statement, either party becomes aware that the Listing Statement or the Pubco Meeting Materials contain any untrue statements of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Listing Statement or the Pubco Meeting Materials, and the Parties shall cooperate in the preparation of any amendment or supplement to such documents, as the case may be, as required or appropriate.
- (f) Pubco represents, warrants, covenants and agrees with MJIC that Pubco:
 - (i) shall mail to the Pubco Shareholders the Pubco Meeting Materials in accordance with Pubco's Constatng Documents and Applicable Laws, and shall recommend the approval of the Transactions;
 - (ii) prior to the Closing, will effect the Name Change, Consolidation and Share Amendment;
 - (iii) except for non-substantive communications, will furnish promptly to MJIC a copy of each notice, report, schedule or other document delivered, filed or received by it in connection with (i) the Merger and Acquisition,

(ii) the Share Amendment (iii) any filings under Applicable Securities Laws, and (iv) any dealings with regulatory agencies in connection with the Transactions; and

- (iv) will immediately notify MJIC of any legal or governmental action, suit, judgment, investigation, injunction, complaint, action, suit, motion, judgement, regulatory investigation, regulatory proceeding or similar proceeding by any Person, Government Agency or other regulatory body, whether actual or threatened, with respect to the Transactions or which could otherwise delay or impede the transactions contemplated hereby or materially impair the value of Pubco.

Section 2.5 Merger and Acquisition Events

Upon the terms and subject to the conditions set forth in this Agreement and in compliance with Applicable Laws, at the Effective Time:

- (a) The MJIC Convertible Notes issued and outstanding immediately prior to the Effective Time will be converted into 6,999,129 Class A Common Shares and 13,998,258 MJIC Warrants pursuant to the terms of the MJIC Convertible Notes, which shall be issued to the holders of the MJIC Convertible Notes pro rata in proportion to their holdings of the MJIC Convertible Notes.
- (b) The 250,000 Series A Convertible Preferred Shares issued and outstanding immediately prior to the Effective Time will be converted into 250,000 Class A Common Shares pursuant to the terms of the Series A Convertible Preferred Shares, which shall be issued to the holders of Series A Convertible Preferred Shares pro rata in proportion to their holdings of Series A Convertible Preferred Shares.
- (c) Each MJIC Class A Common Share issued and outstanding immediately prior to the Effective Time shall be exchanged by each holder thereof, other than the Applicable MJIC Class A Common Shares, for three (3) fully paid non-assessable Resulting Issuer Common Shares.
- (d) Each Applicable MJIC Class A Common Share issued and outstanding immediately prior to the Effective Time and held by an Applicable U.S. Stockholder shall be exchanged by each holder thereof for three tenths (0.3) of a fully paid and non-assessable Resulting Issuer Class C Common Shares. For greater certainty, no fractional shares of Resulting Issuer Class C Common Shares shall be issued, and any such fractional share shall be rounded to the nearest whole number of shares.
- (e) Each MJIC Class B Common Share issued and outstanding immediately prior to the Effective Time shall be exchanged by each holder thereof for three (3) fully paid non-assessable Resulting Issuer Class B Common Shares;

- (f) Each MJIC Class A Common Share exchanged for three (3) fully paid and non-assessable Resulting Issuer Common Shares in accordance with subsection 2.3(a) hereof shall be cancelled.
- (g) Each MJIC Class A Common Share exchanged for three (3) fully paid and non-assessable Resulting Issuer Class C Common Shares in accordance with subsections 2.3(b) hereof shall be cancelled.
- (h) Each MJIC Class B Common Share exchanged for three (3) fully paid and non-assessable Resulting Issuer Class B Common Shares in accordance with subsection 2.3(c) hereof shall be cancelled.
- (i) Each MJIC Warrant outstanding immediately prior to the Effective Time shall be exchanged for three (3) Resulting Issuer Replacement Warrant on economically equivalent terms.
- (j) Each MJIC Option outstanding immediately prior to the Effective Time shall be exchanged for three (3) Resulting Issuer Replacement Option on economically equivalent terms.
- (k) The one (1) Subco Share issued and outstanding immediately prior to the Effective Time shall be exchanged for one (1) share of common stock of the Surviving Corporation.
- (l) The Surviving Corporation shall be a wholly-owned subsidiary of the Resulting Issuer and the MJIC Shareholders shall become Resulting Issuer Shareholders.

Section 2.6 Share Certificates

On the Effective Date:

- (a) The original one (1) share certificate representing the one (1) Subco Share registered in the name of Pubco shall be cancelled and Pubco shall be issued one (1) share certificate representing the one (1) share of the common stock of the Surviving Corporation to be issued to Pubco as provided in Section 2.5 hereof.
- (b) Subject to the treatment of MJIC Dissenting Shares in Section 2.14 hereof, certificates or other evidence representing the MJIC Shares, MJIC Warrants and MJIC Options shall cease to represent any claim upon or interest in MJIC other than the right of the holder thereof to receive, pursuant to the terms hereof, Resulting Issuer Shares and Resulting Issuer Replacement Securities in accordance with Section 2.5 hereof.
- (c) Upon the delivery and surrender by the holder thereof to the Resulting Issuer of certificates representing MJIC Shares, MJIC Warrants and MJIC Options, which have been exchanged for Resulting Issuer Shares and Resulting Issuer Replacement Securities in accordance with the provisions of Section 2.5 hereof, the Resulting Issuer shall on the Effective Date, or as soon as practicable thereafter following the date of receipt by the Resulting Issuer of the certificates

referred to above, deliver to each such holder certificates representing the number of Resulting Issuer Shares and Resulting Issuer Replacement Securities to which such holder is entitled or other evidence of ownership.

Section 2.7 Resulting Issuer

Pubco will, upon completion of the Acquisition, be known as ManifestSeven Holdings Corporation (the “**Resulting Issuer**”), will have five (5) directors, and the following will be the directors and officers of the Resulting Issuer immediately following the completion of the Acquisition:

Directors

Name	Title
Kristin Fox	Director
Sturges Karban	Director
Scott Wessler	Director
Jarrold Smith	Director
Daniel Sekers	Director

Officers

Name	Title
Sturges Karban	Chief Executive Officer
Pierre Rouleau	Chief Operating Officer
Dmitry Gordeychev	Chief Investment Officer
Jordan Gerber	Chief Financial Officer
Urban Smedeby	President
Lawrence W. Horwitz	Corporate Secretary

Section 2.8 Surviving Corporation

Unless otherwise determined in accordance with Applicable Laws by the Surviving Corporation or its stockholder(s), the following provisions will apply:

- (a) **Number of Directors.** The board of directors of the Surviving Corporation shall consist of a maximum of five (5) directors.

- (b) **Officers and Directors.** As of the Effective Time, the initial directors of the Surviving Corporation shall be the same as the Resulting Issuer. As of the Effective Time, the initial officers of the Surviving Corporation and their titles shall be the same as the Resulting Issuer.
- (c) **Fiscal Year.** The fiscal year end of the Surviving Corporation shall be November 30th, unless and until changed by resolution of the Surviving Corporation's board of directors.
- (d) **Name.** The name of the Surviving Corporation shall be “**ManifestSeven Holdings Corporation**” or such other name as agreed to by the Parties.
- (e) **Registered Office.** The registered office of the Surviving Corporation shall be the registered office of the 3500 S. DuPont Highway, Dover, Delaware 19901.
- (f) **Authorized Capital.** The authorized capital of the Surviving Corporation shall be the authorized capital of Subco as provided in Subco's Certificate of Incorporation.
- (g) **Certification of Incorporation Bylaws.** The Certificate of Incorporation and the Bylaws of Subco shall be the Certificate of Incorporation and Bylaws of the Surviving Corporation with any amendments thereto as may be necessary to give effect to this Agreement following the filing of the Certificate of Merger.
- (h) **Business and Powers.** There shall be no restriction on the business that the Surviving Corporation may carry on nor on the powers that the Surviving Corporation may exercise.

Section 2.9 Fractional Shares

No fractional Resulting Issuer Shares will be issued or delivered pursuant to the Transactions. Any fractional share will be rounded down to the next lowest number and no consideration will be paid in lieu thereof. In calculating such fractional interests, all securities of the Resulting Issuer registered in the name of, or beneficially held, by a securityholder or their nominee shall be aggregated.

Section 2.10 Effect of Merger

At the Effective Time:

Subco shall merge with and into MJIC under the DGCL with the Surviving Corporation continuing as the surviving company subsequent to the Merger in accordance with the terms and conditions prescribed in this Agreement;

- (a) all of the property, assets, rights and privileges of Subco shall become the property, assets, rights and privileges of MJIC, and all of the liabilities and obligations of Subco shall become the liabilities and obligations of MJIC, which will thereafter be referred to as the Surviving Corporation;

- (b) the Certificate of Incorporation and the bylaws of Subco are deemed to be the Certificate of Incorporation and the bylaws of the Surviving Corporation; and
- (c) the officers and directors of the Surviving Corporation shall be those individuals described in Section 2.8(b) hereof.

Section 2.11 Filing of Certificate of Merger

Following the approval of the Transactions by the MJIC Shareholders and the Pubco Shareholders, as applicable, and subject to the satisfaction or waiver of all of the conditions precedent set forth herein, MJIC and Subco shall file the Certificate of Merger and such other documents as required under Applicable Delaware Law with the Secretary of State of Delaware to effect the Merger. The Merger shall become effective on the date (the “**Effective Date**”) and at the time (the “**Effective Time**”) of filing of the Certificate of Merger or at such other time as may be specified in the Certificate of Merger as filed. If the Secretary of State of Delaware requires any changes to the Certificate of Merger as a condition to filing or issuing its approval to the effect the Merger, Pubco, Subco and MJIC will make any necessary revisions and execute any necessary documents incorporating such changes, provided such changes are not inconsistent with and do not result in any material change in the terms of this Agreement.

Section 2.12 Closing

Upon the terms and subject to the conditions set forth herein, the Closing shall take place on the Closing Date at the offices of McMillan LLP at 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, or at such other location as MJIC and Pubco agree.

Section 2.13 Adjustment

In the event of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities convertible into common shares), reorganization, reclassification, combination, recapitalization or other like change with respect to the Pubco Common Shares occurring after the date hereof and prior to the Effective Time, all references herein to specific numbers of shares of any class or series affected thereby shall be equitably adjusted to the extent necessary to provide the Parties with the same economic effect as contemplated by this Agreement prior to such stock split, reverse stock-split, stock dividend, reorganization, reclassification, combination, recapitalization or other like change.

Section 2.14 Dissenting Shares

Notwithstanding anything to the contrary contained in this Agreement, MJIC Shares held by a holder who has made a demand that MJIC purchase such MJIC Shares at their fair market value in accordance with section 17602 of Applicable California Law (the “**MJIC Dissenting Shares**”) shall not be converted into or represent the right to receive the applicable consideration in accordance with Section 2.5, but shall be entitled only to such rights as are granted by Applicable California Law to a holder of MJIC Dissenting Shares. At the Effective Time, all MJIC Dissenting Shares shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and each holder of MJIC Dissenting Shares shall cease to have any rights with respect thereto, except the right to receive the fair market value of such MJIC Dissenting Shares in accordance with Applicable California Law. Notwithstanding the foregoing, if any

MJIC Dissenting Shares shall lose their status as such (through failure to perfect or otherwise), then, as of the later of the Effective Time or the date of loss of such status, such shares shall automatically be converted into and shall represent only the right to receive the applicable Merger consideration, without interest thereon, promptly following the surrender of the certificate or certificates representing such MJIC Shares. MJIC shall give Pubco prompt notice of any written demand received by MJIC prior to the Effective Time to require MJIC to purchase MJIC Shares pursuant to Applicable California Law. MJIC shall not make any payment or settlement offer prior to the Effective Time with respect to any such demand without prior written consent of Pubco.

Section 2.15 Restrictions on Resale and Escrow and Lock-up

- (a) At the Closing, all directors, officers, insiders and promoters of MJIC (the “**MJIC Founders**”) shall, pursuant to the policies of the CSE, be subject to an escrow term of 36 months, with the escrowed Resulting Issuer Common Shares, Resulting Issuer Class B Shares, and/or Resulting Issuer Class C Shares, as the case may be, to be released from escrow on the following schedule: (i) 10% at the Closing Date; and (ii) an additional 15% released at the end of every 6 month period, beginning on the date that is 6 months after the Closing Date, over a period of 36 months. Notwithstanding the foregoing, the Parties acknowledge and understand that certain Resulting Issuer Shareholders will receive Resulting Issuer Class C Common Shares instead of Resulting Issuer Common Shares, so that the Resulting Issuer is able to comply with foreign private issuer rules under applicable U.S. securities law. In addition to the foregoing, at Closing:
 - (i) the Restricted Holders shall enter into a voluntary lock up agreement pursuant to which their escrowed securities, being Resulting Issuer Common Shares, Resulting Issuer Class B Common Shares, and/or Resulting Issuer Class C Common Shares, as the case may be, will be released in accordance with the following schedule
 - (A) 5% on the Closing Date;
 - (B) 10% on the date that is 6 months from the Closing Date;
 - (C) 10% on the date that is 9 months from the Closing Date;
 - (D) 15% on the date that is 12 months for the Closing Date;
 - (E) 25% on the date that is 15 months from the Closing Date;
 - (F) 35% on the date that is 18 months from the Closing Date;(the “**Restricted Holder Lock-up Agreement**”);
 - (ii) the Pubco Shareholders holding no less than 15,000,000 PubCo Shares on conversion of the PubCo Notes and currently outstanding shall enter into a voluntary lock up agreement on the following schedule:

- (A) 25% on the Closing Date;
- (B) 25% on the date that is 4 months from the Closing Date;
- (C) 25% on the date that 8 months from the Closing Date; and
- (D) 25% on the date that is 12 months for the Closing Date.

(the “**Pubco Shareholder Lock-up Agreement**”); and

- (iii) The Pubco Warrantholders issued warrants on the conversion the PubCo Notes and currently outstanding shall enter into a voluntary lock up agreement on the following schedule, provided that only 50% of the warrants held by such PubCo Warrantholders will be subject to this escrow:

- (A) 33% on the date that is 4 months from the Closing Date;
- (B) 33% on the date that 8 months from the Closing Date; and
- (C) 34% on the date that is 12 months for the Closing Date.

(the “**Pubco Warrantholder Lock-up Agreement**”).

Section 2.16 Limitations on Trading

- (a) The Resulting Issuer Shares and Resulting Issuer Replacement Securities issued in exchange for the MJIC Securities (the “**Consideration Securities**”) will be issued by the Resulting Issuer in such a manner as to be (i) exempt or excluded from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws, and (ii) exempt from the prospectus and registration requirements of the securities laws, rules and regulations of British Columbia, and such Resulting Issuer Shares will be subject to resale restrictions under Applicable Securities Laws.
- (b) Pubco will rely on Rule 903 of Regulation S to offer and sell Consideration Shares to MJIC Shareholders who are neither U.S. Persons nor within the United States, and who are not acting for the account or benefit of a U.S. Person or a person in the United States. It is anticipated that, in offering Consideration Securities to, or for the account or benefit of, a U.S. Person or a person in the United States as contemplated hereby, Pubco will rely on Rule 506(b) of Regulation D. MJIC hereby acknowledges and agrees that the Consideration Securities issued in reliance on Rule 506(b) of Regulation D will be issued as “restricted securities” as defined in Rule 144(a)(3) under the U.S. Securities Act, and will be represented by definitive certificates endorsed with a U.S. restrictive legend in customary form.
- (c) Each MJIC Shareholder and holder of MJIC Options and/or MJIC Warrants who is resident in the United States or is otherwise a U.S. Person, or consents to the

Merger from within the United States, will, as a condition of receiving Consideration Securities upon completion of the Merger, be required to deliver a U.S. Representation Letter in the form required by Pubco attached hereto as Schedule “D”.

Section 2.17 U.S. Tax Treatment

For U.S. federal income tax purposes, this Agreement is intended to constitute, and the Parties hereby adopt this Agreement as, a “plan of reorganization” within the meaning of Treasury Regulations Sections 1.368-2(g) and 1.368-3(a). Each Party agrees that, for U.S. federal income tax purposes, (a) it shall treat the Merger as a tax-free reorganization within the meaning of Section 368(a) of the Code; (b) that it shall report the Merger as a “reorganization” within the meaning of Section 368(a) of the Code and it shall not take any tax reporting position inconsistent with such treatment for U.S. federal, state and other relevant tax purposes; (c) MJIC, Pubco and Subco are “parties to a reorganization” within the meaning of Section 368(b) of the Code; (d) it shall retain such records and file such information as is required to be retained and filed pursuant to Treasury Regulation Section 1.368(a)-3 in connection with the Merger; and (e) it shall otherwise use its best efforts to cause the Merger to qualify as a “reorganization” within the meaning of Section 368(a) of the Code. In connection with the Acquisition and at all times from and after the Closing, the Parties agree to treat Pubco as a United States domestic corporation for U.S. federal income tax purposes pursuant to Section 7874(b) of the Code. No Party shall take any action, fail to take any action, cause any action to be taken or cause any action to be taken or cause any action to fail to be taken that could reasonably be expected to prevent (1) the Acquisition from qualifying as a “reorganization” within the meaning of Section 368(a) of the Code, or (2) Pubco from being treated as a United States domestic corporation for U.S. federal income tax purposes pursuant to Section 7874(b) of the Code. Each Party hereto agrees to act in good faith, consistent with the intent of the Parties and the intended U.S. federal income tax treatment of the Acquisition as set forth in this Section 2.17.

ARTICLE 3- REPRESENTATIONS AND WARRANTIES OF PUBCO

Section 3.1 Representations and Warranties of Pubco

As of the Agreement Date, Pubco represents and warrants on its behalf, and on behalf of Subco, to and in favour of MJIC as follows, and acknowledges that MJIC is relying upon such representations and warranties in connection with the completion of the transactions contemplated herein. For purposes of this Article 3, “Pubco’s knowledge”, “the knowledge of Pubco” and any similar phrase shall mean the actual or constructive knowledge of any officer or director of Pubco after due inquiry:

- (a) Organization, Standing, Corporate Power, Authority and Non-Contravention.
 - (i) Each of Pubco and Subco is a corporation incorporated and validly existing under the laws of the jurisdiction of its incorporation. In each case, each such entity has all requisite corporate power and authority and is duly qualified and holds all material permits, licences, registrations, qualifications, consents and authorizations necessary or required to carry on its business as now conducted and to own, lease or operate the Pubco Assets, and neither Pubco nor, to the knowledge of Pubco, any other

Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing the dissolution or winding up of Pubco or Subco, and Pubco and Subco have all requisite corporate power and authority to enter into this Agreement and to carry out their obligations hereunder;

- (ii) the authorized capital of Pubco consists of an unlimited number of Pubco Common Shares, of which, as the date hereof (A) 2,469,998 Pubco Common Shares, and (B), USD\$1,000,000 principal amount Pubco Convertible Notes are issued and outstanding; and, as of the Effective Time, after giving effect to the Consolidation, Pubco shall have (C) 16,851,748 Pubco Common Shares issued and outstanding, (D) 15,000,000 Pubco Warrants issued and outstanding; and there shall be no other issued and outstanding securities of Pubco;
- (iii) the authorized capital of Subco consists of 100 Subco Shares, of which one (1) Subco Share is issued and outstanding as a fully paid and non-assessable share in the capital of Subco, and, as of Closing, no warrants, stock options or other convertible securities of Subco are issued and outstanding;
- (iv) Pubco is a “reporting issuer”, as that term is defined under Applicable Securities Laws in British Columbia, Alberta and Ontario, and is not in default of the requirements of the Applicable Securities Laws in such jurisdictions;
- (v) Pubco is in compliance in all material respects with all of the policies and rules of the TSXV and the CSE, as and when applicable;
- (vi) Pubco has filed all forms, reports, documents and information required to be filed by it, whether pursuant to Applicable Securities Laws or otherwise, with the applicable securities commissions (the “**Disclosure Documents**”) and Pubco does not have any confidential filings with any applicable securities commissions; and, as of the time the Disclosure Documents were filed with the applicable securities commissions and on SEDAR (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (A) each of the Disclosure Documents complies in all material respects with the requirements of the Applicable Securities Laws in the jurisdictions where they were filed; and (B) none of the Disclosure Documents contains any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;
- (vii) other than Subco, Pubco has no direct or indirect subsidiaries nor any investment in any Person or any agreement, option or commitment to acquire any such investment; and all of the issued and outstanding securities of Subco (being one (1) Subco Share) are held by Pubco;

- (viii) Pubco has been conducting its business in compliance in all material respects with all Applicable Laws and regulations of each jurisdiction in which it carries on business and has not received a notice of non-compliance, and, to the knowledge of Pubco, there are no facts that would give rise to a notice of noncompliance with any such laws and regulations;
- (ix) no consent, approval, order or authorization of, or registration, declaration or filing with, any third party or Government Agency is required by or with respect to Pubco in connection with the execution and delivery of this Agreement by Pubco, the performance of its obligations hereunder or the consummation by Pubco of the transactions contemplated hereby other than: (A) the approval of the Merger as a Fundamental Change of Pubco; (B) the approval of the Pubco Meeting Matters by the shareholders of Pubco; (C) the delisting from the TSXV; (D) the approval of the CSE Listing by the CSE; (E) any other consent, approval, order, authorization, registration, declaration, or filing as contemplated by this Agreement; and (F) any other consents, notice, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on Pubco or prevent or materially impair Pubco's ability to perform its obligations hereunder;
- (x) each of the execution and delivery of this Agreement, the performance by each of Pubco and Subco of its obligations hereunder and the consummation of the transactions contemplated in this Agreement, including the Merger and the issuance of the Resulting Shares and Resulting Issuer Replacement Securities upon the Merger, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, whether after notice or lapse of time or both of: (i) any statute, rule or regulation applicable to Pubco or Subco, including Applicable Securities Laws; (ii) the Constatng Documents resolutions of Pubco or Subco; (iii) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which Pubco or Subco is a party or by which it is bound; or (iv) any judgment, decree or order binding Pubco or Subco or their respective assets;
- (xi) this Agreement has been duly authorized and executed by each of Pubco and Subco and constitutes a valid and binding obligation of each of them and shall be enforceable against each of them in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by Applicable Laws;

- (xii) other than this Agreement, neither Pubco nor Subco are currently party to any agreement in respect of: (A) the purchase of any property or assets or any interest therein or the sale, transfer or other disposition of any property or assets or any interest therein currently owned, directly or indirectly, by Pubco or Subco whether by asset sale, transfer of shares or otherwise; or (B) the change of control of Pubco or Subco (whether by sale or transfer of shares or sale of all or substantially all of Pubco's or Subco's respective assets or otherwise);
 - (xiii) neither Pubco nor Subco are in violation of their respective Constatng Documents or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract to which they are a party or by which their property may be bound;
 - (xiv) the corporate minute books of Pubco and Subco contain minutes of all material meetings and resolutions of the directors and shareholders held, and full access thereto has been provided to MJIC and its counsel;
 - (xv) other than the outstanding PubCo Notes, no Person has any agreement or option or right or privilege (whether at law, pre-emptive or contractual) capable of becoming an agreement or option for the purchase, subscription or issuance of, or conversion into, any unissued shares, securities, warrants or convertible obligations of any nature of Pubco or Subco; and
 - (xvi) Pubco is not a party to any agreement, nor is Pubco aware of any agreement, which in any manner affects or will affect the voting or control of the securities of Pubco.
- (b) Financial Statements and Taxes.
- (i) Pubco's Financial Statements have, in each case, been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly, in all material respects, the financial position (including the assets and liabilities, whether absolute, contingent or otherwise as required by IFRS) of Pubco as at such dates and the results of its operations and its cash flows for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of Pubco in accordance with IFRS and there has been no change in accounting policies or practices of Pubco since December 31, 2017;
 - (ii) Pubco is a taxable Canadian corporation for Canadian tax purposes and all Taxes due and payable, or required to be collected or withheld and remitted, by Pubco and Subco have been paid, collected or withheld and remitted as applicable. All Tax Returns, declarations, remittances and filings required to be filed by Pubco and Subco have been filed with all appropriate Government Agencies and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them

misleading (except for such Tax Returns and reports with respect to which the failure to file in a timely manner would not be Materially Adverse). Pubco has not received notice of any examination of any Tax Return of Pubco or Subco, and to the knowledge of Pubco, no such examination is currently in progress by any Government Agency and there are no issues or disputes outstanding with any Government Agency respecting any Taxes that have been paid, or may be payable, by Pubco or Subco. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to Pubco and Subco. There are no circumstances existing as of the date hereof that could result in the application of one or more of Sections 17, 78 or 80 to 80.04 of the Income Tax Act (Canada) or any analogous provision of any Law of any province or territory of Canada to Pubco or Subco. Neither Pubco nor Subco (i) is a party to, bound by, or obligated under any Tax allocation, indemnity, or sharing contract or arrangement, and (ii) is liable for the Taxes of any other Person as a transferee or successor, by contract or otherwise, including under Section 191.3 of the Income Tax Act (Canada);

- (iii) the value of consideration paid or received by each of Pubco and Subco in respect of the acquisition, sale or transfer of any property or the provision of any services to or from any person with whom it does not deal at “arm’s length” (as defined for purposes of the Income Tax Act (Canada)) has been equal to the fair market value of such property acquired, sold or transferred or services provided. Pubco has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act for all transactions where sub-Section 247(3) of the Income Tax Act (Canada) could apply;
- (iv) Pubco has established on its books and records reserves or otherwise made provisions that are adequate for the payment of all Taxes not yet due and payable and there are no liens for Taxes on the Pubco Assets and its subsidiary, and, to the knowledge of Pubco, there are no audits pending of the Tax Returns of Pubco or its subsidiary (whether federal, state, provincial, local or foreign) and there are no claims which have been asserted relating to any such Tax Returns;
- (v) the auditors of Pubco’s Financial Statements (as applicable) are independent public accountants; and
- (vi) no holder of outstanding Pubco Common Shares is entitled to any preemptive or any similar rights to subscribe for any Pubco Common Shares or other securities of Pubco, and except as contemplated by this Agreement, no rights to acquire, or instruments convertible into or exchangeable for, any securities in the capital of Pubco or Subco are outstanding.

- (c) Undisclosed Liabilities.

- (i) Other than as disclosed in Pubco's Financial Statements, the Pubco Convertible Notes and the Pubco Disclosure Documents, Pubco does not have any liabilities or obligations of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due, that individually, or in the aggregate, are Materially Adverse; and
 - (ii) no third party has any ownership right, title, interest in, claim in, lien against or any other right to the Pubco Assets or Subco's assets purported to be owned by Pubco.
- (d) Litigation.
 - (i) To the knowledge of Pubco, no legal or governmental actions, suits, judgments, investigations or proceedings are pending to which Pubco or Subco, or to the knowledge of Pubco, the directors, officers or employees of Pubco or Subco are a party or to which the Pubco Assets are subject and, to the knowledge of Pubco, no such proceedings have been threatened against or are pending with respect to Pubco or Subco, or with respect to the Pubco Assets and neither Pubco nor Subco is subject to any judgment, order, writ, injunction, decree or award of any Government Agency.
- (e) Material Contracts.
 - (i) Neither Pubco nor Subco are party to any material Contract, written or oral, or any other contract, written or oral, involving an amount in excess of \$5,000 other than this Agreement;
 - (ii) neither Pubco nor, to the knowledge of Pubco, any other party thereto is in material default or breach of any Pubco Contract and, to the knowledge of Pubco, there exists no condition, event or act which, with the giving of notice or lapse of time or both, would constitute a material default or breach under any Pubco Contract giving rise to a right of termination on the part of any other party to a Pubco Contract;
 - (iii) Pubco is not a party to any agreement, nor, to the knowledge of Pubco, is there any shareholders agreement or other contract which in any manner affects the voting control of any of the securities of Pubco or Subco;
 - (iv) there is no agreement, plan or practice of Pubco relating to the payment of any management, consulting, service or other fee or any bonus, pensions, share of profits or retirement allowance, insurance, health or other employee benefit;
 - (v) Pubco has no, and since incorporation has not had any, employees. There are no employment contracts, agreements or engagements, either oral or written, with any director or officer of Pubco; and

- (vi) none of the directors or officers of Pubco or any associate or Affiliate of any of the foregoing has any interest, direct or indirect, in any transaction or any proposed transaction with Pubco that materially affects, is material to or will materially affect Pubco. Pubco is not indebted to: (A) any director, officer or shareholder of Pubco (other than in respect of the reimbursement of expenses incurred on behalf of Pubco in the ordinary course of business); (B) any individual related to any of the foregoing by blood, marriage or adoption; or (D) any corporation controlled, directly or indirectly, by any one or more of those Persons referred to in this (vi). None of those individuals referred to in this (vi) is indebted to Pubco. Except as disclosed by Pubco to MJIC in writing, Pubco is not currently a party to any contract, agreement or understanding with any officer, director, employee, shareholder or any other Person not dealing at arm's length with Pubco.
- (f) No Other Commissions.
 - (i) There are no commissions payable by Pubco or Subco.

ARTICLE 4 - REPRESENTATIONS AND WARRANTIES OF MJIC

Section 4.1 Representations and Warranties of MJIC

As of the Agreement Date, MJIC represents and warrants to and in favour of Pubco as follows, and acknowledges that Pubco is relying upon such representations and warranties in connection with the completion of the transactions contemplated herein. For purposes of this Article 4, "MJIC's knowledge", "the knowledge of MJIC" and any similar phrase shall mean the actual or constructive knowledge of any officer or director of MJIC after due inquiry:

- (a) Organization, Standing, Corporate Power, Authority and Non-Contravention.
 - (i) MJIC is a corporation incorporated and validly existing under the laws of the State of California and has all requisite corporate power and corporate authority and is duly qualified and holds all material permits, licences, registrations, qualifications, consents and authorizations necessary or required to carry on its business as now conducted and to own, lease or operate its Assets and neither MJIC nor, to the knowledge of MJIC, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing the dissolution or winding up of MJIC, and MJIC has all requisite corporate power and corporate authority to enter into this Agreement and to carry out its obligations hereunder;
 - (ii) MJIC is authorized to issue 100,000,000 MJIC Class A Common Shares, 10,000,000 Class B Common Shares, 10,000,000 MJIC Series A Convertible Preferred Shares, and as of the date hereof, and including 4,195,264 MJIC Class A Common Shares issued pursuant to the MJIC Financing, the following MJIC Securities are currently outstanding:
 - (A) 250,000 MJIC Series A Convertible Preferred Shares;

- (B) 17,195,791 MJIC Class A Common Shares;
 - (C) 3,167,394 MJIC Class B Common Shares;
 - (D) 2,333,043 MJIC Class A Common Shares convertible from the MJIC Notes;
 - (E) 2,352,372 MJIC Warrants;
 - (F) 2,569,338 MJIC Options; and
 - (G) 4,666,086 MJIC Warrants convertible from the MJIC Notes.
- (iii) no Person has any written or oral agreement, option or warrant, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming such for the purchase or acquisition of any securities of MJIC, other than the MJIC Warrants, the MJIC Options, and the MJIC Notes;
 - (iv) the MJIC Meeting will be conducted in compliance with MJIC's Constatting Documents and Applicable California Law;
 - (v) MJIC has no subsidiaries other than as disclosed in Schedule "E";
 - (vi) MJIC has no subsidiaries, nor any interest in any body corporate, partnership, joint ventures or other entity or Person and MJIC is not a party to any agreement, option or commitment to acquire any shares or securities of any body corporate, partnership, trust, joint venture or other entity or Person (other than as listed and contemplated by this Agreement);
 - (vii) MJIC has been conducting its business in compliance in all material respects with all Applicable California Law and regulations of each jurisdiction in which it carries on business and has not received a notice of material non-compliance, and, to the knowledge of MJIC, there are no facts that would give rise to a notice of material noncompliance with any such laws and regulations;
 - (viii) no consent, approval, order or authorization of, or registration, declaration or filing with, any third party or governmental entity is required by or with respect to MJIC in connection with the execution and delivery of this Agreement by MJIC, the performance of its obligations hereunder or the consummation by MJIC of the transactions contemplated hereby other than: (A) the approval of the Acquisition by MJIC Shareholders under Applicable California Law and Applicable Delaware Law; and (B) any other consents, notice, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on MJIC or prevent or materially impair MJIC's ability to perform its obligations hereunder;

- (ix) each of the execution and delivery of this Agreement, the performance by MJIC of its obligations hereunder and the consummation of the transactions contemplated in this Agreement, including the Acquisition, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, whether after notice or lapse of time or both, of: (A) any statute, rule or regulation applicable to MJIC, including Applicable Securities Law in the United States; (B) the Certificate of Incorporation, By-laws or resolutions of MJIC that are in effect at the date hereof; (C) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which MJIC is a party or by which it is bound; or (D) any judgment, decree or order binding MJIC or the Assets;
- (x) this Agreement has been duly authorized and executed by MJIC and constitutes a valid and binding obligation of MJIC and shall be enforceable against MJIC in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by Applicable Laws;
- (xi) MJIC is not in violation of its Constatng Documents or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract to which it is a party or by which it or its property may be bound;
- (xii) MJIC is not a “reporting issuer” or equivalent in any jurisdiction nor are any securities of MJIC listed or quoted on any stock exchange or electronic quotation system; and
- (xiii) at the Effective Time, there will not be any agreement, right or option:
 - (A) to require MJIC to issue any MJIC Shares or any other security convertible or exchangeable into MJIC Shares, or to convert or exchange any securities into or for MJIC Shares, other than the MJIC Warrants and the MJIC Notes;
 - (B) to require MJIC to purchase, redeem or to otherwise acquire any of its issued and outstanding MJIC Shares;
 - (C) with respect to the purchase and sale, assignment or other transfer of the issued and outstanding MJIC Shares, except as contemplated herein; or
 - (D) to acquire all or any portion of MJIC’s Assets or any interest therein.

(b) Intellectual Property.

- (i) MJIC has the sufficient legal right to use, sell, license, sub-license and prepare derivative works for and dispose of and has the rights to bring actions for the infringement or misappropriation of MJIC's Intellectual Property that it has registered or applied for registration and MJIC has not licensed, conveyed, assigned or encumbered any of MJIC's Intellectual Property that it owns. All registrations and filings necessary to preserve the rights of MJIC to MJIC's Intellectual Property have been made or filed and are in good standing;
- (ii) all pending applications for registration of MJIC's Intellectual Property are in good standing with the appropriate offices and assignments have been recorded in favour of MJIC to the extent recordation within a timely manner is required to preserve the rights thereto;
- (iii) the execution and delivery of this Agreement or any agreement contemplated hereby will not breach, violate or conflict with any instrument or agreement governing any of MJIC's Intellectual Property, will not cause the forfeiture or termination of any of MJIC's Intellectual Property or in any way exclude the right of MJIC to use, sell, license or dispose of or to bring any action for the infringement of any of MJIC's Intellectual Property (or any portion thereof); and
- (iv) all maintenance fees due in accordance with MJIC's Intellectual Property have been paid in a timely manner.

(c) Financial Statements.

- (i) MJIC's Financial Statements:
 - (A) present fairly, in all material respects, the financial position of MJIC as at the dates thereof and the results of its operations and the changes in shareholders' equity and cash flows of MJIC for the periods specified;
 - (B) do not contain any untrue statement of a material fact or omit to state a material fact required to be stated under applicable accounting principles or that is necessary to make a statement not misleading in light of the circumstances; and
 - (C) have been prepared in accordance with IFRS; and
- (ii) MJIC's auditors who audited or reviewed MJIC's Financial Statements are independent public accountants.

(d) Undisclosed Liabilities.

- (i) Other than as disclosed in MJIC's Financial Statements, the MJIC Convertible Notes and the MJIC Disclosure Schedule, MJIC does not have any liabilities or obligations of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due, that, individually or in the aggregate, are Materially Adverse.
- (e) Absence of Certain Changes or Events.
 - (i) Other than the transactions contemplated herein and the Settlement, , since August 31, 2018, MJIC has conducted its business only in the ordinary course and:
 - (A) there has not been any event, change, effect or development (including any decision to implement such a change made by the Board of Directors in respect of which senior management believes that confirmation of the Board of Directors is probable), which, individually or in the aggregate, is Materially Adverse;
 - (B) there has not been any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any MJIC Shares; and
 - (C) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) that is Materially Adverse has been incurred.
- (f) Taxes.
 - (i) As of the date of this Agreement, if required, MJIC has duly and in a timely manner filed all Tax Returns and reports required by Laws to have been filed by it (except for such Tax Returns and reports with respect to which the failure to timely file would not be Materially Adverse), has duly reported all income and other amounts required to be reported and has paid all Taxes to the extent that such Taxes have been assessed by the relevant taxation authority and are due and payable (except where failure to do so would not be Materially Adverse). To the extent required, except where failure to do so would not be Materially Adverse, MJIC has duly and in a timely manner paid, deducted, withheld, collected and remitted all Taxes required to be paid, deducted, withheld, collected and remitted by it and has made full provision, in accordance with IFRS, for (including properly accruing and reflecting on its books and records) all Taxes that are not yet due, that relate to periods (or portions thereof) ending prior to the date of this Agreement. MJIC's Financial Statements contain adequate provision for all Taxes, assessments and levies imposed on MJIC, or its property or rights arising out of operations on or before the date of the balance sheet set forth in MJIC's Financial Statements in accordance with IFRS regardless of whether such amounts are payable before or after the Closing Date. No deficiency in payment of any Taxes for any period has been asserted by any Government Agency and remains unsettled at the

date hereof. There are no actions, suits, examinations, proceedings, investigations, audits or claims now pending or threatened or, to the knowledge of MJIC, contemplated against MJIC in respect of any Taxes and there are no matters under discussion with any Government Agency relating to any Taxes. MJIC has no permanent establishment (within the meaning of any applicable tax treaty) or any office or fixed place of business in a country other than the country in which it is organized. MJIC has not been a United States real property holding corporation within the meaning of Code Section 897(c)(2) during the applicable period specified in Code Section 897(c)(1)(A)(ii). MJIC will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Effective Time as a result of any (A) change in method of accounting for a taxable period ending on or prior to the Effective Time, (B) use any improper method of accounting for a taxable period ending on or prior to the Effective Time, (C) any “closing agreement” as described in Code Section 7121 (or any corresponding or similar provision of state, local or non-U.S. income Tax law) executed on or prior to the Effective Time, (D) installment sale or open transaction doctrine made on or prior to the Effective Time, (E) prepaid amount received on or prior to the Closing Date, and (F) election under Code Section 108(i). MJIC has not been a party to a “reportable transaction,” as defined in Code Section 6707A(c)(1) and Treasury Regulations Section 1.6011-4(b).

(g) Pre-Emptive Rights.

- (i) Other than the holders of MJIC Notes and MJIC Series A Convertible Preferred Shares, no holder of outstanding securities of MJIC will be entitled to any pre-emptive or any similar rights to subscribe for securities of MJIC at any time prior to or concurrent with the Closing of the Merger, including without limitation, pursuant to the Bylaws.

(h) Employment Matters.

- (i) MJIC has not had, and does not currently have any collective bargaining agreements with respect to its Employees and, to the knowledge of MJIC, no accreditation request or other representation question is pending with respect to its Employees. There is no labour strike, dispute or stoppage pending or, to the knowledge of MJIC after due inquiry, threatened against MJIC, and MJIC has not experienced any labour strike, dispute, slowdown or stoppage or other labour difficulty involving its Employees;
- (ii) MJIC is not subject to any litigation (actual or, to the knowledge of MJIC, threatened) relating to employment or termination of employment of its Employees, other than those claims or litigation that are not, individually or in the aggregate, Materially Adverse;
- (iii) MJIC has operated in accordance with all Applicable Laws with respect to employment and labour, including employment and labour standards,

occupational health and safety, employment equity, pay equity, workers' compensation, human rights and labour relations, except where failure to do so would not reasonably be expected to have an effect that would be Materially Adverse, and there are no current, pending or, to the knowledge of MJIC, threatened proceedings before any Government Agency with respect thereto;

- (iv) no current or former Employee or director or MJIC is entitled to a severance, termination or other similar payment as a result of the Merger; and
 - (v) no Person is entitled: (i) to a payment under a Contract with MJIC as a result of the Merger; or (ii) to terminate a Contract with MJIC, as a result of the Merger.
- (i) Bankruptcy and Insolvency.
- (i) No bankruptcy, insolvency or receivership proceedings have been instituted by MJIC or, to the knowledge of MJIC, are pending against MJIC.
- (j) Books and Records.
- (i) The corporate minute books of MJIC contain the minutes of all material meetings and the resolutions of the directors and shareholders of MJIC, and full access thereto has been provided to Pubco and its counsel.
- (k) Non-Arm's Length Transactions.
- (i) Other than employment agreements, consulting agreements or other agreements pursuant to which Employees may receive compensation between MJIC and its Employees, other than as disclosed in the Financial Statements, there are no Contracts or other transactions currently in place between MJIC and: (A) any officer or director of MJIC; (B) any holder of MJIC Shares or other securities of MJIC; or (C) any associate or affiliate of the foregoing.
- (l) Litigation.
- (i) there is no suit, action or proceeding pending or, to the knowledge of MJIC, threatened against MJIC and there is no judgment, decree, injunction, rule or order of any Government Agency or arbitrator outstanding against MJIC.
- (m) No Other Commissions.
- (i) Other than the Finder's Fee Agreement, there are no commissions payable by MJIC, and there are no persons acting or purporting to act at the request or on behalf of MJIC that are entitled to any brokerage or finder's

fee in connection with the transactions contemplated in connection with this Agreement.

(n) Contracts.

- (i) Other than as disclosed in the Disclosure Documents, MJIC does not have any material Contracts as of the date hereof;
- (ii) to the knowledge of MJIC, any and all material Contracts of MJIC are valid and subsisting agreements in full force and effect, enforceable in accordance with their respective terms, MJIC is not in default of any of the provisions of any such Contracts, except for any defaults that are not, individually or in the aggregate, reasonably to be expected to have an effect that would be Materially Adverse, nor has any such default been alleged, and MJIC is not aware of any material disputes with respect thereto; and
- (iii) MJIC is not a party to or bound or affected by any commitment, agreement or document that would prohibit or restrict MJIC from entering into this Agreement or completing the Transactions, as applicable.

(o) Liens.

- (i) There are no Liens (registered or, to the knowledge of MJIC, unregistered) against any of the Assets.

(p) Premises.

- (i) With respect to each premise that is material to MJIC and which MJIC occupies, whether as owner or as tenant (the “**Leased Premises**”), MJIC occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises and each of the leases pursuant to which MJIC occupies the Leased Premises is in good standing and in full force and effect under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made or proposed to be made of such property and buildings by MJIC.

ARTICLE 5 - SURVIVAL OF REPRESENTATIONS AND WARRANTIES

Section 5.1 Survival of Representations and Warranties

The representations and warranties made by the Parties and contained in this Agreement and any Ancillary Agreement shall survive the Closing until the date that is 12 months from the Closing Date. No claim for breach of any representation, warranty or covenant shall be valid unless that Party against whom such claim is made has been given notice thereof before the expiry of such 12 month period.

ARTICLE 6 - COVENANTS OF MJIC

MJIC hereby covenants and agrees with Pubco as follows until the earlier of the Closing or the termination of this Agreement in accordance with its terms:

Section 6.1 Necessary Consents

MJIC shall use its commercially reasonable efforts to obtain from MJIC's directors, shareholders and all federal, state or other governmental or administrative bodies such approvals or consents as are required to complete the Transactions, as applicable.

Section 6.2 Ordinary Course

MJIC will operate its business in a prudent and business-like manner in the ordinary course and in a manner consistent with past practice.

Section 6.3 Non-Solicitation

Notwithstanding any other provision of this Agreement, if at any time MJIC receives a *bona fide* offer, whether written or oral (a "**MJIC Alternative Transaction Offer**") from a third party to acquire all or substantially all of the assets or shares of MJIC or to enter into an arrangement or agreement which would materially interfere with the transactions contemplated herein which MJIC wishes to pursue at the instruction of its Board of Directors or a committee thereof, including without in any way limiting the generality of the foregoing, any such arrangement or agreement resulting from an unsolicited offer or proposal from a third party, then MJIC may: (a) furnish information with respect to MJIC to the person making such MJIC Alternative Transaction Offer and its representatives and allow such person and its representatives access to MJIC's facilities and properties and engage in discussions and negotiations with the person making such MJIC Alternative Transaction Offer and its representatives; and (b) enter into an agreement with respect to a MJIC Alternative Transaction Offer, provided that MJIC has delivered written notice to Pubco of the intention of MJIC to enter into an agreement with respect to such MJIC Alternative Transaction Offer and MJIC terminates this Agreement pursuant to Section 10.1.

Section 6.4 Restrictive Covenants

MJIC hereby covenants and agrees that, until the Termination Date, it will not, without Pubco's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed) do any of the following if not already contemplated by this Agreement:

- (a) issue any debt, equity or other securities, except in connection with (i) the MJIC Financin, (ii) the issuance of debt in the ordinary course of business, or (iii) the issuance of securities in connection with a bona fide purchase of assets or shares from, or a strategic partnership with, an arm's length third party;
- (b) borrow money or incur any indebtedness for money borrowed, except in the ordinary course of business;

- (c) make loans, advances or other payments to directors, officers, employees or consultants of MJIC, other than (i) payments made in the ordinary course of business (including payment of salaries or consultant fees at current rates), or (ii) routine advances or payments to directors, officers, employees or consultants of MJIC for expenses incurred on behalf of MJIC in the ordinary course of business;
- (d) declare or pay any dividends or distribute any of MJIC's properties or Assets to stockholders, except in the ordinary course of business;
- (e) alter or amend MJIC's certificate of incorporation or By-laws, except as required to give effect to the matters contemplated herein;
- (f) except as otherwise permitted or contemplated herein, enter into any transaction or material contract which is not in the ordinary course of business or engage in any business enterprise or activity materially different from that carried on or contemplated by MJIC and/or its Affiliates as of the date hereof; or
- (g) make capital expenditures, other than in the ordinary course of business of MJIC.

Section 6.5 Voting Support Agreements.

MJIC Shareholders holding at least 50%+1 of the voting securities of MJIC shall enter into Voting Support Agreements substantively in the form attached hereto as Schedule "F", within five (5) days of entering into this Agreement. Notwithstanding the foregoing, MJIC will ensure that all directors and officers of MJIC that are MJIC Shareholders enter into the Voting Support Agreements, and will deliver their Voting Support Agreements to Pubco upon entering into this Agreement.

Section 6.6 All Other Action

MJIC shall cooperate fully with Pubco and will use all reasonable commercial efforts to assist Pubco in its efforts to complete the Transactions, unless such cooperation and efforts would subject MJIC to material cost or liability.

ARTICLE 7 - COVENANTS OF PUBCO

Pubco and Subco hereby covenants and agrees with MJIC as follows until the earlier of the Effective Time or the Termination Date:

Section 7.1 Necessary Consents

Pubco shall use its reasonable efforts to obtain from Pubco's directors, shareholders, and all Government Agencies such approvals or consents as are required to complete the transactions contemplated herein (including the approval of its shareholders of the Pubco Meeting Matters and the approval of the CSE of the listing of the Resulting Issuer Common Shares and the shares underlying the Resulting Issuer Replacement Securities to be issued pursuant to the Merger).

Section 7.2 Ordinary Course

Pubco will operate its business in a prudent and business-like manner in the ordinary course and in a manner consistent with past practice.

Section 7.3 Non-Solicitation

Pubco hereby covenants and agrees until the Termination Date not to, directly or indirectly, solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Transactions, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal or “takeover bid,” exempt or otherwise, within the meaning of the Securities Act, for securities of Pubco, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Transactions, including, without limitation, allowing access to any third party (other than its representatives) to conduct due diligence, nor to permit any of its officers or directors to do so, except as required by statutory obligations. In the event that Pubco or any of its Affiliates, including any of their officers or directors, receives any form of offer or inquiry in respect of any of the foregoing, Pubco shall forthwith (in any event within one Business Day following receipt) notify MJIC of such offer or inquiry and provide MJIC with such details as it may request.

Section 7.4 Restrictive Covenants

Pubco hereby covenants and agrees until the Termination Date that it will not, without MJIC’s prior written consent:

- (a) issue any debt, equity or other securities, except in connection with the Transactions;
- (b) incur, provide a guarantee for or otherwise accept liability for any contractual obligation, liability or expense out of the ordinary course of its business, which for purposes hereof, will include any contractual obligation, liability or expense, other than a contractual obligation, liability or expense of Pubco related to the Transactions, which contractual obligation, liability or expense shall be approved in writing by MJIC;
- (c) borrow money or incur any indebtedness for money borrowed, except as agreed to by MJIC in writing;
- (d) make loans, advances or other payments to directors, officers, employees or consultants of Pubco, other than (i) payments made in the ordinary course of business (including payment of consultant fees at current rates) or (ii) routine advances or payments to directors, officers, employees or consultants of Pubco for expenses incurred on behalf of Pubco in the ordinary course of business;

- (e) increase any compensation for any director, officer, employee or consultant of Pubco;
- (f) make any capital expenditures not specifically related to the Transactions;
- (g) declare or pay any dividends or distribute any Pubco Assets to shareholders;
- (h) alter or amend Pubco's charter documents in any manner, except as required to give effect to the matters contemplated herein; or
- (i) except as otherwise permitted or contemplated herein, enter into any transaction or material contract or engage in any business enterprise or activity different from that carried on by Pubco as of the date hereof.

Section 7.5 Subco

Subco shall be validly incorporated and in good standing under Applicable Delaware Law immediately prior to the Acquisition. Pubco covenants and agrees that Subco shall not carry on any business and shall not enter into any contracts, agreements, commitments, indentures or other instruments prior to the Closing Date other than this Agreement and as required to effect the Merger.

Section 7.6 All Other Action

Pubco shall cooperate fully with MJIC and will use all reasonable commercial efforts to assist MJIC in its efforts to complete the Merger unless such cooperation and efforts would subject Pubco to material cost or liability.

ARTICLE 8 - CONDITIONS PRECEDENT

Section 8.1 Conditions for the Benefit of Pubco

The transactions contemplated herein are subject to the following conditions to be fulfilled or performed on or prior to the Closing Date, which conditions are for the exclusive benefit of Pubco and may be waived, in whole or in part, by Pubco in its sole discretion:

- (a) Truth of Representations and Warranties.

The representations and warranties of MJIC contained in this Agreement and any Ancillary Agreement shall have been true and correct as of the Agreement Date and shall be true and correct as of the Closing Date in all material respects with the same force and effect as if such representations and warranties had been made on and as of such Closing Date except as affected by transactions contemplated or permitted by this Agreement and an officer or director of MJIC shall provide a certificate addressed to Pubco at Closing confirming the foregoing.

- (b) Performance of Obligations.

MJIC shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement and any

Ancillary Agreement to be fulfilled or complied with by them at or prior to the Closing Date and an officer or director of MJIC shall provide a certificate addressed to Pubco at Closing confirming the foregoing.

(c) Approvals and Consents.

All required approvals, consents and authorizations of third parties in respect of the transactions contemplated herein, including without limitation all necessary shareholder and regulatory approvals, shall have been obtained on terms acceptable to MJIC acting reasonably, including approval of the TSXV and the CSE, the approval of the Pubco Meeting Matters by the Pubco Shareholders and MJIC Shareholders' approval of the MJIC Meeting Matters.

(d) Principals of MJIC.

All of the "related persons" of MJIC and the Resulting Issuer shall be acceptable to all applicable regulators, including the CSE.

(e) No Material Adverse Change.

There shall have been no Material Adverse Change affecting MJIC since August 31, 2018, other than a reduction of its cash position and/or accrual of expenses, in each case in order to pay or accrue for professional fees or other expenses in connection with the Transactions.

(f) Deliveries.

MJIC shall deliver or cause to be delivered to Pubco the closing documents as set forth in Section 9.1 in a form satisfactory to Pubco, acting reasonably.

(g) No Legal Action or Prohibition of Law.

There shall be no action or proceeding pending or threatened by any Person in any jurisdiction, or any Applicable Laws proposed, enacted, promulgated or applied, to enjoin, restrict or prohibit any of the Transactions contemplated by this Agreement or which could reasonably be expected to result in a Material Adverse Effect on MJIC.

Section 8.2 Conditions for the Benefit of MJIC

The transactions contemplated herein are subject to the following conditions to be fulfilled or performed on or prior to the Closing Date, which conditions are for the exclusive benefit of MJIC and may be waived, in whole or in part, by MJIC in its sole discretion:

(a) Truth of Representations and Warranties.

The representations and warranties of Pubco contained in this Agreement shall have been true and correct as of the Agreement Date and shall be true and correct as of the Closing Date in all material respects with the same force and effect as if such representations and warranties had been made on and as of such Closing

Date except as affected by transactions contemplated or permitted by this Agreement and an officer or director of Pubco shall provide a certificate to MJIC at Closing confirming the foregoing.

(b) Performance of Obligations.

Pubco shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement and in any Ancillary Agreement to be fulfilled or complied with by Pubco at or prior to the Closing Date and an officer or director of Pubco shall provide a certificate to MJIC at Closing confirming the foregoing.

(c) No Material Adverse Change.

There shall have been no Material Adverse Change in the business, results of operations, assets, liabilities, financial condition or affairs of Pubco since December 31, 2018, other than a reduction of its cash position in order to pay professional fees or other expenses in connection with the Merger.

(d) Approvals and Consents.

All required approvals, consents and authorizations of third parties in respect of the transactions contemplated herein, including without limitation all necessary shareholder and regulatory approvals, shall have been obtained on terms acceptable to MJIC, acting reasonably, including approval of the Pubco Meeting Matters by the shareholders of Pubco Shareholders and MJIC Shareholder approval of the MJIC Meeting Matters. Pubco shall have effected the Name Change, Consolidation, Share Amendment and related matters on terms satisfactory to MJIC.

(e) Pubco Meeting Materials

The Pubco Meeting Materials will comply with Pubco's Constatng Documents and Applicable Laws.

(f) Financial Liabilities.

Except as disclosed herein, Pubco shall not have any outstanding financial liabilities.

(g) U.S. Registration Exemption.

The issuance of the Consideration Securities issuable pursuant to the Merger shall be exempt or excluded from registration requirements under the U.S. Securities Act, and the registration and qualification requirements of all Applicable Securities Laws. It is anticipated that Pubco will rely on Rule 506(b) of Regulation D and Rule 903 of Regulation S, as applicable, in connection with the offer and sale of the Consideration Securities. MJIC hereby acknowledges and agrees that the Consideration Securities issued to or for the account or benefit of

any U.S. Persons or persons in the United States in reliance on Rule 506(b) of Regulation D will be issued as “restricted securities” as defined in Rule 144(a)(3) under the U.S. Securities Act, and will be represented by definitive certificates endorsed with a U.S. restrictive legend in customary form.

(h) Exemption from Prospectus Requirements.

The distribution of the Resulting Issuer Shares in Canada pursuant to the Merger (including those Resulting Issuer Shares issued pursuant to the rights attached to the Resulting Issuer Replacement Warrants) shall be exempt from, or otherwise not subject to, prospectus requirements of Applicable Securities Laws and shall be freely tradeable (subject to the usual restrictions under National Instrument 45-106 – Resale of Securities, of the Canadian Securities Administrators or pursuant to Applicable Securities Laws in the United States). The exemption relied upon by Canadian Resulting Issuer Shareholders will be Section 2.11 of National Instrument 45-106 – Prospectus Exemptions.

(i) Issuance of Shares.

The Resulting Issuer Shares shall be free and clear of any and all Liens and restrictions on transfer whatsoever except: the escrow restrictions imposed by the CSE and the Lock-up Agreements; and hold periods prescribed under Applicable Securities Laws. MJIC acknowledges and agrees that any Resulting Issuer Shares issued as “restricted securities” as defined in Rule 144(a)(3) under the U.S. Securities Act shall be subject to restrictions on resale under the U.S. Securities Act whereby they must not be offered, sold or otherwise transferred by the holders thereof, directly or indirectly, unless:

- (i) the sale is to the Resulting Issuer;
- (ii) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S and in compliance with applicable local laws and regulations;
- (iii) the sale is made pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 thereunder, if available, and in accordance with any applicable state securities laws; or
- (iv) the Resulting Issuer Shares are sold in a transaction that does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities;

and, in the case of clauses (iii) or (iv) above, it has prior to such sale furnished to the Resulting Issuer an opinion of counsel or other evidence of exemption in form and substance reasonably satisfactory to the Resulting Issuer.

The Resulting Issuer Shares shall have been conditionally approved for listing on the CSE, such listing to be conditional only on conditions standard for transactions such as the transactions contemplated herein.

(j) Due Diligence

The results of due diligence investigations of Pubco, its assets and financial condition being satisfactory to MJIC in all material respects, to be completed and evidence by written notice to Pubco.

(k) Deliveries.

Pubco shall deliver or cause to be delivered to MJIC Pubco's Closing Documents as set forth in Section 9.2 in a form satisfactory to MJIC, acting reasonably.

(l) No Legal Action or Prohibition of Law.

There shall be no action or proceeding pending or threatened by any Person (other than Pubco) in any jurisdiction, or any Applicable Laws proposed, enacted, promulgated or applied, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement or which could reasonably be expected to result in a Material Adverse Effect on Pubco.

(m) Proceedings.

All proceedings to be taken in connection with the transactions contemplated in this Agreement and any Ancillary Agreement shall be satisfactory in form and substance to MJIC, acting reasonably, and MJIC shall have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation or closing of such transactions and the taking of all necessary proceedings in connection therewith.

(n) Contracts.

All management, consulting, lease and rental contracts to which Pubco is a party shall have been terminated, all officers and members of management of Pubco shall have been executed and delivered resignations in form and substance acceptable to the MJIC, acting reasonably, and no termination rights, payments or other fees shall be triggered or payable to any such officers, employees or members of management of Pubco in connection with such resignations as a result of the Merger.

(o) Capitalization.

Immediately prior to the Closing and the Share Amendment, the issued and outstanding capital of Pubco will consist of 16,851,748 common shares in the capital of Pubco, and 15,000,000 Pubco Warrants.

(p) No Default.

Pubco shall not be in default of the requirements of the BCSC, the TSXV, the CSE or any securities commission, and no order shall have been issued preventing the Transactions.

ARTICLE 9 – CLOSING DELIVERIES

Section 9.1 MJIC Closing Documents

On the Closing Date, MJIC shall deliver to Pubco the following documents:

- (a) a certified copy of the resolutions of the directors and shareholders of MJIC approving and authorizing the transactions herein contemplated;
- (b) the MJIC Financial Statements;
- (c) a certified copy of the Constating Documents of MJIC;
- (d) the Restricted Holder Lock-up Agreement executed by the Restricted Holders;
- (e) a certificate of good standing for MJIC in the State of California, dated as of a date not more than three (3) days prior to the Closing Date;
- (f) U.S. Representation Letters; and
- (g) evidence that MJIC has cancelled all of its issued and outstanding securities as of the Closing Date including those that have been exchanged for securities of Pubco under this Agreement as evidenced by cancelled share certificates, or if MJIC's securities are not certificated, by MJIC's updated share register showing Pubco as the sole shareholder of the Surviving Corporation.

Section 9.2 Pubco's Closing Documents

On the Closing Date, Pubco shall deliver to MJIC the following documents:

- (a) Certificates or confirmation of electronic registration (such as Direct Registration Statement (DRS)) representing the Resulting Issuer Shares, Resulting Issuer Replacement Securities issuable to and in the respective names of the holders of MJIC Securities pursuant to the Acquisition (such certificates or electronic registration to be registered and prepared in accordance with a written direction to be provided by MJIC prior to Closing);
- (b) the Pubco Shareholder Lock-up Agreement executed by the Pubco Shareholders;
- (c) the Pubco Warrantholder Lock-up Agreement executed by the Pubco Warrantholders;
- (d) copies of the list of defaulting (or reporting) issuers published by the BCSC, the Alberta Securities Commission and the Ontario Securities Commission showing that Pubco does not appear on a list of defaulting reporting issuers maintained by each securities commission;
- (e) a certified copy of the resolutions of the directors of Pubco and Subco, and of Pubco as the sole shareholder of Subco approving and authorizing the transactions herein contemplated;

- (f) a certified copy of (i) the Constatting Documents of Pubco issued by the Registrar of Companies British Columbia, and (ii) the Certificate of Incorporation of Subco issued by the Secretary of State of Delaware;
- (g) Certificates of Good Standing for Pubco and Subco, dated as of a date not more than three (3) days prior to the Closing Date;
- (h) a cancelled certificate evidencing the Subco Share registered in the name of Pubco; and
- (i) a favourable legal opinion from counsel to Pubco with respect to such matters as counsel for MJIC may reasonably request.

ARTICLE 10 - TERMINATION

Section 10.1 Termination

This Agreement shall terminate with the Parties having no obligations to each other, other than in respect of the expense provisions contained in Section 11.8 and the confidentiality provisions contained in Section 11.1, if applicable, on the day (the “**Termination Date**”) on which the earliest of the following events occurs:

- (a) written agreement of the parties to terminate this Agreement;
- (b) any applicable Government Agency having notified in writing either Pubco or MJIC of its determination to not permit the Transaction to proceed, in whole or in part, and the parties have used commercially reasonable efforts to appeal or reverse such determination, or modify the Transaction on a basis that is not prejudicial to either party hereto in order to address such determination;
- (c) the Closing of the Transactions has not occurred on or before 5:00 p.m. (Vancouver time) on July 31, 2019;
- (d) if the due diligence inquiry of either MJIC or Pubco, as the case may be, is unsatisfactory to either MJIC or Pubco, at such Party’s sole discretion;
- (e) either Party materially breaches a term of this Agreement and such breach is not cured within thirty (30) calendar days; or
- (f) upon provision of a notice pursuant to and in any of the circumstances provided for in Section 6.3 or Section 7.3.

Section 10.2 Effect of Termination

Each Party’s right of termination under this Part 10 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. Nothing in Part 10 shall limit or affect any other rights or causes of action that any Party may have with respect to the representations, warranties, covenants and indemnities in its favour contained in this Agreement.

Section 10.3 Break Fees

A break fee in cash equal to the greater of US\$3 million and 5% of the value of any Alternate Transaction (the “**Break Fee**”) will become payable

- (a) in the event of a material breach of this Agreement, which results in the termination of this Agreement, by the breaching party to the non-breaching party, or
- (b) on the termination of this Agreement in favour of an Alternate Transaction, by the terminating party to the non-terminating party.

Notwithstanding the foregoing, the Break Fee will be payable by the breaching party or terminating party if in either case such party enters into an agreement to complete an Alternative Transaction within 12 months of the termination of this Agreement.

ARTICLE 11- GENERAL

Section 11.1 Confidential Information

No disclosure or announcement, public or otherwise, in respect of this Agreement or the transactions contemplated herein will be made by Pubco or MJIC or its representatives without the prior agreement of the other Party as to timing, content and method, hereto, except for disclosure by a Party made to its own representatives, and its legal, financial and accounting consultants. The obligations herein will not prevent any party from making, after consultation with the other Party, such disclosure as its counsel advises is required by Applicable Laws or the rules and policies of the CSE.

Except as and only to the extent required by Applicable Laws, a Receiving Party will not disclose or use, and it will cause its representatives not to disclose or use, any Confidential Information furnished, or to be furnished, by a Disclosing Party or its representatives to the Receiving Party or its representatives at any time or in any manner other than for purposes of evaluating and completing the transactions proposed in this Agreement.

If this Agreement is terminated, each Receiving Party will promptly return to the Disclosing Party or destroy any Confidential Information and any work product produced from such Confidential Information in its possession or in the possession of any of its representatives.

Section 11.2 Mutual Indemnities

Each party agrees that if any one of them fails to observe or perform any covenant or obligation, or breaches any representation or warranty, contained in this Agreement, or in any other agreement or document delivered pursuant to this Agreement, they will indemnify and hold harmless the other parties, and their respective directors, officers, and employees.

If a party (the “**Indemnified Party**”) becomes aware of any Proceeding in respect of which another party (the “**Indemnifying Party**”) agreed to indemnify the Indemnified Party pursuant to this Agreement, the Indemnified Party will promptly give written notice thereof to the Indemnifying Party. Such notice will specify whether the Proceeding arises as a result of a claim

by a person against the Indemnified Party (a “**Third Party Claim**”) or whether the Proceeding does not so arise (a “**Direct Claim**”), and will also specify with reasonable particularity (to the extent that the information is available) the factual basis for the Proceeding and the amount of the Proceeding, if known.

With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Proceeding, the Indemnifying Party will have thirty (30) days to make such investigation of the Proceeding as is considered necessary or desirable. For the purpose of such investigation, the Indemnified Party will make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Proceeding, together with all such other information as the Indemnifying Party may reasonably request. If the Indemnified Party and the Indemnifying Party agree at or prior to the expiration of such thirty (30) day period (or any mutually agreed upon extension thereof) to the validity and amount of such Proceeding, the Indemnifying Party will immediately pay to the Indemnified Party the full agreed upon amount of the Proceeding, failing which the matter will be referred to binding arbitration in such manner as the Parties may agree or will be determined by a court of competent jurisdiction.

With respect to any Third Party Claim, the Indemnifying Party will have the right, at its expense, to participate in or assume control of the negotiation, settlement or defence of the Proceeding and, in such event, the Indemnifying Party will reimburse the Indemnified Party for all the Indemnified Party’s reasonable out of pocket expenses as a result of such participation or assumption. If the Indemnifying Party elects to assume such control, the Indemnified Party will have the right to participate in the negotiation, settlement or defence of such Third Party Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel will be paid by the Indemnified Party unless the Indemnifying Party consents to the retention of such counsel or unless the named parties to any action or proceeding include both the Indemnifying Party and the Indemnified Party and the representation of both the Indemnifying Party and the Indemnified Party by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences). If the Indemnifying Party, having elected to assume such control, thereafter fails to defend the Third Party Claim within a reasonable time, the Indemnified Party will be entitled to assume such control, and the Indemnifying Party will be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim. If any Third Party Claim is of a nature such that the Indemnified Party is required by applicable law or the order of any court, tribunal or regulatory body having jurisdiction to make a payment to any Person (a “**Third Party**”) with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, as the case may be, the Indemnified Party may make such payment and the Indemnifying Party will, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party will, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party. If such a payment, by resulting in settlement of the Third Party Claim, precludes a final determination of the merits of the Third Party Claim and the Indemnified Party and the Indemnifying Party are unable to agree whether such payment was reasonable in the circumstances having regard to the amount and merits of the Third Party Claim, such dispute will be referred to binding arbitration in such manner as the parties may agree or will be determined by a court of competent jurisdiction.

If the Indemnifying Party fails to assume control of the defence of any Third Party Claim, the Indemnified Party will have the exclusive right to contest, settle or pay the amount claimed. Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party will not settle any Third Party Claim without the written consent of the Indemnified Party, which consent will not be unreasonably withheld or delayed; provided, however, that the liability of the Indemnifying Party will be limited to the proposed settlement amount if any such consent is not obtained for any reason.

The Indemnified Party and the Indemnifying Party will co-operate fully with each other with respect to Third Party Claims, and will keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available).

Section 11.3 Publicity

No party shall issue and press release or public announcement pertaining to the Transactions that has not been agreed upon in advance by each of PubCo and MJIC, except as PubCo reasonably determines to be necessary in order to comply with applicable securities laws or the rules of the principal trading exchange or market for the securities of PubCo, provided that in such case PubCo will use its best efforts to allow MJIC to review and reasonably approve any such press release or public announcement prior to its release.

Section 11.4 Counterparts

This Agreement may be executed in several counterparts (by original or facsimile or e-mail transmitted signature), each of which when so executed shall be deemed to be an original and all counterparts, if executed by each of the Parties, shall constitute a valid and enforceable agreement among the Parties.

Section 11.5 Severability

In the event that any provision or part of this Agreement is determined by any court or other judicial or administrative body to be illegal, null, void, invalid or unenforceable, that provision shall be severed to the extent that it is so declared and the other provisions of this Agreement shall continue in full force and effect.

Section 11.6 Applicable Laws

This Agreement (and any claim or controversy arising out of or relating to this Agreement) shall be governed by the law of the Province of British Columbia and the federal laws of Canada applicable therein without regard to conflict of law principles that would result in the application of any law other than as stated above. Each Party hereby irrevocably and unconditionally submits to the exclusive jurisdiction of any British Columbia court, or federal court of Canada and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the agreements delivered in connection herewith or the transactions contemplated hereby or thereby or for recognition or enforcement of any judgment relating thereto.

Section 11.7 Successors and Assigns

This Agreement shall accrue to the benefit of and be binding upon each of the Parties hereto and their respective administrators and assigns, provided that this Agreement shall not be assigned by any one of the Parties without the prior written consent of the other Parties.

Section 11.8 Expenses

Each Party shall be responsible for its respective costs and expenses incurred with respect to the transactions contemplated herein, which are comprised of its legal and accounting fees and disbursements relating to preparing this Agreement and related documents specifically relating to the transactions contemplated herein (including the Listing Statement and Pubco Meeting Materials), the BCSC and CSE filing fees required in connection with the initial submission and any amounts payable to any broker involved in the MJIC Financing, it being acknowledged, that documentation in respect of the Transactions shall, to as great an extent as reasonably possible, be prepared by MJIC's counsel with the assistance of Pubco and its contractors as needed. If during the term of this Agreement, the Transactions do not successfully complete (other than as a result of an Alternate Transaction), then each party will be responsible for its own expenses incurred.

Section 11.9 Further Assurances

Each of the Parties hereto will, without further consideration, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such other documents, instruments of transfer, conveyance, assignment and assurances and secure all necessary consents and authorizations as may be reasonably requested by another Party and take such further action as the other Party may reasonably require to give effect to any matter provided for herein.

Section 11.10 Entire Agreement

This Agreement and the schedules referred to herein constitute the entire agreement among the Parties hereto and supersede all prior communications, agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof, including the letter of intent dated November 7, 2018. None of the Parties hereto shall be bound or charged with any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings not specifically set forth in this Agreement or in the schedules, documents and instruments to be delivered by and/or on the Closing Date pursuant to this Agreement. The Parties hereto further acknowledge and agree that, in entering into this Agreement and in delivering the schedules, documents and instruments to be delivered by and/or on the Closing Date, they have not in any way relied, and will not in any way rely, upon any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings, express or implied, not specifically set forth in this Agreement or in such schedules, documents or instruments attached hereto or referenced therein (including the schedules, documents or instruments to be delivered by and/or on the Closing Date).

Section 11.11 Notices

Any notice or communication required or permitted to be given hereunder shall be in writing and shall be effectively given if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by facsimile, e-mail or other similar means of electronic communication addressed as follows:

in the case of notice to Pubco or Subco:

P&P Ventures Inc.
Suite 2300, 1066 West Hastings Street
Vancouver, British Columbia, Canada V6E 3X2

Attention: Richard Grayston
E-mail: rwgrayston@telus.net

with a courtesy copy (which copy shall not constitute notice to Pubco or Subco) to:

Woods & Company
Suite 300, 1055 West Hastings Street,
Vancouver, British Columbia V6E 2E9

Attention: Michael Woods
E-mail: mw@pubcolaw.com

in the case of notice to MJIC:

MJIC, Inc.
5800 South Eastern Avenue, Suite 300
Commerce, California, USA 90404

Attention: Lawrence Horwitz
E-mail: lhorwitz@horwitzarmstrong.com

with a courtesy copy (which copy shall not constitute notice to MJIC) to:

McMillan LLP
1500 Royal Centre
1055 West Georgia Street
Vancouver, British Columbia V6E 4N7

Attention: James Munro
E-mail: james.munro@mcmillan.ca

Any notice, communication, request, demand or other document given or sent or delivered as aforesaid shall:

- (a) if delivered personally or by courier as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;

- (b) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mail, allowing for such discontinuance or interruption of regular postal service; and
- (c) if sent by facsimile or other means of electronic communication, be deemed to have been given, sent, delivered and received on the Business Day of the sending if sent during normal business hours on a Business Day (otherwise on the following Business Day).

Section 11.12 Waiver

Any Party hereto which is entitled to the benefits of this Agreement may, and has the right to, waive any term or condition hereof at any time on or prior to the Closing Date, provided however that such waiver shall be evidenced by written instrument duly executed on behalf of such Party; however, any e-mail containing such waiver sent from the respective e-mail address of Pubco, Subco or MJIC (as applicable and as noted under Section 11.11) is deemed to be a written instrument duly executed on behalf of such Party for the purposes of this Section 11.12.

Section 11.13 Amendments

No modification or amendment to this Agreement may be made unless agreed to by the Parties hereto in writing.

Section 11.14 Remedies Cumulative

The rights and remedies of the Parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by any Party hereto of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such Party may be lawfully entitled for the same default or breach.

Section 11.15 Currency.

Unless otherwise indicated, all dollar amounts referred to in this Agreement are in the lawful money of the United States of America.

Section 11.16 Time of Essence.

Time shall be of the essence hereof.

[Signature Page Follows]

IN WITNESS WHEREOF this agreement has been executed by the Parties hereto as of the date first above written.

P&P Ventures Inc.

By: (signed) “Michael Woods”

Name: Michael H. Woods

Title: CFO & Director

MANIFESTSEVEN, INC.

By: (signed) “Michael Woods”

Name: Michael H. Woods

Title: CEO & Director

MJIC, INC.

By: (signed) “Sturges Karban”

Name: Sturges Karban

Title: Chief Executive Officer

Schedule A

List of Applicable U.S. Stockholders

Applicable U.S. Stockholder	Applicable MJIC Class A Common Shares	Resulting Issuer Class C Common Shares to be received on Exchange of Applicable MJIC Class A Common Shares
Lawrence W. Horwitz	1,000,000	300,000
Sturges J. Karban	525,000	157,500
Urban Smedeby	362,500	108,750
The Jordan Gerber Revocable Trust	351,794	105,538
Nerd Life LLC	335,803	100,741
FNBS LLC	335,803	100,741
Edward J. Karban	125,000	37,500
Total:	3,035,900	910,770

Schedule B

MJIC Options

2,459,338 options of MJIC convertible into 2,459,338 MJIC Class A Common Shares are issued and outstanding at exercise prices ranging from between US\$2.00 and US\$3.00 per share, the exercise of which would result in the Company's receipt of cash proceeds in the aggregate amount of up to US\$4,917,820.

3,333,333 options of MJIC convertible into 3,333,333 MJIC Class A Common Shares at an exercise price of US\$3.00 per option for a period of five years from the date of issuance, anticipated to occur in March 2019, vesting in accordance with the terms of the option certificate or option agreement, as the case may be.

Schedule C
MJIC Corporate Structure
[attached]

Schedule D
MJIC Warrants

To date, the MJIC has issued warrants to acquire up to 2,352,372 MJIC Class A Common Shares at exercise prices ranging between US\$2.25 and US\$8.00 per share. In addition, on conversion of the MJIC Notes, warrants of MJIC to acquire up to 7,018,458 MJIC Class A Common Shares will be outstanding.

Schedule E

Form of U.S. Representation Letter

To: P&P Ventures Inc. (“Pubco”)

Re: Merger Agreement dated March [•], 2019 (the “Merger Agreement”) among Pubco, Manifestseven, Inc. and MJIC, Inc. (“MJIC”)

Pubco will, upon the completion of its acquisition of MJIC by way of the triangular merger transaction (the “**Merger**”) contemplated by the Merger Agreement, be known as ManifestSeven Holdings Corporation (the “**Resulting Issuer**”).

Capitalized terms not specifically defined in this Representation Letter have the respective meanings ascribed to them in the Merger Agreement. In the event of a conflict between the terms of this Representation Letter and the Merger Agreement, the terms of this Representation Letter shall prevail.

This Representation Letter is to be executed and delivered by each holder of MJIC Securities who is, or is acting for the account or benefit of, a U.S. Person or a person within the United States (each, an “**MJIC U.S. Securityholder**”).

In addition to the covenants, representations and warranties contained in the Merger Agreement, the undersigned holder of MJIC Securities covenants, represents and warrants to Pubco that:

- (a) It has full right, power and authority to deliver its MJIC Securities and this Representation Letter.
- (b) The delivery of its MJIC Securities and the Representation Letter will not violate or be in conflict with, result in a breach of or constitute a default under, any indenture, loan or credit agreement, deed of trust, mortgage, security agreement or other agreement or instrument to which the MJIC U.S. Securityholder is bound or affected.
- (c) It is the registered and beneficial holder of that number of MJIC Securities as set forth in the signature block below, has good, valid, and marketable title to all MJIC Securities indicated in this Representation Letter and is not affected by any voting trust, agreement or arrangement affecting the voting rights of the MJIC Securities.
- (d) It has such knowledge, skill and experience in financial, investment and business matters as to be capable of evaluating the merits and risks of an investment in the Consideration Securities to be issued to it pursuant to the Merger, and it is able to bear the economic risk of loss of its entire investment. To the extent necessary, the MJIC U.S. Securityholder has retained, at his or her own expense, and relied upon, appropriate professional advice regarding the investment, tax and legal merits and consequences of the Merger Agreement and owning the Consideration Securities.
- (e) Pubco has provided to it the opportunity to ask questions and receive answers concerning the terms and conditions of the Merger Agreement and it has had access to such information concerning Pubco as it has considered necessary or appropriate in connection

with its investment decision to acquire the Consideration Securities, including disclosure document(s) furnished to the MJIC U.S. Securityholder in connection with the meeting of MJIC Shareholders held to approve the Merger, and access to Pubco's public filings available on the Internet at www.sedar.com, and that any answers to questions and any request for information have been complied with to the MJIC U.S. Securityholder's satisfaction.

- (f) It is acquiring the Consideration Securities for its own account, for investment purposes only and not with a view to any resale or distribution and, in particular, it has no intention to distribute either directly or indirectly the Consideration Securities in the United States or to, or for the account or benefit of, a U.S. Person or a person in the United States; provided, however, that this paragraph shall not restrict the MJIC U.S. Securityholder from selling or otherwise disposing of the Consideration Securities pursuant to registration thereof pursuant to the U.S. Securities Act and any applicable state securities laws or under an exemption from such registration requirements.
- (g) The address of the MJIC U.S. Securityholder set out in the signature block below is the true and correct principal address of the MJIC U.S. Securityholder and can be relied on by Pubco for the purposes of state blue sky laws, and the MJIC U.S. Securityholder is not an entity that has been formed for the specific purpose of purchasing or acquiring the Securities.
- (h) It understands (i) the Consideration Securities have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States; and (ii) the offer and sale contemplated by the Merger Agreement is being made in reliance on an exemption from such registration requirements in reliance on Rule 506(b) of Regulation D and/or Section 4(a)(2) of the U.S. Securities Act.
- (i) The MJIC U.S. Securityholder is
 - (i) an "accredited investor" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act by virtue of meeting one of the criteria set forth in **Appendix A** hereto (**please hand-write your initials on the appropriate lines on Appendix A**), which Appendix A forms an integral part hereof; or
 - (ii) not an "accredited investor" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act, has a pre-existing substantive relationship with Pubco, and has completed **Appendix B hereto**, which forms an integral part hereof.
- (j) The MJIC U.S. Securityholder has not purchased the Consideration Securities as a result of any form of "general solicitation" or "general advertising" (as those terms are used in Regulation D under the U.S. Securities Act), including advertisements, articles, press releases, notices or other communications published in any newspaper, magazine or similar media or on the Internet, or broadcast over radio or television, or the Internet or other form of telecommunications, including electronic display, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

- (k) It understands and agrees that the Consideration Securities may not be acquired in the United States or by a U.S. Person or on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States unless registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration requirements is available.
- (l) It acknowledges that it is not acquiring the Consideration Securities as a result of, and will not itself engage in, any “directed selling efforts” (as defined in Regulation S under the U.S. Securities Act) in the United States in respect of the Consideration Securities which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of the Consideration Securities.
- (m) If it is entitled to receive Resulting Issuer Replacement Securities under the Merger Agreement, it acknowledges and agrees that:
 - i) the securities of the Resulting Issuer issuable upon exercise of such Resulting Issuer Replacement Securities (the “**Resulting Issuer Underlying Securities**” and together with the Consideration Securities, the “**Securities**”) have not been and will not be registered under the U.S. Securities Act or any state securities laws; and
 - ii) the Resulting Issuer Replacement Securities may not be exercised in the United States, or for the account or benefit of a U.S. Person or a person in the United States, absent an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.
- (n) It acknowledges that the Securities will be “restricted securities”, as such term is defined in Rule 144(a)(3) under the U.S. Securities Act, and may not be offered, sold, pledged, or otherwise transferred, directly or indirectly, without prior registration under the U.S. Securities Act and applicable state securities laws, and it agrees that if it decides to offer, sell, pledge or otherwise transfer, directly or indirectly, any of the Securities, it will not offer, sell or otherwise transfer, directly or indirectly, the Securities except:
 - (i) to the Resulting Issuer;
 - (ii) outside the United States in an “offshore transaction” meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act, if available, and in compliance with applicable local laws and regulations;
 - (iii) in compliance with the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 thereunder, if available, and in accordance with any applicable state securities or “blue sky” laws; or
 - (iv) in a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws governing the offer and sale of securities,

and, in the case of each of (iii) and (iv) above, it has prior to such sale furnished to the Resulting Issuer an opinion of counsel in form and substance reasonably satisfactory to

the Resulting Issuer stating that such transaction is exempt from registration under applicable securities laws and that the legend referred to in paragraph (o) below may be removed.

- (o) The certificates representing the Securities, as well as all certificates issued in exchange for or in substitution of the foregoing, until such time as the same is no longer required under the applicable requirements of the U.S. Securities Act or applicable state securities laws and regulations, will bear, on the face of such certificate, the following legend:

“THE SECURITIES REPRESENTED HEREBY [*for Resulting Issuer Replacement Options and Resulting Issuer Replacement Warrants add: AND THE SECURITIES ISSUABLE UPON EXERCISE THEREOF*] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING OR OTHERWISE HOLDING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN ACCORDANCE WITH RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT, PROVIDED THAT PRIOR TO ANY TRANSFER PURSUANT TO CLAUSES (C) OR (D) ABOVE, AN OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY ACCEPTABLE TO THE CORPORATION SHALL FIRST BE PROVIDED TO THE EFFECT THAT SUCH TRANSFER DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY STATE SECURITIES LAW. [*For Resulting Issuer Common Shares add: DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.*]”

provided, that if at the time of original issuance of the Securities, the Resulting Issuer is a “foreign issuer” (as such term is defined in Rule 902(e) of Regulation S under the U.S. Securities Act), and are being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S and in compliance with Canadian local laws and regulations, the legend set forth above may be removed by providing to the registrar and transfer agent of the Resulting Issuer:

- (i) an executed declaration and undertaking in substantially the form set forth as **Appendix C** attached hereto (or in such other forms as the Resulting Issuer may prescribe from time to time);
- (ii) an executed broker affirmation, in substantially the form included in **Appendix C** attached hereto (or in such other forms as Pubco may prescribe from time to time); and
- (iii) if requested by the Resulting Issuer or the transfer agent, an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Resulting Issuer and the transfer agent to the effect that such sale is being made in compliance with Rule 904 of Regulation S; and

provided, further, that, if any Securities are being sold otherwise than in accordance with Regulation S and other than to the Resulting Issuer, the legend may be removed by delivery to the registrar and transfer agent and the Resulting Issuer of an opinion of counsel, of recognized standing reasonably satisfactory to the Resulting Issuer, that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

- (p) It understands and agrees that there may be material tax consequences to the MJIC U.S. Securityholder of an acquisition, holding or disposition of any of the Securities. Pubco gives no opinion and makes no representation with respect to the tax consequences to the MJIC U.S. Securityholder under United States federal, state, local or other tax laws of the undersigned's acquisition, holding or disposition of such Securities.
- (q) It consents to the Resulting Issuer making a notation on its records or giving instructions to any transfer agent of the Resulting Issuer in order to implement the restrictions on transfer set forth and described in this Representation Letter and the Merger Agreement.
- (r) It understands that (i) Pubco may be deemed to be an issuer that is, or that has been at any time previously, an issuer with no or nominal operations and no or nominal assets other than cash and cash equivalents (a "**Shell Company**"), (ii) if Pubco is deemed to be, or to have been at any time previously, a Shell Company, Rule 144 under the U.S. Securities Act may not be available for resales of the Securities unless the requirements of Rule 144(i) under the U.S. Securities Act are met, and (iii) the Resulting Issuer will not be obligated to make Rule 144 under the U.S. Securities Act available for resales of the Securities.
- (s) It understands and agrees that the financial statements of Pubco have been prepared in accordance with International Financial Reporting Standards and therefore may be materially different from financial statements prepared under U.S. generally accepted accounting principles and therefore may not be comparable to financial statements of United States companies.
- (t) It understands and acknowledges that Pubco is incorporated outside the United States, consequently, it may be difficult to provide service of process on Pubco and it may be difficult to enforce any judgment against Pubco.
- (u) It understands that the Resulting Issuer will not have any obligation to register the Securities under the U.S. Securities Act or any applicable state securities or "blue sky" laws or to take action so as to permit resales of such Securities. Accordingly, the MJIC U.S. Securityholder understands that absent registration, it may be required to hold the Securities indefinitely. As a consequence, the MJIC U.S. Securityholder understands it must bear the economic risks of the investment in such Securities for an indefinite period of time.

The foregoing representations contained in this certificate are true and accurate as of the date of this certificate and will be true and accurate as of the Closing. If any such representations shall not be true and accurate prior to the Closing, the undersigned shall give immediate written notice of such fact to Pubco prior to the Closing.

Dated _____ 2019.

X _____
Signature of individual (if MJIC U.S.
Securityholder **is** an individual)

X _____
Authorized signatory (if MJIC U.S. Securityholder
is **not** an individual)

Name of MJIC U.S. Securityholder (**please print**)

Address of MJIC U.S. Securityholder (**please
print**)

Number of MJIC Securities Held (**please print**)

Name of authorized signatory (**please print**)

Official capacity of authorized signatory (**please
print**)

Appendix “A” to

U.S. Representation Letter for MJIC U.S. Securityholders

To be completed by MJIC U.S. Securityholders who qualify as Accredited Investors

In addition to the covenants, representations and warranties contained in the Merger Agreement and the Representation Letter to which this Appendix is attached, the undersigned MJIC U.S. Securityholder covenants, represents and warrants to Pubco that the MJIC U.S. Securityholder is an “accredited investor” as defined in Rule 501(a) of Regulation D under the U.S. Securities Act by virtue of meeting one of the following criteria (please hand-write your initials on the appropriate lines):

1. Any bank as defined in Section 3(a)(2) of the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the U.S. Securities Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the U.S. Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the U.S. Securities Act; any investment company registered under the U.S. Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the U.S. Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of US\$5,000,000; any employee benefit plan within the meaning of the U.S. *Employee Retirement Income Security Act of 1974* if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of US\$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are “accredited investors” (as such term is defined in Rule 501 of Regulation D under the U.S. Securities Act);
2. Any private business development company as defined in Section 202(a)(22) of the U.S. *Investment Advisers Act of 1940*;
3. Any organization described in Section 501(c)(3) of the U.S. *Internal*

Initials _____

Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of US\$5,000,000;

4.
Initials _____

Any trust with total assets in excess of US\$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person (being defined as a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment);

5.
Initials _____

Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of purchase, exceeds US\$1,000,000 (Note: For purposes of calculating net worth,

(i) the person's primary residence shall not be included as an asset;

(ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of this Representation Letter, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of this Representation Letter exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

(iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability);

6.
Initials _____

Any natural person who had annual gross income during each of the last two full calendar years in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) and reasonably expects to have annual gross income in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) during the current calendar year;

7.
Initials _____

Any director or executive officer of Pubco; or

8.
Initials _____

Any entity in which all of the equity owners meet the requirements of at least one of the above categories – *if this category is selected, you must identify each equity owner and provide statements from each demonstrating how they qualify as an accredited investor.*

[Signature Page Follows]

**ONLY MJIC U.S. SECURITYHOLDERS WHO ARE ACCREDITED INVESTORS
NEED TO COMPLETE AND SIGN THIS APPENDIX**

Dated _____ 2019.

X

Signature of individual (if MJIC U.S.
Securityholder is an individual)

X

Authorized signatory (if MJIC U.S. Securityholder
is not an individual)

Name of MJIC U.S. Securityholder (please print)

Name of authorized signatory (please print)

Official capacity of authorized signatory (please
print)

Appendix “B” to

U.S. Representation Letter for MJIC U.S. Securityholders

To be completed by MJIC U.S. Securityholders who do not qualify as Accredited Investors

In addition to the covenants, representations and warranties contained in the Merger Agreement and the Representation Letter to which this Appendix is attached, the undersigned (the “MJIC U.S. Securityholder”) covenants, represents and warrants to Pubco (also referred to herein as the “Company”) that the MJIC U.S. Securityholder understands that the Securities have not been and will not be registered under the U.S. Securities Act and that the offer and sale of the Securities to the MJIC U.S. Securityholder contemplated by the Merger Agreement is intended to be a private offering pursuant to Rule 506(b) of Regulation D of the U.S. Securities Act and/or section 4(a)(2) thereunder.

Your answers will at all times be kept strictly confidential. However, by signing this suitability questionnaire (the “Questionnaire”) the MJIC U.S. Securityholder agrees that the Company may present this Questionnaire to such parties as may be appropriate if called upon to verify the information provided or to establish the availability of an exemption from registration of the private offering under the federal or state securities laws or if the contents are relevant to issue in any action, suit or proceeding to which the Company is a party or by which it is or may be bound. A false statement by the MJIC U.S. Securityholder may constitute a violation of law, for which a claim for damages may be made against the MJIC U.S. Securityholder. Otherwise, your answers to this Questionnaire will be kept strictly confidential.

Please complete the following questionnaire:

1. Educational Background

(a) Briefly describe educational background, relevant institutions attended, dates, degrees:

(b) Briefly describe business involvement or employment during the past 10 years or since graduation from school, whichever period is shorter. (Specific employers need not be named. A sufficient description is needed to assist the Company in determining the extent of vocationally related experience in financial and business matters).

2. Investment experience

Please indicate the frequency of your investment in marketable securities:

() Often; () Occasionally; () Seldom; () Never.

Please indicate the frequency of your investment in commodities futures:

() Often; () Occasionally; () Seldom; () Never.

Please indicate the frequency of your investment in options:

() Often; () Occasionally; () Seldom; () Never.

Please indicate the frequency of your investment in securities purchased on margin:

() Often; () Occasionally; () Seldom; () Never.

Please indicate the frequency of your investment in unmarketable securities;

() Often; () Occasionally; () Seldom; () Never.

(f) Have you purchased securities sold in reliance on the private offering exemptions from registration pursuant to the U.S. Securities Act or any state laws during the past three years?

Yes No

If you answered "Yes," please provide the following information:

Year	Security	Nature of of issuer	Business invested	Total amount

(g) Do you believe you have sufficient knowledge and experience in financial and business affairs that you can evaluate the merits and risks of a purchase of the Securities?

Yes No

(h) Do you believe you have sufficient knowledge of investments in general, and investments similar to a purchase of the Securities in particular, to evaluate the risks associated with a purchase of the Securities?

Yes No

You hereby acknowledge that the foregoing statements are true and accurate to the best of your information and belief and that you will promptly notify the Company of any changes in the foregoing answers.

ONLY MJIC U.S. SECURITYHOLDERS WHO ARE NOT ACCREDITED INVESTORS
NEED TO COMPLETE AND SIGN THIS APPENDIX

Dated _____ 2019.

X
Signature of individual (if MJIC U.S.
Securityholder is an individual)

X
Authorized signatory (if MJIC U.S. Securityholder
is not an individual)

Name of MJIC U.S. Securityholder (please print)

Name of authorized signatory (please print)

Official capacity of authorized signatory (please print)

Appendix "C" to

U.S. Representation Letter for MJIC U.S. Securityholders

**Form of Declaration and Undertaking for Removal of Legend –
Rule 904 under the U.S. Securities Act of 1933**

To: ManifestSeven Holdings Corporation. (the "Company")

And To: The Transfer Agent for the Company's Common Shares

The undersigned (A) acknowledges that the sale of _____ common shares in the capital of the Company, represented by Share Certificate No.(s) _____ or held through the Direct Registration System (DRS) in DRS Holder Account No. _____, to which this declaration relates, is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and (B) certifies that (1) the undersigned is not an "affiliate" (as defined in Rule 405 under the U.S. Securities Act) of the Issuer (except solely by virtue of being an officer or director of the Issuer) or a "distributor", as defined in Regulation S, or an affiliate of a "distributor"; (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (b) the transaction was executed on or through the facilities of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or a designated offshore securities market within the meaning of Rule 902(b) of Regulation S under the U.S. Securities Act, and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on their behalf has engaged in any directed selling efforts in connection with the offer and sale of such securities; (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act); (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of Regulation S under the U.S. Securities Act with fungible unrestricted securities; and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or a scheme to evade the registration provisions of the U.S. Securities Act. Unless otherwise specified, terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act..

Dated _____ 20__.

X

Signature of individual (if Seller is an individual)

X

Authorized signatory (if Seller is not an individual)

individual)

Name of Seller (please print)

Name of authorized signatory (please print)

Official capacity of authorized signatory
(please print)

Affirmation by Seller's Broker-Dealer
(Required for sales pursuant to Section (B)(2)(b) above)

We have read the representations of our customer _____ (the "Seller") contained in the foregoing Declaration for Removal of Legend, dated _____, 20____, with regard to the sale, for such Seller's account, of _____ common shares (the "Securities") of the Issuer represented by certificate number(s) _____, or held through the Direct Registration System (DRS) in DRS Holder Account No. _____. We have executed sales of the Securities pursuant to Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), on behalf of the Seller. In that connection, we hereby represent to you as follows:

- (1) no offer to sell Securities was made to a person in the United States;
- (2) the sale of the Securities was executed in, on or through the facilities of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or another designated offshore securities market (as defined in Rule 902(b) of Regulation S under the U.S. Securities Act), and, to the best of our knowledge, the sale was not pre-arranged with a buyer in the United States;
- (3) no "directed selling efforts" were made in the United States by the undersigned, any affiliate of the undersigned, or any person acting on behalf of the undersigned; and
- (4) we have done no more than execute the order or orders to sell the Securities as agent for the Seller and will receive no more than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

For purposes of these representations: "affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the undersigned; "directed selling efforts" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the

United States for the Securities (including, but not be limited to, the solicitation of offers to purchase the Securities from persons in the United States); and “United States” means the United States of America, its territories or possessions, any State of the United States, and the District of Columbia.

Legal counsel to the Issuer shall be entitled to rely upon the representations, warranties and covenants contained herein to the same extent as if this affirmation had been addressed to them.

Dated this _____ day of _____, 20____.

Signature of Signatory:

Name and Title of Authorized Signatory:

Name of Brokerage Company:

Schedule G

VOTING SUPPORT AGREEMENT

THIS AGREEMENT dated and effective as of the execution date of the Merger Agreement (as herein defined),
BETWEEN:

**THE PERSONS NAMED ON THE
SIGNATURE PAGES HERETO**

(hereinafter each such person is referred to as a
"Shareholder", and collectively, the
"Shareholders"),

- and -

MJIC, INC. a corporation existing under the laws
of California,

(hereinafter referred to as the "**Company**").

WHEREAS each Shareholder is the beneficial owner of, or exercises control or direction over, that number of common shares ("**Common Shares**") of the Company as set out on the signature pages hereto;

AND WHEREAS the Company is contemporaneously herewith entering into a merger agreement (the "**Merger Agreement**") with P&P Ventures Inc. ("**PubCo**") which provides for, among other things, PubCo acquiring all of the outstanding common shares of the Company in exchange for common shares in the capital of PubCo pursuant to a plan of merger under the laws of California (the "**Transaction**") on and subject to the terms and conditions of the Merger Agreement;

AND WHEREAS this Agreement sets out the terms and conditions of the agreement of each Shareholder (i) to vote or cause to be voted the Subject Shares (as defined below) in favour of the Transaction and any other matter that could reasonably be expected to facilitate the Transaction and (ii) to abide by the restrictions and covenants set forth herein;

NOW THEREFORE this Agreement witnesses that, in consideration of the premises and the covenants and agreement herein contained, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged by the parties, the parties hereto agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 All references herein to the Merger Agreement or any portion thereof refer to the Merger Agreement as amended, modified, restated or waived in accordance with its terms.

1.2
requires:

In this Agreement, unless otherwise expressly stated or the context otherwise

- (a) **“Acquisition Proposal”** means, excluding any transactions contemplated by the Merger Agreement, any:
 - (i) *bona fide* proposal inquiry or offer with respect to: (A) any direct or indirect acquisition by any person or group of persons of Common Shares (or securities convertible into or exchangeable or exercisable for Common Shares) representing 20% or more of the Common Shares then outstanding (assuming, if applicable, the conversion, exchange or exercise of such securities convertible into or exchangeable or exercisable for Common Shares); (B) any plan of arrangement, amalgamation, merger, share exchange, consolidation, recapitalization, liquidation, dissolution or other business combination in respect of MJIC or any of its subsidiaries; or (C) any direct or indirect acquisition by any person or group of persons of any assets of MJIC and/or any interest in one or more of its subsidiaries (including shares or other equity interests of subsidiaries) that individually or in the aggregate constitute or hold 20% or more of the fair market value of the assets of MJIC and its affiliates taken as a whole (or any lease, license, royalty, joint venture, long-term supply agreement or other arrangement having a similar economic effect), whether in a single transaction or a series of related transactions,
 - (ii) public announcement of or of an intention, to do any of the foregoing, or
 - (iii) modification or proposed modification of any such proposal, inquiry or offer, in each case whether by plan of arrangement, amalgamation, merger, consolidation, recapitalization, liquidation, dissolution or other business combination, sale of assets, joint venture, take-over bid, tender offer, share exchange, exchange offer or otherwise, including any single or multi-step transaction or series of transactions, directly or indirectly involving MJIC or any of its subsidiaries;
- (b) **“Effective Time”** means 2:00 pm (Vancouver time) on the Effective Date, or such other time as MJIC and PubCo may agree upon;
- (c) **“Effective Date”** means the date PubCo and MJIC agree upon, acting reasonably, as the effective date of the completion of the Transaction after all of the conditions precedent to the completion of the merger as set out in the Merger Agreement have been satisfied or waived;
- (d) **“Governmental Authority”** means any multinational, federal, provincial, territorial, state, regional, municipal, local or other government or governmental body and any division, agent, official, agency, commission, board or authority of any government, governmental body, quasi-governmental or private body (including any stock exchange) exercising any statutory, regulatory, expropriation

or taxing authority under the authority of any of the foregoing and any domestic, foreign or international judicial, quasi-judicial or administrative court, tribunal, commission, board, panel or arbitrator acting under the authority of any of the foregoing;

- (e) “**Representatives**” means, collectively, with respect to a person, that person’s officers, directors, employees, consultants, advisors, agents or other representatives (including lawyers, accountants, investment bankers and financial advisors);
- (f) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Agreement and not to any particular Section of or Schedule to this Agreement;
- (g) references to a "Section" or a "Schedule" are references to a Section of or Schedule to this Agreement;
- (h) words importing the singular shall include the plural and *vice versa*, and words importing gender shall include the masculine, feminine and neuter genders;
- (i) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;
- (j) if the date on which any action is required to be taken hereunder by any of the parties is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day;
- (k) a period of Business Days is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. (Vancouver time) on the last day of the period if the period is a Business Day or at 4:30 p.m. (Vancouver time) on the next Business Day if the last day of the period does not fall on a Business Day;
- (l) the terms "material" and "materially" shall, when used in this Agreement, be construed, measured or assessed on the basis of whether the matter would materially affect a party and its subsidiaries or affiliates, taken as a whole;
- (m) references to any legislation or to any provision of any legislation shall include any modification or re-enactment thereof, any legislation provision substituted therefor and all regulations, rules and interpretations issued thereunder or pursuant thereto; and
- (n) wherever the term "includes" or "including" is used, it shall be deemed to mean "includes, without limitation" or "including, without limitation", respectively.

ARTICLE 2

THE TRANSACTION

2.1 Subject to Section **Error! Reference source not found.**, the Company hereby agrees and confirms to each Shareholder that the Company shall take all steps required of it to cause the Transaction to occur in accordance with the terms and subject to the conditions set forth in the Merger Agreement.

ARTICLE 3

AGREEMENT TO VOTE

3.1 Subject to the terms and conditions of this Agreement, each Shareholder hereby irrevocably and unconditionally covenants and agrees from the date hereof until the earlier of (i) the Effective Time, and (ii) the termination of this Agreement pursuant to Article 7:

- (a) to vote or to cause to be voted the Shareholder's Subject Shares (as defined below) in favour of the Transaction, and in favour of any other matter to be considered by the Shareholders in connection with the Transaction which is reasonably necessary for the consummation of the Transaction, including in connection with any separate vote of any sub-group of the Shareholders that may be required to be taken and of which sub-group the Shareholder forms a part;
- (b) to vote or cause to be voted the Shareholder's Subject Shares against any Acquisition Proposal and/or any matter that could reasonably be expected to delay, prevent, impede or frustrate the successful completion of the Transaction at any meeting of the Shareholders called for the purpose of considering same;
- (c) no later than 10 Business Days prior to the date of any meeting of Shareholders of MJIC (the “**Meeting**”) that may be called for the purposes of considering the Transaction, the Shareholder will deliver or cause to be delivered to the Company of a duly executed proxy (or other appropriate voting instrument) in favour of the Transaction and in respect of all matters which may come before a meeting of the Shareholders relating to the Transaction (other than any change in the terms of the Transaction which would decrease the value of the consideration to be received by the Shareholder), and such proxy (or other voting instrument) shall not be revoked unless this Agreement is terminated pursuant to Article 7 prior to the exercise of such proxy (or other voting instrument);
- (d) to cause the Shareholder's Subject Shares to be counted as present for purposes of establishing a quorum at the Meeting (or any adjournment or postponement thereof) and (A) to vote, or cause to be voted, the Shareholder's Subject Shares against, and (B) to not otherwise support, in each case, any: (i) liquidation, dissolution, recapitalization, merger, amalgamation, acquisition, strategic alliance, business combination, take-over bid, sale of material assets (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale), any material issue or sale of treasury shares or rights or interests therein or thereto, or similar transactions or series of transactions involving the Company, or

a proposal to do any of the foregoing, excluding the Transaction; (ii) amendment of the Company's constating documents or other proposal or transaction involving the Company which amendment or other proposal or transaction would in any manner delay, impede, frustrate or prevent the Transaction or any of the transactions reasonably necessary for the consummation of the Transaction, or change in any manner the voting rights of the Common Shares or any other securities of the Company; and (iii) action, agreement, transaction or proposal that might reasonably be regarded as being directed towards or likely to prevent or delay the Meeting or the successful completion of the Transaction or of the transactions reasonably necessary for the consummation of the Transaction, at any meeting of Shareholders; and

- (e) to not exercise any rights of a Shareholder to dissent pursuant to applicable Law in respect of the Merger Agreement or otherwise in connection with the Transaction, in each case, as such may be amended or varied at any time prior to the Effective Time.

3.2 As used in this Agreement, the term "**Subject Shares**" means the Common Shares that are beneficially owned, or in respect of which the voting is, directly or indirectly, controlled or directed by each Shareholder, as constituted at the date hereof, listed immediately under the Shareholder's signature hereto and includes:

- (a) all of the Common Shares that may become beneficially owned, or in respect of which the voting may become, directly or indirectly, controlled or directed by the Shareholder after the date hereof and prior to the Effective Time, including all of the Common Shares issued pursuant any convertible security of the Company owned by the Shareholder or which may otherwise be acquired by the Shareholder after the date hereof and prior to the Effective Time; and
- (b) any other voting securities of the Company that may result from a reclassification, conversion, consolidation, subdivision or exchange of, or distribution or dividend on, such shares or capital reorganization of the Company and all other securities exercisable, convertible or exchangeable into any of the foregoing.

ARTICLE 4

CERTAIN COVENANTS OF THE SHAREHOLDERS

4.1 Each Shareholder hereby covenants and irrevocably agrees that it shall, from the date hereof until the earlier of (i) the termination of this Agreement pursuant to Article 7 and (ii) the Effective Time, except in accordance with the provisions of this Agreement:

- (a) not, directly or indirectly, through any of its Representatives (i) solicit, assist, initiate, knowingly encourage or knowingly facilitate (including by way of discussion, negotiation, furnishing information or entering into any form of agreement, arrangement, commitment or understanding) any inquiry, proposal or offer regarding any Acquisition Proposal, (ii) engage or participate in any discussion or negotiation regarding, or provide any confidential information with

respect to, or otherwise cooperate with any person regarding, any Acquisition Proposal, or (iii) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking related to any Acquisition Proposal, provided that the Shareholder may advise the Board of Directors of the Company (the “**Board**”) as to the acceptability to the Shareholder of any Acquisition Proposal that the Board is entitled to consider, negotiate, approve or accept under the Merger Agreement;

- (b) immediately cease and cause to be terminated all existing discussions and negotiations, if any, with any Person or any Representatives of any Person conducted before the date of this Agreement with respect to any Acquisition Proposal;
- (c) promptly (and, in any event, within 24 hours) notify the Company of any Acquisition Proposal of which the Shareholder becomes, directly or indirectly, aware. Such notification shall be made first orally and then in writing and shall include a description of the material terms and conditions together with a copy of all documentation relating to any such Acquisition Proposal or inquiry in respect of an Acquisition Proposal within the Shareholder’s possession;
- (d) promptly notify the Company of the amount of any new Subject Shares acquired by such Shareholder, if any, after the date hereof, and any such Subject Shares shall be subject to the terms of this Agreement as though they were Subject Shares owned by such Shareholder on the date hereof;
- (e) irrevocably consent to details of this Agreement being set out in any information circular, or other disclosure document required by applicable securities laws or applicable policies of a stock exchange, produced by PubCo or the Company in connection with the transactions contemplated by this Agreement and the Merger Agreement;
- (f) not option, sell, transfer, pledge, encumber, grant a security interest in, hypothecate or otherwise convey or enter into any forward sale, repurchase agreement or other monetization transaction with respect to any of the Subject Shares, or any right or interest therein (legal or equitable), to any person or group or agree to do any of the foregoing;
- (g) not grant or agree to grant any proxy, power of attorney or other right to vote the Subject Shares, or enter into any voting agreement, voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of Shareholders or give consents or approval of any kind with respect to any of the Subject Shares that in each case might reasonably be regarded as likely to prevent or delay the successful completion of the Transaction or the other transactions contemplated by the Merger Agreement or this Agreement;
- (h) not requisition or join in any requisition of any meeting of Shareholders without the prior written consent of PubCo, or vote or cause to be voted any of the Subject

Shares in respect of any proposed action by the Company or its Shareholders or affiliates or any other person or group in a manner which might reasonably be regarded as likely to prevent or delay the successful completion of the Transaction or the other transactions contemplated by the Merger Agreement and this Agreement; and

- (i) not do indirectly that which it may not do directly by the terms of this Article 4 or take any other action of any kind, directly or indirectly, which might reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the Transaction and the other transactions contemplated by the Merger Agreement and this Agreement.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDERS

5.1 Each Shareholder represents, warrants and, where applicable, covenants to the Company as follows and acknowledges that the Company is relying upon these representations, warranties and covenants in connection with the entering into of this Agreement and the Merger Agreement:

- (a) in the case of a Shareholder which is a corporate body, such Shareholder has been duly formed and is validly existing under the laws of its jurisdiction of incorporation and has all necessary power and authority to execute and deliver this Agreement and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement by the Shareholder and the performance by the Shareholder of its obligations hereunder have been duly authorized and no other proceedings on its part are necessary to authorize this Agreement and the performance of the Shareholder's obligations hereunder;
- (c) this Agreement has been duly executed and delivered by the Shareholder and, assuming the due authorization, execution and delivery by the Company, constitutes a legal, valid and binding obligation, enforceable by the Company against the Shareholder in accordance with its provisions, subject to bankruptcy, insolvency and other applicable laws and general principles of equity;
- (d) (i) the Shareholder is the beneficial owner of, or controls or directs the voting rights in respect of, the Subject Shares listed immediately under the Shareholder's name on the signature pages hereto, and (ii) the only Common Shares or other securities of the Company beneficially owned, or over which control or direction is exercised by the Shareholder are those listed immediately under the Shareholder's name on the signature pages hereto;
- (e) the Shareholder has the sole right to vote all the Subject Shares listed immediately under the Shareholder's name on signature pages hereto and all such Subject Shares shall, immediately prior to the Effective Time, be beneficially owned solely by the Shareholder with good and marketable title thereto, free and clear of any and all mortgages, liens, charges, restrictions, security interests, adverse

claims, pledges, encumbrances and demands or rights of others of any nature or kind whatsoever;

- (f) no individual or entity has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer from the Shareholder of any of the Subject Shares or any interest therein or right thereto, including any right to vote, except PubCo pursuant to this Agreement;
- (g) none of the execution and delivery by the Shareholder of this Agreement or the completion or performance of the transactions contemplated hereby or the compliance with the obligations hereunder by the Shareholder will result in a breach of (i) the constating documents of the Shareholder, if applicable; (ii) any agreement or instrument to which the Shareholder is a party or by which the Shareholder or any of the Shareholder's property or assets is bound; or (iii) any judgment, decree, order or award of any Governmental Authority with respect to the Shareholder, except, in the case of (ii) and (iii), such breaches which could not, individually or in the aggregate, impair the ability of the Shareholder to perform its obligations under this Agreement or otherwise materially delay the Shareholder in performing such obligations; and
- (h) there are no legal proceedings in progress or pending before any Governmental Authority, or, to the knowledge of the Shareholder, threatened, against the Shareholder or the Shareholder's Affiliates that would adversely affect in any manner the Shareholder's ability to enter into this Agreement and to perform its obligations hereunder.

The representations and warranties of each Shareholder set forth in this Article 5 shall survive the completion of the Transaction and, despite such completion, shall continue in full force and effect for the benefit of PubCo without limitation as to time.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF MJIC

6.1 MJIC represents, warrants and, where applicable, covenants to each Shareholder as follows and acknowledges that each Shareholder is relying upon these representations, warranties and covenants in connection with the entering into of this Agreement:

- (a) MJIC has been duly formed and is validly existing under the laws of its jurisdiction of incorporation and has the requisite corporate power and authority to conduct its business as it is now being conducted and to execute and deliver this Agreement and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement by MJIC and the performance by it of its obligations hereunder have been duly authorized by its board of directors and no other corporate proceedings on its part are necessary to authorize this Agreement and the performance of its obligations hereunder;

- (c) this Agreement has been duly executed and delivered by MJIC and, assuming the due authorization, execution and delivery by each Shareholder, constitutes a legal, valid and binding obligation, enforceable by the Shareholder against MJIC in accordance with its terms, subject to bankruptcy, insolvency and other applicable Laws affecting creditor's rights generally and general principles of equity; and
- (d) none of the execution and delivery by MJIC of this Agreement or the completion or performance of the transactions contemplated hereby or the compliance with the obligations hereunder by MJIC will result in a breach of (i) the constating documents of MJIC; (ii) any agreement or instrument to which MJIC is a party or by which MJIC or any of MJIC's property or assets is bound; or (iii) any judgment, decree, order or award of any Governmental Authority with respect to MJIC, except, in the case of (ii) and (iii), such breaches which could not, individually or in the aggregate, impair the ability of MJIC to perform its obligations under this Agreement or otherwise delay MJIC in performing such obligations.

ARTICLE 7

TERMINATION

7.1 This Agreement shall automatically terminate if the Merger Agreement is terminated in accordance with its provisions.

7.2 This Agreement may be terminated at any time prior to the Effective Time by the mutual written agreement of MJIC and the Shareholder.

7.3 In the case of any notice of termination of this Agreement pursuant to Section **Error! Reference source not found.** or **Error! Reference source not found.**, this Agreement shall terminate and be of no further force or effect. Notwithstanding anything else contained herein, such termination shall not relieve any party from liability for any breach of this Agreement by the party prior to such termination.

ARTICLE 8

DISCLOSURE

8.1 Except as required by applicable Laws or by any Governmental Authority or in accordance with the requirements of any stock exchange, no party shall make any public announcement or statement with respect to this Agreement without the approval of the other, which shall not be unreasonably withheld or delayed. Moreover, the parties agree to consult with each other prior to making any public filing, summarizing any provisions of this Agreement in any proxy circular or other disclosure documents in respect of the Transaction or making any public announcement or statement with respect to this Agreement, subject to the overriding obligations of Laws or regulations. The parties acknowledge that a copy of this Agreement will be publicly disclosed and that a copy of this Agreement may be provided to the directors of the Company.

ARTICLE 9
GENERAL

9.1 This Agreement shall become effective upon execution and delivery hereof by each Shareholder.

9.2 Each Shareholder and MJIC shall, from time to time, promptly execute and deliver all such further documents and instruments and do all such acts and things as the other party may reasonably require to effectively carry out the intent of this Agreement.

9.3 This Agreement shall not be assignable by any party without the prior written consent of the other parties. This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by each of the parties hereto and their respective successors and permitted assigns.

9.4 Time shall be of the essence of this Agreement.

9.5 Any notice or other communication required or permitted to be given hereunder shall be sufficiently given if in writing, delivered or sent by telecopier or facsimile transmission:

(a) in the case of each Shareholder, at the telecopier or facsimile number or address set out immediately under the Shareholder's name on the signature pages hereto

(b) in the case of MJIC:

MJIC, Inc.

5800 South Eastern Avenue, Suite 300
Commerce, California
90040
United States

Attention: Sturges J. Karban, Chief Executive Officer
Facsimile No.: 949-540-6578

E-mail: sturges@mjic.com

with a copy, which shall be for informational purposes only and not constitute notice, sent to James Murphy at jmurphy@horwitzarmstrong.com.

(c) at such other address as the party to which such notice or other communication is to be given has last notified the party giving the same in the manner provided in this Section 9.5 and if so given shall be deemed to have been received on the date of such delivery or sending (or, if such day is not a Business Day, on the next following Business Day).

9.6 This Agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

9.7 Each of the parties hereto agrees with the others that: (i) money damages would not be a sufficient remedy for any breach of this Agreement by any of the parties; (ii) in addition to any other remedies at law or in equity that a party may have, such party shall be entitled to equitable relief, including injunction and specific performance, in addition to any other remedies available to the party, in the event of any breach of the provisions of this Agreement; and (iii) any party that is a defendant or respondent shall waive any requirement for the securing or posting of any bond in connection with such remedy. Each of the parties hereby consents to any preliminary applications for such relief to any court of competent jurisdiction. The prevailing party shall be reimbursed for all costs and expenses, including reasonable legal fees, incurred in enforcing the other party's obligations hereunder. Such remedies shall not be deemed to be exclusive remedies for the breach of this Agreement but shall be in addition to all other remedies at law or in equity.

9.8 If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not irremediably affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled according to their original tenor to the extent possible.

9.9 This Agreement constitutes the entire agreement and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof.

9.10 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce more than one counterpart.

[The remainder of this page has been left intentionally blank]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

MJIC, INC.

By:

Name:

Title:

Irrevocably accepted and agreed to this _____ day of March ___, 2019.

Signature of Securityholder or, if a
corporation, authorized signing officer

Name of Securityholder (Please print)

_____ Common Shares

_____ Options

_____ Warrants

Address for Notice:

FIRST AMENDMENT TO MERGER AGREEMENT

Made as of July 31, 2019

Among

P&P VENTURES INC.
A BRITISH COLUMBIA CORPORATION

And

MANIFESTSEVEN, INC.
A DELAWARE CORPORATION

And

MJIC, INC.
A CALIFORNIA CORPORATION

mcmillan

FIRST AMENDMENT TO MERGER AGREEMENT

This First Amendment to Merger Agreement (this “**Agreement**”) is made as of July 31, 2019.

AMONG:

P & P VENTURES INC., a corporation incorporated and existing under the laws of the Province of British Columbia, having an office at Suite 2300, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2

(“**Pubco**”)

OF THE FIRST PART

AND:

MANIFESTSEVEN, INC., a corporation incorporated under the laws of the State of Delaware, USA, and having a registered office at 3500 S. DuPont Highway, Dover, Delaware 19901

(“**Subco**”)

OF THE SECOND PART

AND:

MJIC, INC., a corporation incorporated and existing under the laws of the State of California, USA, having an office at 5800 South Eastern Avenue, Suite 300, Commerce, California, USA 90404

(“**MJIC**”)

OF THE THIRD PART

WHEREAS:

A. The Parties entered into a merger agreement dated effective March 28, 2019 (the “**Merger Agreement**”), pursuant to which the Parties agreed to conduct certain transactions, including but not limited to the reverse take over of Pubco by MJIC effected through the Merger;

B. Section 10.1(c) of the Merger Agreement provides that the Merger Agreement may be terminated if the Closing of the Transactions has not occurred on or before 5:00 p.m. (Vancouver time) on July 31, 2019 (the “**Outside Date**”); and

C. Each of the Parties wishes to amend the Merger Agreement to extend the Outside Date and to correct certain factual inaccuracies contained in the Merger Agreement.

NOW THEREFORE, in consideration of the foregoing, and the respective mutual covenants, agreements, representations and warranties of the Parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the Parties covenant and agree as follows:

Definitions

1. Unless otherwise defined herein or the context requires otherwise, capitalized terms used herein shall have the meanings ascribed to them in the Merger Agreement.

Amendments

2. The Merger Agreement is hereby amended as follows:

- (a) Section 1.1(5) is deleted in its entirety and replaced with:

“(5) “**Alternate Transaction**” means any of the following occurring prior to or immediately upon Closing (other than the transactions contemplated by this Agreement): (a) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or other business combination directly involving MJIC or Pubco or any of their subsidiaries, (b) any acquisition of all or substantially all of the assets of the parties or their subsidiaries (or any agreement having a similar economic effect), (c) any acquisition of beneficial ownership of 20% or more of the securities of either MJIC or Pubco other than as contemplated herein, (d) any acquisition by either MJIC or Pubco or any of their subsidiaries of any assets or capital stock of another person, or (e) any bona fide proposal to, or public announcement of an intention to, do any of the foregoing;”

- (b) Section 1.1(21) is deleted in its entirety and replaced with:

“(21) “**Closing**” means the completion of the Transactions contemplated herein, which closing shall occur on or before the Outside Date;”

- (c) Section 1.1(24) is deleted in its entirety and replaced with:

“(24) “**Consolidation**” means the consolidation of Pubco Common Shares to be effective prior to the Merger on the basis of one (1) post-consolidation Pubco Common Share for every 1.33333225 Pubco Common Shares existing immediately before the consolidation;”

- (d) Section 1.1(30) is deleted in its entirety and replaced with:

“(30) “**CSE Listing**” means the delisting of the Pubco Common Shares from the TSXV and the concurrent listing of the Resulting Issuer Subordinate Voting Shares on the CSE;”

- (e) Section 1.1(53) is deleted in its entirety and replaced with:

“(53) “**MJIC Convertible Notes**” means the USD\$4,880,101 principal amount convertible notes of MJIC, which, together with accrued interest, shall be convertible upon maturity into an aggregate of up to 2,559,859 MJIC Class A Common Shares and 7,679,577 MJIC Warrants;”

- (f) The following section shall be inserted immediately after Section 1.1(69):

“(69.1) “**Outside Date**” means October 31, 2019;”

- (g) Section 1.1(77) is deleted in its entirety and replaced with:

“(77) “**Pubco Subordinate Non-Voting Shares**” means the newly created Class B subordinate non-voting shares in the capital of Pubco, with each such share consisting of no voting rights but being convertible on a one (1) to one (1) basis into Resulting Issuer Subordinate Voting Shares on the date that is twelve (12) months from the Listing Date;”

and all references to “Pubco Class B Common Shares” are deleted and replaced with “Pubco Subordinate Non-Voting Shares”.

- (h) The following section shall be inserted immediately after Section 1.1(77):

“(77.1) “**Pubco Subordinate Voting Shares**” means the newly created Class A subordinate voting shares in the capital of Pubco;”

- (i) Section 1.1(78) is deleted in its entirety and replaced with:

“(78) “**Pubco Proportionate Voting Shares**” means the newly created Class C proportionate voting shares in the capital of Pubco, with each such share consisting of (i) ten (10) votes allowed per share thereof, and (ii) immediately upon the date that is twelve (12) months from the Closing Date, be convertible into Resulting Issuer Subordinate Voting Shares at a ratio of ten (10) Resulting Issuer Subordinate Voting Shares for every one (1) Pubco Proportionate Voting Share;”

and all references to “Pubco Class C Common Shares” are deleted and replaced with “Pubco Proportionate Voting Shares”.

- (j) Section 1.1(83)(e) is deleted in its entirety and replaced with:

“(e) the delisting of the Pubco Common Shares from the TSXV;”

- (k) Section 1.1(84) is deleted in its entirety and replaced with:

“(84) “**Pubco Notes**” means \$1 million of convertible notes issued by PubCo, which on a post-Consolidation basis shall be convertible into 15 million PubCo Common Shares or Pubco Subordinate Voting Shares after the Share Amendment, as applicable, and 15 million PubCo Warrants;”

- (l) Section 1.1(86) is deleted in its entirety and replaced with:

“(86) “**Pubco Shares**” means (i) prior to the Share Amendment, the Pubco Common Shares, and (ii) after the Share Amendment, the Pubco Subordinate Voting Shares, the Pubco Subordinate Non-Voting Shares and the Pubco Proportionate Voting Shares, as applicable;”

- (m) Section 1.1(89) is deleted in its entirety and replaced with:

“(89) **“Pubco Warrants”** means the share purchase warrants of Pubco, with each warrant entitling the holder thereof to purchase one (1) Pubco Common Share or one (1) Pubco Subordinate Voting Share after the Share Amendment, as applicable, at an exercise price of \$0.055 (on a pre-Consolidation basis) with an expiry date of January 4, 2020, which will be issued on conversion of the PubCo Notes;”

(n) Section 1.1(96) is deleted in its entirety and replaced with:

“(96) **“Resulting Issuer Subordinate Voting Shares”** means the class A subordinate voting shares of the Resulting Issuer, with each such share having attached thereto the same special rights and restrictions as the Pubco Subordinate Voting Shares;”

and all references to “Resulting Issuer Common Shares” are deleted and replaced with “Resulting Issuer Subordinate Voting Shares”.

(o) Section 1.1(97) is deleted in its entirety and replaced with:

“(97) **“Resulting Issuer Subordinate Non-Voting Shares”** means the class B subordinate non-voting shares of the Resulting Issuer, with each such share having attached thereto the same special rights and restrictions as the Pubco Subordinate Non-Voting Shares;”

and all references to “Resulting Issuer Class B Common Shares” are deleted and replaced with “Resulting Issuer Subordinate Non-Voting Shares”.

(p) Section 1.1(98) is deleted in its entirety and replaced with:

“(98) **“Resulting Issuer Proportionate Voting Shares”** means the class C proportionate voting shares of the Resulting Issuer, with each such share having attached thereto the same special rights and restrictions as the Pubco Proportionate Voting Shares;”

and all references to “Resulting Issuer Class C Common Shares” are deleted and replaced with “Resulting Issuer Proportionate Voting Shares”.

(q) Section 1.1(104) is deleted in its entirety and replaced with:

“(104) **“Share Amendment”** means the amendment to the articles of Pubco providing for the creation of three (3) new classes of shares of Pubco, being (i) the Pubco Subordinate Voting Shares, (ii) the Pubco Subordinate Non-Voting Shares, and (iii) the Pubco Proportionate Voting Shares, and the removal of all other share classes of Pubco, pursuant to which all holders of Pubco Common Shares (on a post-Consolidation basis) will exchange their shares for Pubco Subordinate Voting Shares on a 1:1 basis;”

(r) Section 10.1(c) is deleted in its entirety and replaced with:

“(c) the Closing of the Transactions has not occurred on or before 5:00 p.m. (Vancouver time) on the Outside Date;”

(s) Section 2.1 is deleted in its entirety and replaced with:

“Section 2.1 Agreement to Merge

Upon the terms and subject to the conditions contained in this Agreement, the Parties hereby agree that, pursuant to the Merger, Subco shall merge with MJIC at Closing and MJIC, being the entity surviving such merger (the “Surviving Corporation”), shall be named “ManifestSeven Holdings Corporation”, or such other name that is acceptable to MJIC. Pubco, in its capacity as the sole shareholder of Subco, and MJIC shall approve (or seek the approvals of) this Agreement and the Merger as soon as reasonably practicable with the intent that the same shall be completed on or before October 31, 2019, or such other date agreed upon in writing by the Parties.”

(t) Section 2.5(a) is deleted in its entirety and replaced with:

“(a) The MJIC Convertible Notes issued and outstanding immediately prior to the Effective Time will be converted into Class A Common Shares and MJIC Warrants pursuant to the terms of the MJIC Convertible Notes, which shall be issued to the holders of the MJIC Convertible Notes pro rata in proportion to their holdings of the MJIC Convertible Notes.”

(u) Section 4.1(a)(ii)(D) is deleted in its entirety and replaced with:

“(D) USD\$4,888,101 principal amount of MJIC Convertible Notes;”

(v) Section 4.1(a)(ii)(G) is deleted in its entirety and replaced with”

“(G) [Intentionally Deleted]”

(w) Section 4.1(a)(viii) is deleted in its entirety and replaced with:

“(viii) no consent, approval, order or authorization of, or registration, declaration or filing with, any third party or governmental entity is required by or with respect to MJIC in connection with the execution and delivery of this Agreement by MJIC, the performance of its obligations hereunder or the consummation by MJIC of the transactions contemplated hereby other than: (A) the approval of the Acquisition by MJIC Shareholders under Applicable California Law and Applicable Delaware Law; (B) the approval of the Acquisition by the California Department of Consumer Affairs, Bureau of Cannabis Control, the California Department of Public Health and any other Governmental Agency with respect to cannabis licenses held by MJIC or its subsidiaries; and (C) any other consents, notice, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material

Adverse Effect on MJIC or prevent or materially impair MJIC's ability to perform its obligations hereunder;"

- (x) Schedule D is deleted in its entirety and replaced with Schedule D attached hereto.

General Provisions

3. This Agreement shall form a part of the Merger Agreement for all purposes, and each of the Parties shall be bound hereby. From and after the effective date of this Agreement, any reference to the Merger Agreement shall be deemed to be a reference to the Merger Agreement as amended by this Agreement.
4. All other terms and conditions of the Merger Agreement shall remain the same and time shall remain of the essence.
5. This Agreement shall be governed by the law of the Province of British Columbia and the federal laws of Canada applicable therein.
6. This Agreement may be executed in several counterparts (by original or facsimile or e-mail transmitted signature), each of which when so executed shall be deemed to be an original and all counterparts, if executed by each of the Parties, shall constitute a valid and enforceable agreement among the Parties.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed by the Parties hereto as of the date first above written.

P&P VENTURES INC.

By: "Peter Born"

Name: Peter Born

Title: Chief Executive Officer

MANIFESTSEVEN, INC.

By: "Peter Born"

Name: Peter Born

Title: Chief Executive Officer

MJIC, INC.

By: "Sturges Karban "

Name: Sturges Karban

Title: Chief Executive Officer

Schedule D
MJIC Warrants

To date, the MJIC has issued warrants to acquire up to 2,352,372 MJIC Class A Common Shares at exercise prices ranging between US\$2.25 and US\$8.00 per share. In addition, on conversion of the MJIC Notes, warrants of MJIC to acquire up to 7,679,577 MJIC Class A Common Shares will be outstanding.

SECOND AMENDMENT TO MERGER AGREEMENT

Made as of October 31, 2019

Among

P&P VENTURES INC.
A BRITISH COLUMBIA CORPORATION

And

MANIFESTSEVEN, INC.
A DELAWARE CORPORATION

And

MJIC, INC.
A CALIFORNIA CORPORATION

mcmillan

SECOND AMENDMENT TO MERGER AGREEMENT

This Second Amendment to Merger Agreement (this “**Agreement**”) is made as of October 31, 2019.

AMONG:

P & P VENTURES INC., a corporation incorporated and existing under the laws of the Province of British Columbia, having an office at Suite 2300, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2

(“**Pubco**”)

OF THE FIRST PART

AND:

MANIFESTSEVEN, INC., a corporation incorporated under the laws of the State of Delaware, USA, and having a registered office at 3500 S. DuPont Highway, Dover, Delaware 19901

(“**Subco**”)

OF THE SECOND PART

AND:

MJIC, INC., a corporation incorporated and existing under the laws of the State of California, USA, having an office at 5800 South Eastern Avenue, Suite 300, Commerce, California, USA 90404

(“**MJIC**”)

OF THE THIRD PART

WHEREAS:

A. The Parties entered into a merger agreement dated effective March 28, 2019, amended by a First Amendment to Merger Agreement dated July 31, 2019 (as so amended, the “**Merger Agreement**”), pursuant to which the Parties agreed to conduct certain transactions, including but not limited to the reverse take over of Pubco by MJIC effected through the Merger;

B. Section 10.1(c) of the Merger Agreement provides that the Merger Agreement may be terminated if the Closing of the Transactions has not occurred on or before 5:00 p.m. (Vancouver time) on October 31, 2019 (the “**Outside Date**”);

C. In connection with the Merger, the MJIC and the holders of the MJIC Convertible Notes (as defined herein) entered into Note Conversion and Warrant Exercise Price Reset Agreements dated October 23, 2019 (the “**Conversion and Reset Agreements**”); and

D. Each of the Parties wish to amend the Merger Agreement to (i) extend the Outside Date, (ii) provide for necessary administrative amendments to effectuate the terms of the Conversion

and Reset Agreements, (iii) permit additional equity issuances by MJIC, and (iv) provide for other ancillary other amendments required to effectuate the transactions contemplated by the Merger Agreement.

NOW THEREFORE, in consideration of the foregoing, and the respective mutual covenants, agreements, representations and warranties of the Parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the Parties covenant and agree as follows:

Definitions

1. Unless otherwise defined herein or the context requires otherwise, capitalized terms used herein shall have the meanings ascribed to them in the Merger Agreement.

Amendments

2. The Merger Agreement is hereby amended as follows:
 - (a) The following section shall be inserted immediately after Section 1.1(1):

“(1.1) “**Additional MJIC Financing**” means one or more private placement offering(s) by MJIC, other than the MJIC Financing, by way of the issuance of any securities of MJIC at a price to be determined by MJIC;”
 - (b) The following sections shall be inserted immediately after Section 1.1(20):

“(20.1) “**Conversion and Reset Agreements**” means the Note Conversion and Warrant Exercise Price Reset agreements dated October 23, 2019 by and among MJIC and each of the holders of the MJIC Convertible Notes which provides, among other things, for the issuance of 1,482,222 MJIC Series A Common Shares in connection with the settlement with respect to the MJIC Convertible Notes and MJIC Note Warrants;”
 - (c) Section 1.1(53) is deleted in its entirety and replaced with:

“(53) “**MJIC Convertible Notes**” means, in aggregate, the USD\$4,270,707 amount convertible notes of MJIC (including accrued interest through November 30, 2019), which, shall be convertible upon maturity and pursuant to the Conversion and Reset Agreements into an aggregate of 1,898,093 MJIC Class A Common Shares”
 - (d) The following section shall be inserted immediately after Section 1.1(59):

(59.1) “**MJIC Legacy Option Plans**” means all stock option plans adopted by MJIC prior to the Effective Date, as each may be amended from time to time;”
 - (e) The following section shall be inserted immediately after Section 1.1(61):

“(61.1) “**MJIC Note Warrants**” means share purchase warrants issued in connection with the MJIC Convertible Notes, which shall be convertible into MJIC

Class A Common Shares in accordance with the terms of such warrants, as modified by the Conversion and Reset Agreements;”

- (f) Section 1.1(62) is deleted in its entirety and replaced with:

“(62) “**MJIC Options**” means the options to purchase MJIC Shares issued pursuant to the MJIC Legacy Option Plans;”

- (g) Section 1.1(68) is deleted in its entirety and replaced with:

“(68) “**MJIC Warrants**” means the common share purchase warrants of MJIC;”

- (h) Section 1.1(69.1) is deleted in its entirety and replaced with:

“(69.1) “**Outside Date**” means February 29, 2020;”

- (i) Section 1.1(89) is deleted in its entirety and replaced with:

“(89) “**Pubco Warrants**” means the share purchase warrants of Pubco, with each warrant entitling the holder thereof to purchase one (1) Pubco Common Share or one (1) Pubco Subordinate Voting Share after the Share Amendment, as applicable, at an exercise price of \$0.055 (on a pre-Consolidation basis) with an expiry date of one (1) year from the Closing Date, or such date as may be mutually determined by Pubco and MJIC, which will be issued on conversion of the Pubco Notes;”

- (j) Section 1.1(93) is deleted in its entirety and replaced with:

“(93) “**Restricted Holders**” means all MJIC Shareholders excluding (a) the MJIC Founders, (b) the holder of 182,222 MJIC Class A Common Shares issued pursuant to Section 5.1 of the Conversion and Reset Agreement between MJIC and Redfield Holdings Limited, and (c) the holders of the shares issuable pursuant to the MJIC Note Warrants;”

- (k) Section 1.1(99) is deleted in its entirety and replaced with:

“(99) [Intentionally Deleted];”

- (l) Section 1.1(100) is deleted in its entirety and replaced with:

“(100) “**Resulting Issuer Replacement Securities**” means the Resulting Issuer Replacement Warrants and the MJIC Options after the Closing Date;”

- (m) Section 1.3 is deleted in its entirety and replaced with:

“The Schedules to this Agreement, listed below, are an integral part of this Agreement, and must be completed and attached before the Closing Date for the Agreement to be fully-integrated and thereafter enforceable by or against either Party:

Schedule

Description

Schedule "A"	List of Applicable U.S. Stockholders
Schedule "B"	[Intentionally Deleted]
Schedule "C"	MJIC Corporate Structure
Schedule "D"	List of MJIC Securities
Schedule "E"	Form of U.S. Representation Letter
Schedule "F"	Voting Support Agreement"

- (n) Section 2.1 is deleted in its entirety and replaced with:

"Section 2.1 Agreement to Merge

Upon the terms and subject to the conditions contained in this Agreement, the Parties hereby agree that, pursuant to the Merger, Subco shall merge with MJIC at Closing and MJIC, being the entity surviving such merger (the "Surviving Corporation"), shall be name "ManifestSeven Holdings Corporation", or such other name that is acceptable to MJIC. Pubco, in its capacity as the sole shareholder of Subco, and MJIC shall approve (or seek the approvals of) this Agreement and the Merger as soon as reasonably practicable with the intent that the same shall be completed on or before February 29, 2020, or such other date agreed upon in writing by the Parties."

- (o) Section 2.5(a) is deleted in its entirety and replaced with:

"(a) The MJIC Convertible Notes issued and outstanding immediately prior to the Effective Time will be converted into 1,898,093 MJIC Class A Common Shares pursuant to the terms of the MJIC Convertible Notes and the Conversion and Reset Agreements.

- (p) Section 2.5(j) is deleted in its entirety and replaced with:

"(j) Each MJIC Option outstanding immediately prior to the Effective Time shall remain outstanding under the applicable MJIC Legacy Option Plan and, after the Effective Time shall represent a right to acquire three (3) Resulting Issuer Subordinate Voting Shares."

- (q) Section 2.6(c) is deleted in its entirety and replaced with:

"(a) Upon the delivery and surrender by the holder thereof to the Resulting Issuer of certificates representing MJIC Shares and MJIC Warrants, which have been exchanged for Resulting Issuer Shares and Resulting Issuer Replacement Securities in accordance with the provisions of Section 2.5 hereof, the Resulting Issuer shall on the Effective Date, or as soon as practicable thereafter following the date of receipt by the Resulting Issuer of the certificates referred to above, deliver to each such holder certificates representing the number of Resulting Issuer Shares and Resulting Issuer

Replacement Securities to which such holder is entitled or other evidence of ownership.”

- (r) Section 2.7 is deleted in its entirety and replaced with:

“Section 2.7 Resulting Issuer

Pubco will, upon completion of the Acquisition, be known as ManifestSeven Holdings Corporation (the “**Resulting Issuer**”), will have five (5) directors, and the following will be the directors and officers of the Resulting Issuer immediately following the completion of the Acquisition:

Directors

Name	Title
Kristin Fox	Director
Sturges Karban	Director
Scott Wessler	Director
Jarrold Smith	Director
Daniel Sekers	Director

Officers

Name	Title
Sturges Karban	Chief Executive Officer
Pierre Rouleau	Chief Operating Officer
Dmitry Gordeychev	Chief Investment Officer
Jordan Gerber	Chief Financial Officer
Urban Smedeby	President”
Dilshad Kasmani	Chief Legal Officer, General Counsel and Corporate Secretary

- (s) Section 2.16(c) is deleted in its entirety and replaced with:

“(c) Each MJIC Shareholder and holder of MJIC Options and/or MJIC Warrants, who is resident in the United States or is otherwise a U.S. Person, or consents to the Merger from within the United States, will, as a condition of receiving Consideration Securities upon completion of the Merger, be

required to deliver a U.S. Representation Letter in the form required by Pubco attached hereto as Schedule "E".

(t) Section 4.1(ii) is deleted in its entirety and replaced with:

"(ii) MJIC is authorized to issue 100,000,000 MJIC Class A Common Shares, 10,000,000 Class B Common Shares, 10,000,000 MJIC Series A Convertible Preferred Shares, and as of the date indicated in Schedule "D", the approximate number of MJIC Securities outstanding are as indicated in Schedule "D" attached hereto;"

(u) Section 4.1(v) is deleted in its entirety and replaced with:

"(v) MJIC has no subsidiaries other than as disclosed in Schedule "C";"

(v) Section 6.4(a) is deleted in its entirety and replaced with:

"(a) issue any debt, equity or other securities, except in connection with (i) the MJIC Financing, (ii) the Additional MJIC Financing, (iii) the Conversion and Reset Agreements, (iv) the issuance of equity compensation to directors, officers, employees or consultants of MJIC, (v) the issuances of debt in the ordinary course of business, or (vi) the issuances of securities in connection with a bona fide purchase of assets or shares from, or a strategic partnership with, an arm's length third party;"

(w) Section 11.11 is deleted in its entirety and replaced with:

"Any notice or communication required or permitted to be given hereunder shall be in writing and shall be effectively given if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by facsimile, e-mail or other similar means of electronic communication addressed as follows:

in the case of notice to Pubco or Subco:

P&P Ventures Inc.
Suite 2300, 1066 West Hastings Street
Vancouver, British Columbia, Canada V6E 3X2

Attention: Richard Grayston
E-mail: rwgrayston@telus.net

with a courtesy copy (which copy shall not constitute notice to Pubco or Subco) to:

Woods & Company
Suite 300, 1055 West Hastings Street,
Vancouver, British Columbia V6E 2E9

Attention: Michael Woods
E-mail: mw@pubcolaw.com

in the case of notice to MJIC:

MJIC, Inc.
5800 South Eastern Avenue, Suite 300
Commerce, California, USA 90404

Attention: Dilshad Kasmani
E-mail: dksmani@manifest7.com

with a courtesy copy (which copy shall not constitute notice to MJIC) to:

McMillan LLP
1500 Royal Centre
1055 West Georgia Street
Vancouver, British Columbia V6E 4N7

Attention: James Munro
E-mail: james.munro@mcmillan.ca

Any notice, communication, request, demand or other document given or sent or delivered as aforesaid shall:

- (a) if delivered personally or by courier as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;
- (b) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mail, allowing for such discontinuance or interruption of regular postal service; and
- (c) if sent by facsimile or other means of electronic communication, be deemed to have been given, sent, delivered and received on the Business Day of the sending if sent during normal business hours on a Business Day (otherwise on the following Business Day)."
- (x) Schedule "B" shall be deleted in its entirety and replaced with Schedule "B" attached hereto.
- (y) Schedule "C" shall be deleted in its entirety and replaced with Schedule "C" attached hereto.
- (z) Schedule "D" shall be deleted in its entirety and replaced with Schedule "D" attached hereto.

(aa) All references to “Schedule G” are deleted and replaced with “Schedule F”.

General Provisions

3. This Agreement shall form a part of the Merger Agreement for all purposes, and each of the Parties shall be bound hereby. From and after the effective date of this Agreement, any reference to the Merger Agreement shall be deemed to be a reference to the Merger Agreement as amended by this Agreement.
4. All other terms and conditions of the Merger Agreement shall remain the same and time shall remain of the essence.
5. This Agreement shall be governed by the law of the Province of British Columbia and the federal laws of Canada applicable therein.
6. This Agreement may be executed in several counterparts (by original or facsimile or e-mail transmitted signature), each of which when so executed shall be deemed to be an original and all counterparts, if executed by each of the Parties, shall constitute a valid and enforceable agreement among the Parties.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed by the Parties hereto as of the date first above written.

P&P VENTURES INC.

By: "Peter Born"

Name: Peter Born

Title: Chief Executive Officer

MANIFESTSEVEN, INC.

By: "Peter Born"

Name: Peter Born

Title: Chief Executive Officer

MJIC, INC.

By: "Sturges Karban"

Name: Sturges Karban

Title: Chief Executive Officer

SCHEDULE B

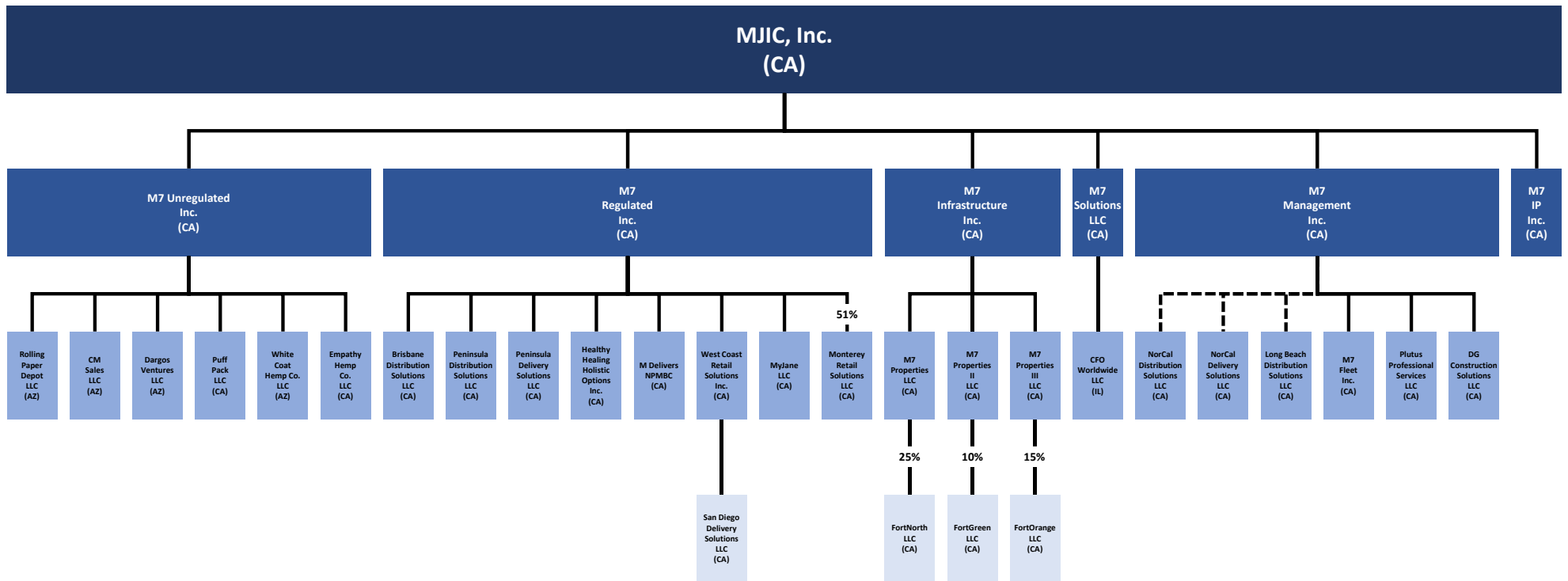
[Intentionally Deleted]

SCHEDULE C

MJIC Corporate Structure

[See Attached]

MJIC, Inc. Organization Chart



NOTES:

Straight lines indicate 100% ownership, unless otherwise indicated.

Dotted lines designate entities owned by Sturges Karban and controlled by M7 Management Inc. by way of a Management Agreement.

SCHEDULE D

MJIC SECURITIES

The MJIC Securities outstanding as at October 28, 2019 are:

- 250,000 MJIC Series A Convertible Preferred Shares;
- 21,608,037 MJIC Class A Common Shares;
- 3,484,061 MJIC Class B Common Shares;
- USD\$4,270,707 principal amount of MJIC Convertible Notes (including accrued interest up to November 30, 2019) , which, shall be convertible upon maturity and pursuant to the Conversion and Reset Agreements into an aggregate of 1,898,093 MJIC Class A Common Shares;
- USD\$275,000 principal amount of convertible notes issued by MJIC in connection with the acquisition of the right to serve as the subscriber of record for the telephone number 1-800-CANNABIS and several associated domain names;
- USD\$6,000,000 principal amount of convertible notes issued in connection with the acquisition of Healthy Healing Holistic Options, Inc.;
- USD\$4,850,000 principal amount of convertible notes issued in connection with the acquisition of certain assets of Vibey LLC, Highland Holistics LLC and Highlanders Distribution Collective;
- 6,431,987 MJIC Warrants; and
- 6,102,671 MJIC Options.

THIRD AMENDMENT TO MERGER AGREEMENT

Made as of February 28, 2020

Among

P&P VENTURES INC.
A BRITISH COLUMBIA CORPORATION

And

MANIFESTSEVEN, INC.
A DELAWARE CORPORATION

And

MJIC, INC.
A CALIFORNIA CORPORATION

mcmillan

THIRD AMENDMENT TO MERGER AGREEMENT

This Third Amendment to Merger Agreement (this “**Agreement**”) is made as of February 28, 2020.

AMONG:

P & P VENTURES INC., a corporation incorporated and existing under the laws of the Province of British Columbia, having an office at Suite 2300, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2

(“**Pubco**”)

OF THE FIRST PART

AND:

MANIFESTSEVEN, INC., a corporation incorporated under the laws of the State of Delaware, USA, and having a registered office at 3500 S. DuPont Highway, Dover, Delaware 19901

(“**Subco**”)

OF THE SECOND PART

AND:

MJIC, INC., a corporation incorporated and existing under the laws of the State of California, USA, having an office at 5800 South Eastern Avenue, Suite 300, Commerce, California, USA 90040

(“**MJIC**”)

OF THE THIRD PART

WHEREAS:

A. The Parties entered into a merger agreement dated effective March 28, 2019, amended by a First Amendment to Merger Agreement dated July 31, 2019 and a Second Amendment to Merger Agreement dated October 31, 2019 (as so amended, the “**Merger Agreement**”), pursuant to which the Parties agreed to conduct certain transactions, including but not limited to the reverse take over of Pubco by MJIC effected through the Merger; and

B. Each of the Parties wish to amend the Merger Agreement to provide for ancillary amendments required to effectuate the transactions contemplated by the Merger Agreement.

NOW THEREFORE, in consideration of the foregoing, and the respective mutual covenants, agreements, representations and warranties of the Parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the Parties covenant and agree as follows:

Definitions

1. Unless otherwise defined herein or the context requires otherwise, capitalized terms used herein shall have the meanings ascribed to them in the Merger Agreement.

Amendments

2. The Merger Agreement is hereby amended as follows:
 - (a) Section 1.1(20.1) is deleted in its entirety and replaced with:

“(20.1) **“Conversion and Reset Agreements”** means the Note Conversion and Warrant Exercise Price Reset agreements dated October 23, 2019 by and among MJIC and each of the holders of the MJIC Senior Convertible Notes which provides, among other things, for the issuance of 1,482,222 MJIC Series A Common Shares in connection with the settlement with respect to the MJIC Convertible Notes and MJIC Note Warrants;
 - (b) Section 1.1(49.1) shall be inserted immediately after Section 1.1(49):

“(49.1) **“MJIC 14% Convertible Notes”** means the principal amount of \$500,000 senior convertible promissory notes of MJIC, which carry compounded interest semi-annually at a rate of 14% per annum over a twenty-four-month term;”
 - (c) Section 1.1(53) is deleted in its entirety and replaced with:

“(53) **“MJIC Convertible Notes”** means collectively, the MJIC Senior Convertible Notes, the MJIC Junior Convertible Notes and the MJIC 14% Convertible Notes;”
 - (d) Section 1.1(59.1) is deleted in its entirety and replaced with:

“(59.1) **“MJIC Junior Convertible Notes”** means the USD\$137,648 principal amount of subordinated convertible notes of MJIC;”
 - (e) Section 1.1(61.1) is deleted in its entirety and replaced with:

“(61.1) **“MJIC Note Warrants”** means share purchase warrants issued in connection with the MJIC Senior Convertible Notes, which shall be convertible into MJIC Class A Common Shares in accordance with the terms of such warrants, as modified by the Conversion and Reset Agreements;”
 - (f) Section 1.1(62) is deleted in its entirety and replaced with:

“(62) **MJIC Options**” means the options to purchase MJIC Shares;”
 - (g) Section 1.1(63.1) shall be inserted immediately after Section 1.1(63):

“(63.1) **“MJIC Senior Convertible Notes”** means, in aggregate, the USD\$4,270,707 amount convertible notes of MJIC (including accrued interest

through November 30, 2019), which, shall be convertible upon maturity and pursuant to the Conversion and Reset Agreements into an aggregate of up to 1,898,093 MJIC Class A Common Shares and 3,827,186 MJIC Warrants;”

- (h) Section 1.1(69.1) is deleted in its entirety and replaced with:
“(69.1) “**Outside Date**” means April 30, 2020;”
- (i) Section 1.1(93) is deleted in its entirety and replaced with:
“(93) “**Restricted Holders**” means the MJIC Shareholders issued MJIC Shares in connection with (i) the Tranche A Financing, (ii) the Tranche B Financing, (iii) the Tranche C Financing, and (iv) the conversion of MJIC Junior Convertible Notes and MJIC 14% Convertible Notes subsequent to the Merger, excluding (A) the holders of MJIC Shares issued pursuant to the exercise of the Tranche C Warrants, and (B) the MJIC Founders;”
- (j) Section 1.1(99) is deleted in its entirety and replaced with:
“(99) “**Resulting Issuer Replacement Options**” means the options of the Resulting Issuer for which MJIC Options shall be exchanged as provided in Section 2.5 hereof;”
- (k) Section 1.1(100) is deleted in its entirety and replaced with:
“(100) “**Resulting Issuer Replacement Securities**” means the Resulting Issuer Replacement Options and Resulting Issuer Replacement Warrants;”
- (l) Section 1.1(114.1) shall be inserted immediately after Section 1.1(114):
“(114.1) “**Tranche A Financing**” means the private placement offering of MJIC Class A Common Shares at a price of \$0.80 per share completed on June 1, 2014;”
- (m) Section 1.1(114.2) shall be inserted immediately after Section 1.1(114.1):
“(114.2) “**Tranche B Financing**” means the private placement offering of MJIC Class A Common Shares at a price of \$2.00 per share completed between July, 2014 and February 11, 2016;”
- (n) Section 1.1(114.3) shall be inserted immediately after Section 1.1(114.2):
“(114.3) “**Tranche C Financing**” means the private placement offering of units of MJIC, each unit consisting of one MJIC Class A Common Share and one MJIC Warrant, at a price of \$2.25 per unit, completed between September, 2014 and February 15, 2017;”
- (o) Section 1.1(114.4) shall be inserted immediately after Section 1.1(114.3):
“(114.4) “**Tranche C Warrants**” means the MJIC Warrants issued in connection with the Tranche C Financing;”

- (p) Section 1.3 is deleted in its entirety and replaced with:

“The Schedules to this Agreement, listed below, are an integral part of this Agreement, and must be completed and attached before the Closing Date for the Agreement to be fully-integrated and thereafter enforceable by or against either Party:

<u>Schedule</u>	<u>Description</u>
Schedule “A”	List of Applicable U.S. Stockholders
Schedule “B”	[Intentionally Deleted]
Schedule “C”	MJIC Corporate Structure
Schedule “D”	List of MJIC Securities
Schedule “E”	Form of U.S. Representation Letter
Schedule “F”	Voting Support Agreement
Schedule “G”	MJIC Founders – Additional Securityholders”

- (q) Section 2.1 is deleted in its entirety and replaced with:

“Section 2.1 Agreement to Merge

Upon the terms and subject to the conditions contained in this Agreement, the Parties hereby agree that, pursuant to the Merger, Subco shall merge with MJIC at Closing and MJIC, being the entity surviving such merger (the “**Surviving Corporation**”), shall be named “ManifestSeven Inc.”, or such other name that is acceptable to MJIC. Pubco, in its capacity as the sole shareholder of Subco, and MJIC shall approve (or seek the approvals of) this Agreement and the Merger as soon as reasonably practicable with the intent that the same shall be completed on or before the Outside Date, or such other date agreed upon in writing by the Parties.”

- (r) Section 2.5(a) is deleted in its entirety and replaced with:

“(a) The MJIC Senior Convertible Notes issued and outstanding immediately prior to the Effective Time will be converted into 1,898,093 MJIC Class A Common Shares pursuant to the terms of the MJIC Convertible Notes and the Conversion and Reset Agreements.”

- (s) Section 2.5(j) is deleted in its entirety and replaced with:

“(j) Each MJIC Option outstanding immediately prior to the Effective Time shall be exchanged for three (3) Resulting Issuer Replacement Options on economically equivalent terms.”

- (t) Section 2.6(c) is deleted in its entirety and replaced with:

“(c) The Resulting Issuer shall on the Effective Date, or as soon as practicable thereafter, deliver to each former holder of MJIC Securities, certificates representing the number of Resulting Issuer Shares and Resulting Issuer Replacement Securities to which such holder is entitled or other evidence of ownership.”

- (u) Sections 2.15(a) is deleted in its entirety and replaced with:

“(a) At the Closing, all directors, officers, insiders and promoters of MJIC, and all other securityholders listed on Schedule “G” to this Agreement (collectively, the “**MJIC Founders**”) shall be subject to an escrow term of 36 months, with the escrowed Resulting Issuer Subordinate Voting Shares, Resulting Issuer Class B Shares, and/or Resulting Issuer Class C Shares, as the case may be, to be released from escrow on the following schedule: (i) 10% at the Closing Date; and (ii) an additional 15% released at the end of every 6 month period, beginning on the date that is 6 months after the Closing Date, over a period of 36 months. Notwithstanding the foregoing, the Parties acknowledge and understand that certain Resulting Issuer Shareholders will receive Resulting Issuer Proportionate Voting Shares instead of Resulting Issuer Subordinate Voting Shares, so that the Resulting Issuer is able to comply with foreign private issuer rules under applicable U.S. securities law. In addition to the foregoing, at Closing:

(i) the Restricted Holders shall enter into a voluntary lock up agreement pursuant to which their escrowed securities, being Resulting Issuer Subordinate Voting Shares, Resulting Issuer Subordinate Non-Voting Shares, and/or Resulting Issuer Proportionate Voting Shares, as the case may be, excluding Resulting Issuer Voting Shares issued upon the exercise of Resulting Issuer Replacement Warrants, will be released in accordance with the following schedule:

- (A) 5% on the Closing Date;
- (B) 10% on the date that is 6 months from the Closing Date;
- (C) 10% on the date that is 9 months from the Closing Date;
- (D) 15% on the date that is 12 months for the Closing Date;
- (E) 25% on the date that is 15 months from the Closing Date;
- (F) 35% on the date that is 18 months from the Closing Date; and

(the “**Restricted Holder Lock-up Agreement**”);

(ii) the Pubco Shareholders issued Pubco Shares on conversion of the PubCo Notes or exercise of the Pubco Warrants issued upon such conversion and currently outstanding shall enter into a voluntary lock up agreement on the following schedule:

- (A) 10% on the Closing Date;
- (B) 15% on the date that is 3 months from the Closing Date;
- (C) 15% on the date that is 6 months from the Closing Date;
- (D) 15% on the date that is 9 months from the Closing Date;
- (E) 15% on the date that is 12 months from the Closing Date;
- (F) 15% on the date that is 15 months from the Closing Date; and
- (G) 15% on the date that is 18 months from the Closing Date.

(the “**Pubco Shareholder Lock-up Agreement**”); and

(iii) the Pubco Warrantholders issued warrants on the conversion of the PubCo Notes and currently outstanding shall enter into a voluntary lock up agreement on the following schedule:

- (A) 10% on the Closing Date;
- (B) 15% on the date that is 3 months from the Closing Date;
- (C) 15% on the date that is 6 months from the Closing Date;
- (D) 15% on the date that is 9 months from the Closing Date;
- (E) 15% on the date that is 12 months from the Closing Date;
- (F) 15% on the date that is 15 months from the Closing Date; and
- (G) 15% on the date that is 18 months from the Closing Date.

(the “**Pubco Warrantholder Lock-up Agreement**”).”

- (v) Section 8.2(o) is deleted in its entirety and replaced with:

“(o) Capitalization.

“Immediately prior to the Closing and the Share Amendment, the issued and outstanding capital of Pubco will consist of no more than 16,852,500 Pubco Common Shares and no more than 15,000,000 Pubco Warrants; provided, however, that such Pubco Warrants may be exercised for up to 15,000,000 Pubco Common Shares at any time prior to the Closing.”

- (w) Schedule “C” is deleted in its entirety and replaced with Schedule “C” attached hereto.

- (x) Schedule "D" is deleted in its entirety and replaced with Schedule "D" attached hereto.
- (y) Schedule "G" attached hereto shall be inserted immediately following Schedule "F".

General Provisions

- 3. This Agreement shall form a part of the Merger Agreement for all purposes, and each of the Parties shall be bound hereby. From and after the effective date of this Agreement, any reference to the Merger Agreement shall be deemed to be a reference to the Merger Agreement as amended by this Agreement.
- 4. All other terms and conditions of the Merger Agreement shall remain the same and time shall remain of the essence.
- 5. This Agreement shall be governed by the law of the Province of British Columbia and the federal laws of Canada applicable therein.
- 6. This Agreement may be executed in several counterparts (by original or facsimile or e-mail transmitted signature), each of which when so executed shall be deemed to be an original and all counterparts, if executed by each of the Parties, shall constitute a valid and enforceable agreement among the Parties.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed by the Parties hereto as of the date first above written.

P&P VENTURES INC.

By: "Michael Woods"

Name: Michael Woods

Title: Director & CFO

MANIFESTSEVEN, INC.

By: "Michael Woods"

Name: Michael Woods

Title: Director & President

MJIC, INC.

By: "Sturges Karban"

Name: Sturges Karban

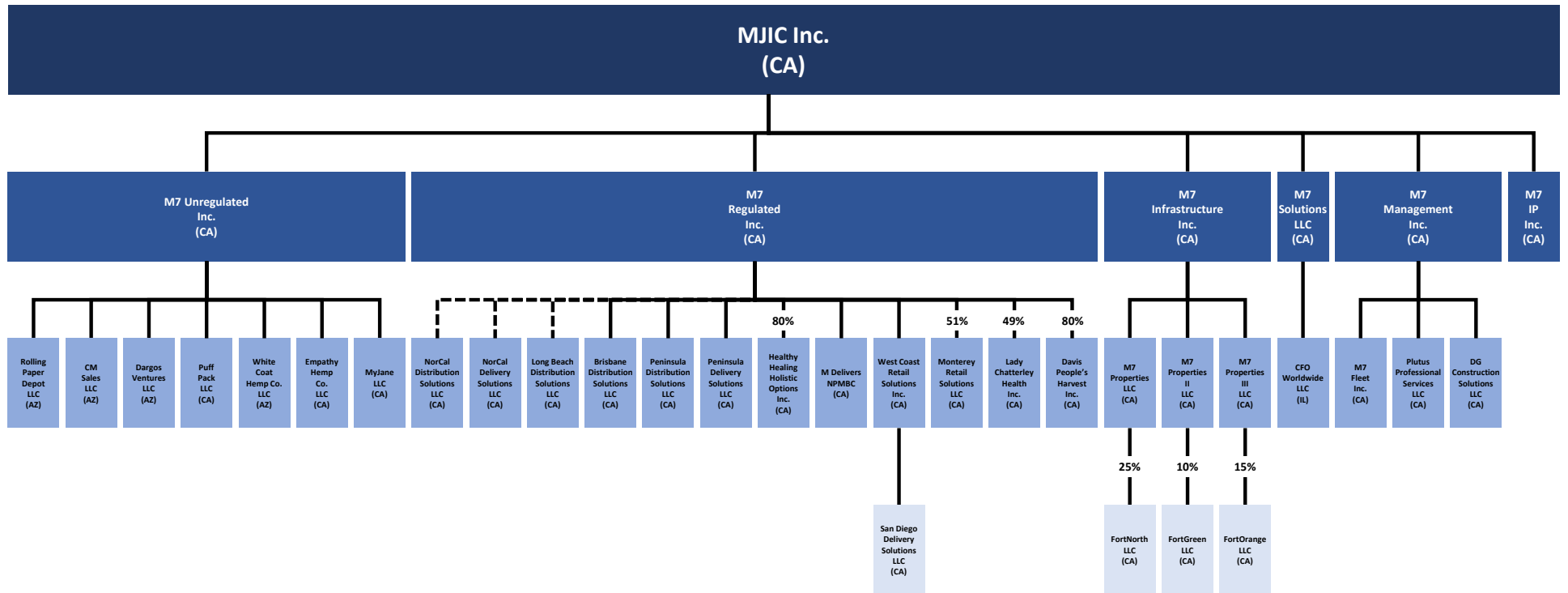
Title: Chief Executive Officer

Schedule C

MJIC Corporate Structure

[See Attached]

MJIC, Inc. Organizational Chart



NOTES:

Straight lines indicate 100% ownership, unless otherwise indicated.

Dotted lines designate entities owned by Sturges Karban and controlled by M7 Management Inc. by way of a Management Agreement.

Schedule D

MJIC Securities

The MJIC Securities outstanding as at February 28, 2020 are:

- 250,000 MJIC Series A Convertible Preferred Shares;
- 24,972,087 MJIC Class A Common Shares;
- 3,011,110 MJIC Class B Common Shares;
- USD\$4,270,707 principal amount of MJIC Senior Convertible Notes (including accrued interest up to November 30, 2019), which, shall be converted concurrently with the Merger and pursuant to the Conversion and Reset Agreements into an aggregate of 1,898,093 MJIC Class A Common Shares;
- USD\$137,684 principal amount of MJIC Junior Convertible Notes to be converted prior to or in connection with the CSE Listing;
- USD\$500,000 principal amount of MJIC 14% Convertible Notes to be converted prior to or in connection with the CSE Listing;
- USD\$275,000 principal amount of convertible notes issued by MJIC in connection with the acquisition of the right to serve as the subscriber of record for the telephone number 1-800-CANNABIS and several associated domain names;
- USD\$6,000,000 principal amount of convertible notes issued in connection with the acquisition of Healthy Healing Holistic Options, Inc.;
- USD\$300,000 principal amount of convertible note issued in connection with the acquisition of Lady Chatterley Health, a California corporation;
- USD\$240,000 principal amount of convertible note issued in connection with the acquisition of Davis People's Harvest, a California corporation;
- USD\$150,000 principal amount of convertible notes issued in connection with the acquisition of M Delivers, a California mutual benefit corporation;
- 6,077,683 MJIC Warrants; and
- 3,000,269 MJIC Options.

Schedule G

MJIC Founders - Additional Securityholders

- 1. Lawrence Horwitz**

FOURTH AMENDMENT TO MERGER AGREEMENT

Made as of March 30, 2020

Among

P&P VENTURES INC.
A BRITISH COLUMBIA CORPORATION

And

MANIFESTSEVEN, INC.
A DELAWARE CORPORATION

And

MJIC, INC.
A CALIFORNIA CORPORATION

mcmillan

FOURTH AMENDMENT TO MERGER AGREEMENT

This Fourth Amendment to Merger Agreement (this “**Agreement**”) is made as of March __, 2020.

AMONG:

P & P VENTURES INC., a corporation incorporated and existing under the laws of the Province of British Columbia, having an office at Suite 300, 1055 West Hastings Street, Vancouver, British Columbia, V6E 3X2

(“**Pubco**”)

OF THE FIRST PART

AND:

MANIFESTSEVEN, INC., a corporation incorporated under the laws of the State of Delaware, USA, and having a registered office at 3500 S. DuPont Highway, Dover, Delaware 19901

(“**Subco**”)

OF THE SECOND PART

AND:

MJIC, INC., a corporation incorporated and existing under the laws of the State of California, USA, having an office at 111 Pacifica, Suite 100, Irvine, California, USA 92618

(“**MJIC**”)

OF THE FOURTH PART

WHEREAS:

A. The Parties entered into a merger agreement dated effective March 28, 2019, amended by a First Amendment to Merger Agreement dated July 31, 2019, a Second Amendment to Merger Agreement dated October 31, 2019, and a Third Amendment to Merger Agreement dated February 28, 2020 (as so amended, the “**Merger Agreement**”), pursuant to which the Parties agreed to conduct certain transactions, including but not limited to the reverse take over of Pubco by MJIC effected through the Merger;

B. In connection with the Merger, MJIC, P&P and a third-party purchaser (the “**Purchaser**”) entered into a letter of intent dated March 17, 2020, pursuant to which, among other things, the Purchaser agreed to purchase the Pubco Warrants from the holders of the Pubco Notes concurrently with the completion of the Transactions (the “**Pubco Warrant Purchase Transaction**”); and

C. Each of the Parties wish to amend the Merger Agreement to (i) extend the Outside Date, (ii) provide for necessary administrative amendments to effectuate the terms of the Pubco Warrant

Purchase Transaction, and (iii) provide for ancillary amendments required to effectuate the transactions contemplated by the Merger Agreement.

NOW THEREFORE, in consideration of the foregoing, and the respective mutual covenants, agreements, representations and warranties of the Parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the Parties covenant and agree as follows:

Definitions

1. Unless otherwise defined herein or the context requires otherwise, capitalized terms used herein shall have the meanings ascribed to them in the Merger Agreement.

Amendments

2. The Merger Agreement is hereby amended as follows:
 - (a) Section 1.1(69.1) is deleted in its entirety and replaced with:

“(69.1) “**Outside Date**” means June 5, 2020, or, if on such date, Closing only remains subject to issuance of a bulletin by the CSE advising of final approval of the CSE Listing, fourteen (14) Business Days after such date;”
 - (b) Section 1.1(87.1) shall be inserted immediately after Section 1.1(87):

“(87.1) “**Pubco Warrant Exercise Date**” means the Business Day on which 100% of the Pubco Warrants have been validly exercised in accordance with their terms;”
 - (c) Section 2.15(a)(ii) is deleted in its entirety and replaced with:

“(ii) the Pubco Shareholders issued Pubco Shares on conversion of the PubCo Notes shall enter into a voluntary lock up agreement with releases from lock up on the following schedule:

 - (A) 30% on the Closing Date;
 - (B) 11.666% on the date that is 3 months from the Closing Date;
 - (C) 11.666% on the date that is 6 months from the Closing Date;
 - (D) 11.666% on the date that is 9 months from the Closing Date;
 - (E) 11.666% on the date that is 12 months from the Closing Date;
 - (F) 11.666% on the date that is 15 months from the Closing Date; and
 - (G) the remaining Pubco Shares on the date that is 18 months from the Closing Date;

(the “**Pubco Shareholder Lock-up Agreement**”); and”

(d) Section 2.15(a)(iii) is deleted in its entirety and replaced with:

“(iii) the Pubco Warrantholders shall enter into a voluntary lock up agreement respecting the Pubco Shares issuable upon the exercise of the Pubco Warrants with releases from lock up on the following schedule:

- (A) 10% on the Pubco Warrant Exercise Date;
- (B) 15% on the date that is 3 months from the Pubco Warrant Exercise Date;
- (C) 15% on the date that is 6 months from the Pubco Warrant Exercise Date;
- (D) 15% on the date that is 9 months from the Pubco Warrant Exercise Date;
- (E) 15% on the date that is 12 months from the Pubco Warrant Exercise Date;
- (F) 15% on the date that is 15 months from the Pubco Warrant Exercise Date; and
- (G) the remaining Pubco Shares on the date that is 18 months from the Pubco Warrant Exercise Date;

(the “**Pubco Warrantholder Lock-up Agreement**”).”

(e) Section 11.11 is deleted in its entirety and replaced with:

“Any notice or communication required or permitted to be given hereunder shall be in writing and shall be effectively given if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by facsimile, e-mail or other similar means of electronic communication addressed as follows:

in the case of notice to Pubco or Subco:

P&P Ventures Inc.
Suite 300, 1055 West Hastings Street
Vancouver, British Columbia, Canada V6E 3X2

Attention: Michael Woods
E-mail: mw@pubcolaw.com

with a courtesy copy (which copy shall not constitute notice to Pubco or Subco) to:

Woods & Company
Suite 300, 1055 West Hastings Street,
Vancouver, British Columbia V6E 2E9

Attention: Michael Woods
E-mail: mw@pubcolaw.com

in the case of notice to MJIC:

MJIC, Inc.
111 Pacifica, Suite 100
Irvine, California, USA 92618
Attention: Dilshad Kasmani
E-mail: dksmanni@manifest7.com

with a courtesy copy (which copy shall not constitute notice to MJIC) to:

McMillan LLP
1500 Royal Centre
1055 West Georgia Street
Vancouver, British Columbia V6E 4N7

Attention: Desmond Balakrishnan
E-mail: desmond.balakrishnan@mcmillan.ca

Each Party may notify the other parties in writing of any changes in the address to which notices to such Party should be directed.

Any notice, communication, request, demand or other document given or sent or delivered as aforesaid shall:

- (a) if delivered personally or by courier as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;
- (b) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mail, allowing for such discontinuance or interruption of regular postal service; and
- (c) if sent by facsimile or other means of electronic communication, be deemed to have been given, sent, delivered and received on the Business Day of the sending if sent during normal business hours on a Business Day (otherwise on the following Business Day)."

General Provisions

3. This Agreement shall form a part of the Merger Agreement for all purposes, and each of the Parties shall be bound hereby. From and after the effective date of this Agreement, any reference to the Merger Agreement shall be deemed to be a reference to the Merger Agreement as amended by this Agreement.
4. All other terms and conditions of the Merger Agreement shall remain the same and time shall remain of the essence.
5. This Agreement shall be governed by the law of the Province of British Columbia and the federal laws of Canada applicable therein.
6. This Agreement may be executed in several counterparts (by original or facsimile or e-mail transmitted signature), each of which when so executed shall be deemed to be an original and all counterparts, if executed by each of the Parties, shall constitute a valid and enforceable agreement among the Parties.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed by the Parties hereto as of the date first above written.

P&P VENTURES INC.

By: *"Michael Woods"*

Name: Michael Woods

Title: CFO & Director

MANIFESTSEVEN, INC.

By: *"Michael Woods"*

Name: Michael Woods

Title: CEO & Director

MJIC, INC.

By: *"Sturges Karban"*

Name: Sturges Karban

Title: Chief Executive Officer

FIFTH AMENDMENT TO MERGER AGREEMENT

Made as of June 5, 2020

Among

P&P VENTURES INC.
A BRITISH COLUMBIA CORPORATION

And

MANIFESTSEVEN, INC.
A DELAWARE CORPORATION

And

MJIC, INC.
A CALIFORNIA CORPORATION

mcmillan

FIFTH AMENDMENT TO MERGER AGREEMENT

This Fifth Amendment to Merger Agreement (this “**Agreement**”) is made as of June 5, 2020.

AMONG:

P & P VENTURES INC., a corporation incorporated and existing under the laws of the Province of British Columbia, having an office at Suite 300, 1055 West Hastings Street, Vancouver, British Columbia, V6E 3X2

(“**Pubco**”)

OF THE FIRST PART

AND:

MANIFESTSEVEN, INC., a corporation incorporated under the laws of the State of Delaware, USA, and having a registered office at 3500 S. DuPont Highway, Dover, Delaware 19901

(“**Subco**”)

OF THE SECOND PART

AND:

MJIC, INC., a corporation incorporated and existing under the laws of the State of California, USA, having an office at 111 Pacifica, Suite 100, Irvine, California, USA 92618

(“**MJIC**”)

OF THE THIRD PART

WHEREAS:

A. The Parties entered into a merger agreement dated effective March 28, 2019, amended by a First Amendment to Merger Agreement dated July 31, 2019, a Second Amendment to Merger Agreement dated October 31, 2019, a Third Amendment to Merger Agreement dated February 28, 2020 and a Fourth Amendment to Merger Agreement dated March 30, 2020 (as so amended, the “**Merger Agreement**”), pursuant to which the Parties agreed to conduct certain transactions, including but not limited to the reverse take over of Pubco by MJIC effected through the Merger; and

B. Each of the Parties wish to amend the Merger Agreement to (i) extend the Outside Date and (ii) provide for ancillary amendments required to effectuate the transactions contemplated by the Merger Agreement.

NOW THEREFORE, in consideration of the foregoing, and the respective mutual covenants, agreements, representations and warranties of the Parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the Parties covenant and agree as follows:

Definitions

1. Unless otherwise defined herein or the context requires otherwise, capitalized terms used herein shall have the meanings ascribed to them in the Merger Agreement.

Amendments

2. The Merger Agreement is hereby amended as follows:

- (a) Section 1.1(63) is deleted in its entirety and replaced with:

“(63) **“MJIC Securities”** means all of the equity securities of MJIC, being the MJIC Class A Common Shares, the MJIC Class B Common Shares, the MJIC Series A Convertible Preferred Shares, the MJIC Convertible Notes, the MJIC Warrants and the MJIC Options;”

- (b) Section 1.1(69.1) is deleted in its entirety and replaced with:

“(69.1) **“Outside Date”** means July 10, 2020, or such other date agreed upon in writing by the Parties, which shall be no later than the date that is 90 days following receipt of conditional approval from the CSE for the CSE Listing;”

- (c) Sections 2.5(f) is deleted in its entirety and replaced with:

“(f) Each MJIC Class A Common Share exchanged for three (3) fully paid and non-assessable Resulting Issuer Subordinate Voting Shares in accordance with subsection 2.3(c) hereof shall be cancelled.”

- (d) Sections 2.5(g) is deleted in its entirety and replaced with:

“(g) Each MJIC Class A Common Share exchanged for three (3) fully paid and non-assessable Resulting Issuer Proportionate Voting Shares in accordance with subsections 2.3(d) hereof shall be cancelled.”

- (e) Sections 2.5(h) is deleted in its entirety and replaced with:

“(h) Each MJIC Class B Common Share exchanged for three (3) fully paid and non-assessable Resulting Issuer Subordinate Non-Voting Shares in accordance with subsection 2.3(e) hereof shall be cancelled.”

- (f) Section 2.7 is deleted in its entirety and replaced with:

“Section 2.7 Resulting Issuer

Pubco will, upon completion of the Acquisition, be known as ManifestSeven Holdings Corporation (the **“Resulting Issuer”**), will have five (5) directors, and the following will be the directors and officers of the Resulting Issuer immediately following the completion of the Acquisition:

Directors

Name	Title
Kristin Fox	Director
Sturges Karban	Director
Scott Wessler	Director
Daniel Sekers	Director
To be determined	Director

Officers

Name	Title
Sturges Karban	Chief Executive Officer
Pierre Rouleau	Chief Operating Officer
Dmitry Gordeychev	Chief Investment Officer
Jordan Gerber	Chief Financial Officer
Urban Smedeby	President
Dilshad Kasmani	Chief Legal Officer, General Counsel and Corporate Secretary

- (g) Section 4.1(a)(iii) is deleted in its entirety and replaced with:

“(iii) no Person has any written or oral agreement, option or warrant, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming such for the purchase or acquisition of any securities of MJIC, other than the MJIC Warrants, the MJIC Options, and the MJIC Convertible Notes;”

- (h) Section 4.1(a)(xiii)(A) is deleted in its entirety and replaced with:

“(A) to require MJIC to issue any MJIC Shares or any other security convertible or exchangeable into MJIC Shares, or to convert or exchange any securities into or for MJIC Shares, other than the MJIC Warrants and the MJIC Convertible Notes;”

- (i) Section 4.1(g)(i) is deleted in its entirety and replaced with:

“(i) Other than the holders of MJIC Convertible Notes, MJIC Warrants, MJIC Options and MJIC Series A Convertible Preferred Shares, no holder of outstanding securities of MJIC will be entitled to any pre-emptive or any similar rights to

subscribe for securities of MJIC at any time prior to or concurrent with the Closing of the Merger, including without limitation, pursuant to the Bylaws.”

- (j) Schedule “G” shall be deleted in its entirety and replaced with Schedule “G” attached hereto.

General Provisions

- 3. This Agreement shall form a part of the Merger Agreement for all purposes, and each of the Parties shall be bound hereby. From and after the effective date of this Agreement, any reference to the Merger Agreement shall be deemed to be a reference to the Merger Agreement as amended by this Agreement.
- 4. All other terms and conditions of the Merger Agreement shall remain the same and time shall remain of the essence.
- 5. This Agreement shall be governed by the law of the Province of British Columbia and the federal laws of Canada applicable therein.
- 6. This Agreement may be executed in several counterparts (by original or facsimile or e-mail transmitted signature), each of which when so executed shall be deemed to be an original and all counterparts, if executed by each of the Parties, shall constitute a valid and enforceable agreement among the Parties.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed by the Parties hereto as of the date first above written.

P&P VENTURES INC.

By: "Michael Woods"

Name: Michael Woods

Title: CFO

MANIFESTSEVEN, INC.

By: "Michael Woods"

Name: Michael Woods

Title: Director

MJIC, INC.

By: "Sturges Karban"

Name: Sturges Karban

Title: Chief Executive Officer

Schedule G

MJIC Founders - Additional Securityholders

- 1. Lawrence Horwitz**
- 2. Jarrod Smith**
- 3. Nerd Life LLC**

SIXTH AMENDMENT TO MERGER AGREEMENT

Made as of July 17, 2020

Among

P&P VENTURES INC.
A BRITISH COLUMBIA CORPORATION

And

MANIFESTSEVEN, INC.
A DELAWARE CORPORATION

And

MJIC, INC.
A CALIFORNIA CORPORATION

mcmillan

SIXTH AMENDMENT TO MERGER AGREEMENT

This Sixth Amendment to Merger Agreement (this “**Agreement**”) is made as of July 17, 2020.

AMONG:

P & P VENTURES INC., a corporation incorporated and existing under the laws of the Province of British Columbia, having an office at Suite 300, 1055 West Hastings Street, Vancouver, British Columbia, V6E 3X2

(“**Pubco**”)

OF THE FIRST PART

AND:

MANIFESTSEVEN, INC., a corporation incorporated under the laws of the State of Delaware, USA, and having a registered office at 3500 S. DuPont Highway, Dover, Delaware 19901

(“**Subco**”)

OF THE SECOND PART

AND:

MJIC, INC., a corporation incorporated and existing under the laws of the State of California, USA, having an office at 111 Pacifica, Suite 100, Irvine, California, USA 92618

(“**MJIC**”)

OF THE THIRD PART

WHEREAS:

A. The Parties entered into a merger agreement dated effective March 28, 2019, amended by a First Amendment to Merger Agreement dated July 31, 2019, a Second Amendment to Merger Agreement dated October 31, 2019, a Third Amendment to Merger Agreement dated February 28, 2020, a Fourth Amendment to Merger Agreement dated March 30, 2020 and a Fifth Amendment to Merger Agreement dated June 5, 2020 (as so amended, the “**Merger Agreement**”), pursuant to which the Parties agreed to conduct certain transactions, including but not limited to the reverse take over of Pubco by MJIC effected through the Merger;

B. In August 2017, MJIC initiated a private placement offering, pursuant to which it issued senior convertible promissory notes to certain holders (the “**Original Notes**”);

C. In connection with the Merger, MJIC and the holders of the Original Notes have agreed to amend and restate the Original Notes (the “**Amended and Restated Notes**”); and

D. Each of the Parties wish to amend the Merger Agreement to (i) extend the Outside Date, (ii) provide for necessary administrative amendments to effectuate the terms of the Amended and

Restated Notes, and (iii) provide for ancillary amendments required to effectuate the transactions contemplated by the Merger Agreement.

NOW THEREFORE, in consideration of the foregoing, and the respective mutual covenants, agreements, representations and warranties of the Parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the Parties covenant and agree as follows:

Definitions

1. Unless otherwise defined herein or the context requires otherwise, capitalized terms used herein shall have the meanings ascribed to them in the Merger Agreement.

Amendments

2. The Merger Agreement is hereby amended as follows:
 - (a) Section 1.1(1.1) shall be deleted in its entirety and replaced with:

“(1.1) **Acquisition Notes**” has the meaning set forth on Schedule “D” attached hereto;”
 - (b) Section 1.1(1.2) shall be inserted immediately after Section 1.1(1.1):

“(1.2) **“Additional MJIC Financing”** means one or more private placement offering(s) by MJIC, other than the MJIC Financing, by way of the issuance of any securities of MJIC at a price to be determined by MJIC;”
 - (c) Section 1.1(20.1) is deleted in its entirety;
 - (d) Section 1.1(49.2) shall be inserted immediately after Section 1.1(49.1):

“(49.2) **“MJIC 15% Convertible Notes”** means the subordinated secured convertible promissory notes of MJIC, which carry compounded interest semi-annually at a rate of 15% per annum;”
 - (e) Section 1.1(53) is deleted in its entirety and replaced with:

“(53) **“MJIC Convertible Notes”** means collectively, the MJIC Senior Convertible Notes, the MJIC Junior Convertible Notes, the MJIC 14% Convertible Notes and the MJIC 15% Convertible Notes;”
 - (f) Section 1.1(59.1) is deleted in its entirety and replaced with:

“(59.1) **“MJIC Junior Convertible Notes”** means the USD\$65,000 principal amount of unsecured convertible notes of MJIC;
 - (g) Section 1.1(61.1) is deleted in its entirety;
 - (h) Section 1.1(63.1) is deleted in its entirety and replaced with:

“(63.1) “**MJIC Senior Convertible Notes**” means, in aggregate, the amended and restated senior secured convertible promissory notes of MJIC dated July 1, 2020, which are convertible into MJIC Class A Common Shares, or, following the Closing, shall be convertible into Pubco Subordinate Voting Shares;”

- (i) Section 1.1(69.1) is deleted in its entirety and replaced with:

“(69.1) “**Outside Date**” means August 31, 2020;”

- (j) Section 2.5(a) shall be deleted in its entirety and replaced with:

“(a) **[Intentionally Deleted]**”

- (k) Section 2.7 is deleted in its entirety and replaced with:

“Section 2.7 Resulting Issuer

Pubco will, upon completion of the Acquisition, be known as ManifestSeven Holdings Corporation (the “**Resulting Issuer**”), will have six (6) directors, and the following will be the directors and officers of the Resulting Issuer immediately following the completion of the Acquisition:

Directors

Name	Title
Gaelan Bloomfield	Director
Kristin Fox	Director
Sturges Karban	Director
Daniel Sekers	Director
Urban Smedeby	Director
Scott Wessler	Director

Officers

Name	Title
Sturges Karban	Chief Executive Officer
Pierre Rouleau	Chief Operating Officer
Dmitry Gordeychev	Chief Investment Officer
Jordan Gerber	Chief Financial Officer

Urban Smedeby

President

Dilshad Kasmani

Chief Legal Officer, General Counsel and
Corporate Secretary”

- (l) Section 2.8(d) is deleted in its entirety and replaced with:

“(d) **Name.** The name of the Surviving Corporation shall be “**ManifestSeven, Inc.**” until changed by resolution of the Surviving Corporation’s shareholders.”

- (m) Section 4.1(k)(i) shall be deleted in its entirety and replaced with:

“(i) Other than employment agreements, consulting agreements or other agreements pursuant to which Employees may receive compensation between MJIC and its Employees, the MJIC 15% Convertible Notes to be subscribed for by Employees of MJIC, or as otherwise as disclosed in the Financial Statements, there are no Contracts or other transactions currently in place between MJIC and: (A) any officer or director of MJIC; (B) any holder of MJIC Shares or other securities of MJIC; or (C) any associate or affiliate of the foregoing.”

- (n) Section 4.1(o)(i) shall be deleted in its entirety and replaced with:

“(i) Other than as related to (A) the Acquisition Notes, (B) the MJIC 15% Convertible Notes, (C) the MJIC Senior Convertible Notes, and (D) any vehicle financing, equipment financing or inventory financing entered into in the ordinary course of business, there are no Liens (registered or, to the knowledge of MJIC, unregistered) against any of the Assets.”

- (o) Section 6.4(a) shall be deleted in its entirety and replaced with:

“(a) issue any debt, equity or other securities, except in connection with (i) the MJIC Financing, (ii) the Additional MJIC Financing, (iii) the execution of the MJIC Senior Convertible Notes, (iv) the execution of the MJIC 15% Convertible Notes, (v) the issuance of equity compensation to directors, officers, employees or consultants of MJIC, (vi) the issuances of debt in the ordinary course of business, or (vii) the issuances of securities in connection with a bona fide purchase of assets or shares from, or a strategic partnership with, an arm’s length third party;”

- (p) Schedule “A” shall be deleted in its entirety and replaced with Schedule “A” attached hereto.

- (q) Schedule “C” shall be deleted in its entirety and replaced with Schedule “C” attached hereto.

- (r) Schedule “D” shall be deleted in its entirety and replaced with Schedule “D” attached hereto.

General Provisions

3. This Agreement shall form a part of the Merger Agreement for all purposes, and each of the Parties shall be bound hereby. From and after the effective date of this Agreement, any reference to the Merger Agreement shall be deemed to be a reference to the Merger Agreement as amended by this Agreement.
4. All other terms and conditions of the Merger Agreement shall remain the same and time shall remain of the essence.
5. This Agreement shall be governed by the law of the Province of British Columbia and the federal laws of Canada applicable therein.
6. This Agreement may be executed in several counterparts (by original or facsimile or e-mail transmitted signature), each of which when so executed shall be deemed to be an original and all counterparts, if executed by each of the Parties, shall constitute a valid and enforceable agreement among the Parties.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed by the Parties hereto as of the date first above written.

P&P VENTURES INC.

By: "Michael Woods"

Name: Michael Woods

Title: CFO

MANIFESTSEVEN, INC.

By: "Michael Woods"

Name: Michael Woods

Title: Director

MJIC, INC.

By: "Sturges Karban"

Name: Sturges Karban

Title: Chief Executive Officer

Schedule A

List Of Applicable U.S. Stockholders

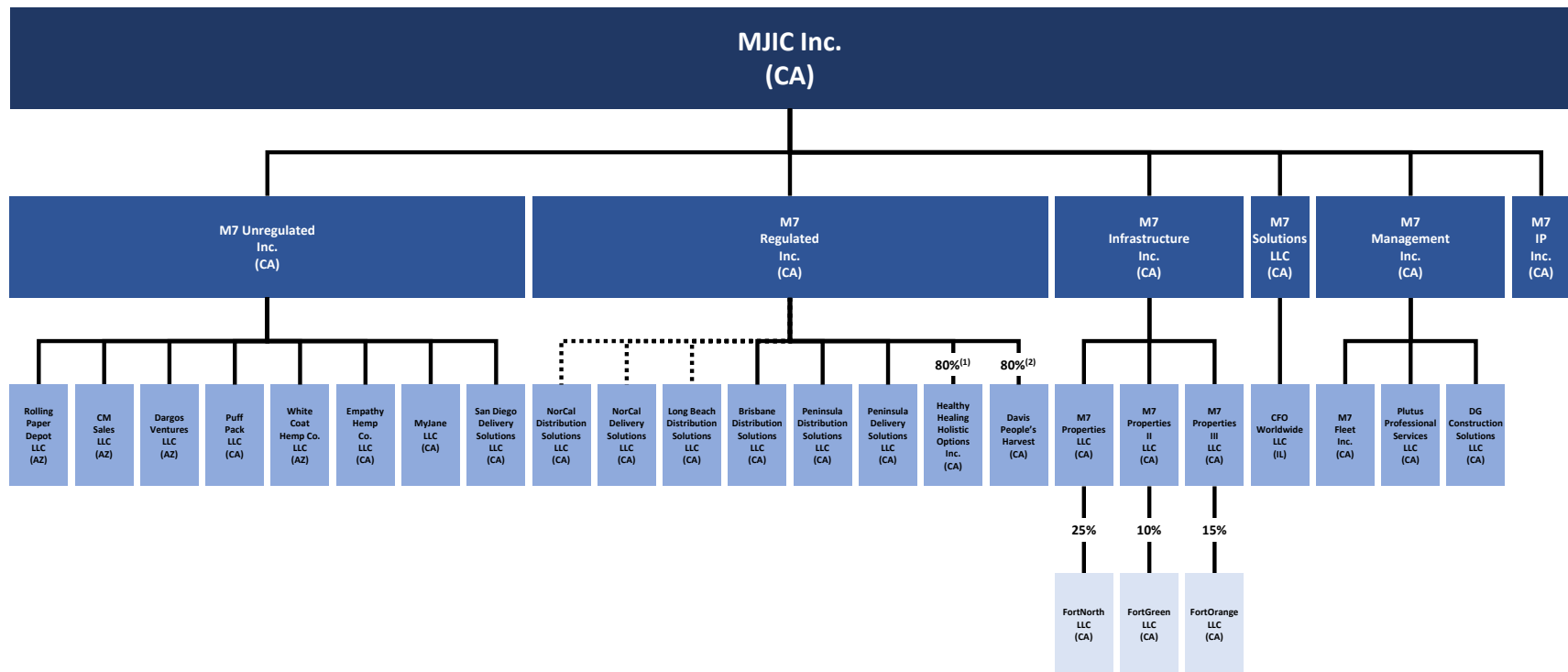
Applicable U.S. Stockholder	Applicable MJIC Class A Common Shares	Resulting Issuer Proportionate Voting Shares to be received on Exchange of Applicable MJIC Class A Common Shares
Lawrence W. Horwitz	1,243,750	373,125
Sturges J. Karban	700,000	210,000
Urban Smedeby	300,000	90,000
The Jordan Gerber Revocable Trust	351,794	105,538
Nerd Life LLC	335,803	100,741
Kristin Fox	81,064	24,319
Scott Wessler	245,000	73,500
Edward J. Karban	125,000	37,500
Total:	3,382,411	1,014,723

Schedule C

MJIC Corporate Structure

[See Attached]

MJIC, Inc. Organizational Chart



NOTES:

Straight lines indicate 100% ownership, unless otherwise indicated.

Dotted lines designate entities owned by Sturges Karban and controlled by M7 Regulated Inc. by way of a Management Agreement.

Schedule D

MJIC Securities

The MJIC Securities outstanding as at July 17, 2020 are:

- 250,000 MJIC Series A Convertible Preferred Shares;
- 25,974,654 MJIC Class A Common Shares;
- 9,810,894 MJIC Class B Common Shares;
- USD\$4,483,832 principal amount of MJIC Senior Convertible Notes;
- USD\$1,502,055 principal amount of MJIC 15% Convertible Notes;
- USD\$65,000 principal amount of MJIC Junior Convertible Notes to be converted prior to or in connection with the CSE Listing;
- USD\$500,000 principal amount of MJIC 14% Convertible Notes to be converted prior to or in connection with the CSE Listing;
- 9,936,117 MJIC Warrants;
- 3,863,772 MJIC Options; and
- the following convertible notes issued by MJIC in connection with the acquisition of certain assets (the “**Acquisition Notes**”):
 - USD\$6,000,000 principal amount of convertible notes issued in connection with the acquisition of Healthy Healing Holistic Options, Inc.;
 - USD\$240,000 principal amount of convertible notes issued in connection with the acquisition of Davis People’s Harvest; and
 - USD\$150,000 principal amount of convertible notes issued in connection with the acquisition of M Delivers.

SEVENTH AMENDMENT TO MERGER AGREEMENT

Made as of August 14, 2020

Among

P&P VENTURES INC.
A BRITISH COLUMBIA CORPORATION

And

MANIFESTSEVEN, INC.
A DELAWARE CORPORATION

And

MJIC, INC.
A CALIFORNIA CORPORATION

mcmillan

SEVENTH AMENDMENT TO MERGER AGREEMENT

This Seventh Amendment to Merger Agreement (this “**Agreement**”) is made as of August 14, 2020.

AMONG:

P & P VENTURES INC., a corporation incorporated and existing under the laws of the Province of British Columbia, having an office at Suite 300, 1055 West Hastings Street, Vancouver, British Columbia, V6E 3X2

(“**Pubco**”)

OF THE FIRST PART

AND:

MANIFESTSEVEN, INC., a corporation incorporated under the laws of the State of Delaware, USA, and having a registered office at 3500 S. DuPont Highway, Dover, Delaware 19901

(“**Subco**”)

OF THE SECOND PART

AND:

MJIC, INC., a corporation incorporated and existing under the laws of the State of California, USA, having an office at 111 Pacifica, Suite 100, Irvine, California, USA 92618

(“**MJIC**”)

OF THE THIRD PART

WHEREAS:

A. The Parties entered into a merger agreement dated effective March 28, 2019, amended by a First Amendment to Merger Agreement dated July 31, 2019, a Second Amendment to Merger Agreement dated October 31, 2019, a Third Amendment to Merger Agreement dated February 28, 2020, a Fourth Amendment to Merger Agreement dated March 30, 2020, a Fifth Amendment to Merger Agreement dated June 5, 2020 and a Sixth Amendment to Merger Agreement dated July 17, 2020 (as so amended, the “**Merger Agreement**”), pursuant to which the Parties agreed to conduct certain transactions, including but not limited to the reverse take over of Pubco by MJIC effected through the Merger;

B. In connection with the Merger, MJIC intends to complete a private placement offering of an aggregate principal amount of up to of \$9,030,000 subordinated secured convertible promissory notes (the “**MJIC 17.5% Convertible Notes**”); and

C. Each of the Parties wish to amend the Merger Agreement to (i) provide for necessary administrative amendments to effectuate the terms of the MJIC 17.5% Convertible notes, and (ii)

provide for ancillary amendments required to effectuate the transactions contemplated by the Merger Agreement.

NOW THEREFORE, in consideration of the foregoing, and the respective mutual covenants, agreements, representations and warranties of the Parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the Parties covenant and agree as follows:

Definitions

1. Unless otherwise defined herein or the context requires otherwise, capitalized terms used herein shall have the meanings ascribed to them in the Merger Agreement.

Amendments

2. The Merger Agreement is hereby amended as follows:
 - (a) Section 1.1(49.3) shall be inserted immediately after Section 1.1(49.2):

“(49.3) “**MJIC 17.5% Convertible Notes**” means the subordinated secured convertible promissory notes of MJIC, which carry compounded interest semi-annually at a rate of 17.5% per annum;”
 - (b) Section 1.1(53) is deleted in its entirety and replaced with:

“(53) “**MJIC Convertible Notes**” means collectively, the MJIC Senior Convertible Notes, the MJIC Junior Convertible Notes, the MJIC 14% Convertible Notes, the MJIC 15% Convertible Notes and MJIC 17.5% Convertible Notes;”
 - (c) Section 4.1(o)(i) shall be deleted in its entirety and replaced with:

“(i) Other than as related to (A) the Acquisition Notes, (B) the MJIC 15% Convertible Notes, (C) the MJIC Senior Convertible Notes, (D) the MJIC 17.5% Convertible Notes, and (E) any vehicle financing, equipment financing or inventory financing entered into in the ordinary course of business, there are no Liens (registered or, to the knowledge of MJIC, unregistered) against any of the Assets.”
 - (d) Section 6.4(a) shall be deleted in its entirety and replaced with:

“(a) issue any debt, equity or other securities, except in connection with (i) the MJIC Financing, (ii) the Additional MJIC Financing, (iii) the execution of the MJIC Senior Convertible Notes, (iv) the execution of the MJIC 15% Convertible Notes, (v) the execution of the MJIC 17.5% Convertible Notes, (vi) the issuance of equity compensation to directors, officers, employees or consultants of MJIC, (vii) the issuances of debt in the ordinary course of business, or (viii) the issuances of securities in connection with a bona fide purchase of assets or shares from, or a strategic partnership with, an arm’s length third party;”

- (e) Schedule “A” shall be deleted in its entirety and replaced with Schedule “A” attached hereto.
- (f) Schedule “C” shall be deleted in its entirety and replaced with Schedule “C” attached hereto.
- (g) Schedule “D” shall be deleted in its entirety and replaced with Schedule “D” attached hereto.
- (h) Schedule “G” shall be deleted in its entirety and replaced with Schedule “G” attached hereto.

General Provisions

- 3. This Agreement shall form a part of the Merger Agreement for all purposes, and each of the Parties shall be bound hereby. From and after the effective date of this Agreement, any reference to the Merger Agreement shall be deemed to be a reference to the Merger Agreement as amended by this Agreement.
- 4. All other terms and conditions of the Merger Agreement shall remain the same and time shall remain of the essence.
- 5. This Agreement shall be governed by the law of the Province of British Columbia and the federal laws of Canada applicable therein.
- 6. This Agreement may be executed in several counterparts (by original or facsimile or e-mail transmitted signature), each of which when so executed shall be deemed to be an original and all counterparts, if executed by each of the Parties, shall constitute a valid and enforceable agreement among the Parties.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed by the Parties hereto as of the date first above written.

P&P VENTURES INC.

By: "Michael Woods"

Name: Michael Woods

Title: CFO

MANIFESTSEVEN, INC.

By: "Michael Woods"

Name: Michael Woods

Title: Director

MJIC, INC.

By: "Sturges Karban"

Name: Sturges Karban

Title: Chief Executive Officer

Schedule A

List Of Applicable U.S. Stockholders

Applicable U.S. Stockholder	Applicable MJIC Class A Common Shares	Resulting Issuer Proportionate Voting Shares to be received on Exchange of Applicable MJIC Class A Common Shares
Lawrence W. Horwitz	1,000,000	300,000
Sturges J. Karban	700,000	210,000
Urban Smedeby	300,000	90,000
The Jordan Gerber Revocable Trust	351,794	105,538
Nerd Life LLC	335,803	100,741
Kristin Fox	81,064	24,319
Scott Wessler	245,000	73,500
Edward J. Karban	125,000	37,500
FNBS LLC	335,803	100,740
Total:	3,474,464	1,042,338

Schedule D

MJIC Securities

The MJIC Securities outstanding as at August 14, 2020 are:

- 250,000 MJIC Series A Convertible Preferred Shares;
- 26,098,680 MJIC Class A Common Shares;
- 9,810,894 MJIC Class B Common Shares;
- USD\$2,693,555 principal amount of MJIC 15% Convertible Notes;
- USD\$4,504,542.70 principal amount of MJIC Senior Convertible Notes;
- USD\$65,000 principal amount of MJIC Junior Convertible Notes to be converted prior to or in connection with the CSE Listing;
- USD\$500,000 principal amount of MJIC 14% Convertible Notes to be converted prior to or in connection with the CSE Listing;
- 9,936,117 MJIC Warrants;
- 3,848,772 MJIC Options; and
- the following convertible notes issued by MJIC in connection with the acquisition of certain assets (the “**Acquisition Notes**”):
 - USD\$5,750,000 principal amount of convertible notes issued in connection with the acquisition of Healthy Healing Holistic Options, Inc.;
 - USD\$240,000 principal amount of convertible notes issued in connection with the acquisition of Davis People’s Harvest; and
 - USD\$150,000 principal amount of convertible notes issued in connection with the acquisition of M Delivers.

Schedule G

MJIC Founders - Additional Securityholders

- 1.** Lawrence Horwitz
- 2.** Jarrod Smith
- 3.** Nerd Life LLC
- 4.** FNBS LLC
- 5.** Edward Karban

EIGHTH AMENDMENT TO MERGER AGREEMENT

Made as of August 31, 2020

Among

P&P VENTURES INC.
A BRITISH COLUMBIA CORPORATION

And

MANIFESTSEVEN, INC.
A DELAWARE CORPORATION

And

MJIC, INC.
A CALIFORNIA CORPORATION

mcmillan

EIGHTH AMENDMENT TO MERGER AGREEMENT

This Eighth Amendment to Merger Agreement (this “**Agreement**”) is made as of August 31, 2020.

AMONG:

P & P VENTURES INC., a corporation incorporated and existing under the laws of the Province of British Columbia, having an office at Suite 300, 1055 West Hastings Street, Vancouver, British Columbia, V6E 3X2

(“**Pubco**”)

OF THE FIRST PART

AND:

MANIFESTSEVEN, INC., a corporation incorporated under the laws of the State of Delaware, USA, and having a registered office at 3500 S. DuPont Highway, Dover, Delaware 19901

(“**Subco**”)

OF THE SECOND PART

AND:

MJIC, INC., a corporation incorporated and existing under the laws of the State of California, USA, having an office at 111 Pacifica, Suite 100, Irvine, California, USA 92618

(“**MJIC**”)

OF THE THIRD PART

WHEREAS:

A. The Parties entered into a merger agreement dated effective March 28, 2019, amended by a First Amendment to Merger Agreement dated July 31, 2019, a Second Amendment to Merger Agreement dated October 31, 2019, a Third Amendment to Merger Agreement dated February 28, 2020, a Fourth Amendment to Merger Agreement dated March 30, 2020, a Fifth Amendment to Merger Agreement dated June 5, 2020, a Sixth Amendment to Merger Agreement dated July 17, 2020 and a Seventh Amendment to Merger Agreement dated August 14, 2020 (as so amended, the “**Merger Agreement**”), pursuant to which the Parties agreed to conduct certain transactions, including but not limited to the reverse take over of Pubco by MJIC effected through the Merger; and

B. Each of the Parties wish to amend the Merger Agreement to, among other things, (i) extend the outside date, and (ii) provide for ancillary amendments required to effectuate the transactions contemplated by the Merger Agreement.

NOW THEREFORE, in consideration of the foregoing, and the respective mutual covenants, agreements, representations and warranties of the Parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the Parties covenant and agree as follows:

Definitions

1. Unless otherwise defined herein or the context requires otherwise, capitalized terms used herein shall have the meanings ascribed to them in the Merger Agreement.

Amendments

2. The Merger Agreement is hereby amended as follows:
 - (a) Section 1.1(21) shall be deleted in its entirety and replaced with:

“(21) **“Closing”** means the completion of the Transactions contemplated herein, which closing shall occur on or before the Outside Date, provided that the CSE Listing may occur on a later date as agreed to by the Parties in writing;”
 - (b) Section 1.1(69.1) shall be deleted in its entirety and replaced with:

“(69.1) **“Outside Date”** means September 8, 2020;”
 - (c) Section 1.1(99) shall be deleted in its entirety and replaced with:

“(99) **“Resulting Issuer Replacement Options”** means the options of the Resulting Issuer for which MJIC Options may be exchanged as provided in Section 2.5 hereof;”
 - (d) Section 1.1(101) shall be deleted in its entirety and replaced with:

“(101) **“Resulting Issuer Replacement Warrants”** means the common share purchase warrants of the Resulting Issuer for which MJIC Warrants may be exchanged as provided in Section 2.5 hereof;”
 - (e) Section 2.1 shall be deleted in its entirety and replaced with:

“Upon the terms and subject to the conditions contained in this Agreement, the Parties hereby agree that, pursuant to the Merger, Subco shall merge with MJIC at Closing and Subco, being the entity surviving such merger (the **“Surviving Corporation”**), shall be named “ManifestSeven, Inc.”, or such other name that is acceptable to MJIC. Pubco, in its capacity as the sole shareholder of Subco, and MJIC shall approve (or seek the approvals of) this Agreement and the Merger as soon as reasonably practicable with the intent that the same shall be completed on or before the Outside Date, or such other date agreed upon in writing by the Parties.”
 - (f) Section 2.5(i) shall be deleted in its entirety and replaced with:

“(i) Each MJIC Warrant outstanding immediately prior to the Effective Time shall be assumed as an obligation of the Resulting Issuer to issue three (3) fully paid and non-assessable Resulting Issuer Subordinate Voting Shares on economically equivalent terms.”

(g) Section 2.5(j) shall be deleted in its entirety and replaced with:

“(j) Each MJIC Option outstanding immediately prior to the Effective Time shall be assumed as an obligation of the Resulting Issuer to issue three (3) fully paid and non-assessable Resulting Issuer Subordinate Voting Shares on economically equivalent terms.”

(h) Section 2.5(m) shall be inserted immediately after Section 2.5(l):

“(m) The Resulting Issuer may, in its sole discretion, exchange any MJIC Warrant outstanding immediately prior to the Effective Time for three (3) fully paid and non-assessable Resulting Issuer Replacement Warrants and any MJIC Option outstanding immediately prior to the Effective Time for three (3) fully paid and non-assessable Resulting Issuer Replacement Options.”

(i) Section 2.6(b) shall be deleted in its entirety and replaced with:

“(b) Subject to the treatment of MJIC Dissenting Shares in Section 2.14 hereof, certificates or other evidence representing the MJIC Shares, MJIC Warrants and MJIC Options and MJIC Convertible Notes shall cease to represent any claim upon or interest in MJIC other than the right of the holder thereof to receive, pursuant to the terms hereof, Resulting Issuer Shares and Resulting Issuer Replacement Securities in accordance with Section 2.5 hereof.”

(j) Section 2.6(c) shall be deleted in its entirety and replaced with:

“(c) The Resulting Issuer shall on the Effective Date, or as soon as practicable thereafter, deliver to each former holder of MJIC Securities, certificates representing the number of Resulting Issuer Shares and Resulting Issuer Replacement Securities, if any, to which such holder is entitled or other evidence of ownership.”

(k) Section 2.8(b) shall be deleted in its entirety and replaced with:

“(b) Officers and Directors. The Resulting Issuer, as the sole stockholder of the Surviving Corporation, shall elect the initial board of directors of the Surviving Corporation, and such board of directors shall elect the initial officers of the Surviving Corporation.”

(l) The introduction to Section 2.10 and Section 2.10(a) shall be deleted in their entireties and replaced with:

“At the Effective Time:

MJIC shall merge with and into Subco under the DGCL with the Surviving Corporation continuing as the surviving company subsequent to the Merger in accordance with the terms and conditions prescribed in this Agreement;

(a) all of the property, assets, rights and privileges of MJIC shall become the property, assets, rights and privileges of Subco, and all of the liabilities and obligations of MJIC shall become the liabilities and obligations of Subco, which will thereafter be referred to as the Surviving Corporation;”

(m) Section 2.15(a)(i) shall be deleted in its entirety and replaced with:

“(i) the Restricted Holders shall enter into a voluntary lock up agreement pursuant to which their escrowed securities, being Resulting Issuer Subordinate Voting Shares, Resulting Issuer Subordinate Non-Voting Shares, and/or Resulting Issuer Proportionate Voting Shares, as the case may be, excluding Resulting Issuer Subordinate Voting Shares issued upon the exercise of MJIC Warrants or Resulting Issuer Replacement Warrants, will be released in accordance with the following schedule:”

(n) Section 2.16(a) shall be deleted in its entirety and replaced with:

“(a) The Resulting Issuer Shares and Resulting Issuer Replacement Securities issued in exchange for the MJIC Securities or upon the exercise of MJIC Warrants or MJIC Options (the “**Consideration Securities**”) will be issued by the Resulting Issuer in such a manner as to be (i) exempt or excluded from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws, and (ii) exempt from the prospectus and registration requirements of the securities laws, rules and regulations of British Columbia, and such Resulting Issuer Shares will be subject to resale restrictions under Applicable Securities Laws.”

(o) Section 2.16(c) shall be deleted in its entirety and replaced with:

“(c) Each MJIC Shareholder and holder of MJIC Options and/or MJIC Warrants, who is resident in the United States or is otherwise a U.S. Person, or consents to the Merger from within the United States, will, as a condition of receiving Consideration Securities upon completion of the Merger, be required to deliver a U.S. Representation Letter in the form required by Pubco attached hereto as Schedule “E”. U.S. Persons entitled to Consideration Securities which have not tendered their U.S. Representation Letters by the Closing Date shall be issued shares in trust for such shareholder, to be registered to such shareholder upon delivery a U.S. Representation Letter acceptable to the Resulting Issuer.”

(p) Section 7.1 shall be deleted in its entirety and replace with:

“Pubco shall use its reasonable efforts to obtain from Pubco’s directors, shareholders, and all Government Agencies such approvals or consents as are required to complete the transactions contemplated herein (including the approval of its shareholders of the Pubco Meeting Matters and the approval of the CSE of the listing of the Resulting Issuer Subordinate Voting Shares and the Resulting

Issuer Shares underlying the Resulting Issuer Replacement Securities or to be issued upon the exercise or conversion, as applicable, of the MJIC Options, MJIC Warrants and MJIC Convertible Notes, to be issued pursuant to the Merger).”

- (q) Section 8.2(o) shall be deleted in its entirety and replace with:

“(o) Capitalization.

Immediately prior to the Closing and the Share Amendment, the issued and outstanding capital of Pubco will consist of no more than 16,852,500 Pubco Common Shares and no more than 15,000,003 Pubco Warrants; provided, however, that such Pubco Warrants may be exercised for up to 15,000,003 Pubco Common Shares at any time prior to the Closing.”

- (r) Section 9.1(e) shall be deleted in its entirety and replaced with:

“(e) a certificate of good standing for MJIC in the State of California, dated as of a date not more than fifteen (15) days prior to the Closing Date;”

- (s) Section 9.1(f) shall be deleted in its entirety and replaced with:

“(f) the U.S. Representation Letters delivered by holders of MJIC Securities as of the Closing Date; and”

- (t) Section 9.1(g) shall be deleted in its entirety and replaced with:

“(g) evidence that MJIC has cancelled all of the MJIC Shares issued and outstanding as of the Closing Date including those that have been exchanged for securities of Pubco under this Agreement as evidenced by cancelled share certificates, or if MJIC’s securities are not certificated, by MJIC’s updated share register showing Pubco as the sole shareholder of the Surviving Corporation.”

- (u) Section 9.2(a) shall be deleted in its entirety and replaced with:

“(a) Certificates or confirmation of electronic registration (such as Direct Registration Statement (DRS)) representing the Resulting Issuer Shares issuable to and in the respective names of the holders of MJIC Securities pursuant to the Acquisition (such certificates or electronic registration to be registered and prepared in accordance with a written direction to be provided by MJIC prior to Closing);”

- (v) Section 9.2(g) shall be deleted in its entirety and replaced with:

“(g) Certificates of Good Standing for Pubco and Subco, dated as of a date not more than fifteen (15) days prior to the Closing Date;”

- (w) Schedule “D” shall be deleted in its entirety and replaced with Schedule “D” attached hereto.

General Provisions

3. This Agreement shall form a part of the Merger Agreement for all purposes, and each of the Parties shall be bound hereby. From and after the effective date of this Agreement, any reference to the Merger Agreement shall be deemed to be a reference to the Merger Agreement as amended by this Agreement.
4. All other terms and conditions of the Merger Agreement shall remain the same and time shall remain of the essence.
5. This Agreement shall be governed by the law of the Province of British Columbia and the federal laws of Canada applicable therein.
6. This Agreement may be executed in several counterparts (by original or facsimile or e-mail transmitted signature), each of which when so executed shall be deemed to be an original and all counterparts, if executed by each of the Parties, shall constitute a valid and enforceable agreement among the Parties.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed by the Parties hereto as of the date first above written.

P&P VENTURES INC.

By: "Michael Woods"

Name: Michael Woods

Title: CFO

MANIFESTSEVEN, INC.

By: "Michael Woods"

Name: Michael Woods

Title: Director

MJIC, INC.

By: "Sturges Karban"

Name: Sturges Karban

Title: Chief Executive Officer

Schedule D

MJIC Securities

The MJIC Securities outstanding as at August 27, 2020 are:

- 250,000 MJIC Series A Convertible Preferred Shares;
- 26,108,680 MJIC Class A Common Shares;
- 9,834,894 MJIC Class B Common Shares;
- USD\$2,483,055 principal amount of MJIC 15% Convertible Notes;
- USD\$4,504,543 principal amount of MJIC Senior Convertible Notes;
- USD\$65,000 principal amount of MJIC Junior Convertible Notes to be converted prior to or in connection with the CSE Listing;
- USD\$500,000 principal amount of MJIC 14% Convertible Notes to be converted prior to or in connection with the CSE Listing;
- 9,913,567 MJIC Warrants;
- 2,917,734 MJIC Options; and
- the following convertible notes issued by MJIC in connection with the acquisition of certain assets (the “**Acquisition Notes**”):
 - USD\$5,750,000 principal amount of convertible notes issued in connection with the acquisition of Healthy Healing Holistic Options, Inc.;
 - USD\$240,000 principal amount of convertible notes issued in connection with the acquisition of Davis People’s Harvest; and
 - USD\$150,000 principal amount of convertible notes issued in connection with the acquisition of M Delivers.

APPENDIX "M"
ISSUER OPTION PLAN

(see attached)

MANIFESTSEVEN HOLDINGS CORPORATION
(the “COMPANY”)
STOCK OPTION PLAN

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STOCK OPTION PLAN

SECTION 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) **“Administrator”** means such Executive or Employee of the Company as may be designated as Administrator by the Committee from time to time, or, if no such person is appointed, the Committee itself.
- (b) **“Black-Out”** means a restriction imposed by the Company on all or any of its directors, officers, employees, insiders or persons in a special relationship whereby they are to refrain from trading in the Company’s securities until the restriction has been lifted by the Company.
- (c) **“Board”** means the board of directors of the Company.
- (d) **“Change of Control”** means an occurrence when either:
 - (i) a Person or Entity, other than the current “control person” of the Company (as that term is defined in the Securities Act), becomes a “control person” of the Company; or
 - (ii) a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company’s then-incumbent Board.
- (e) **“Code”** means the United States Internal Revenue Code of 1986, as amended, and any regulations thereunder.
- (f) **“Committee”** means a committee of the Board to which the responsibility of approving the grant of stock options has been delegated, or if no such committee is appointed, the Board itself. At any time that the Company is an SEC registrant and is not a “foreign private issuer” for purposes of the Securities Act and the Exchange Act, the Committee shall be comprised of not less than such number of Directors as shall be required to permit awards granted under the Plan to qualify under Rule 16b-3, and each member of the Committee shall be a “non-employee director” within the meaning of Rule 16b-3.
- (g) **“Company”** means ManifestSeven Holdings Corporation.
- (h) **“Consultant”** means an individual who:
 - (i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other services to the Company or any Subsidiary, other than services provided in relation to a “distribution” (as that term is described in the Securities Act) or services in connection with the offer or sale of securities in a capital-raising transaction, or that directly or indirectly promote or maintain a market for the issuer’s securities;

- (ii) provides the services under a written contract between the Company or any Subsidiary and the individual or a Consultant Entity (as defined in clause (v) below);
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or any Subsidiary; and
 - (iv) has a relationship with the Company or any Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable Regulatory Rules to be granted Options as a Consultant or as an equivalent thereof, and includes:
 - (v) a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a “Consultant Entity”); or
 - (vi) an RRSP or RRIF established by or for the individual under which he or she is the beneficiary.
- (i) **“Disability”** means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment that the Committee, acting reasonably, determines constitutes a disability, provided that solely for purposes of determining whether the exercise of an Incentive Stock Option (to the extent permitted under the terms of such Incentive Stock Option) within one year following the disability of the Option Holder meets the requirements of Section 422(c)(6) of the Code, disability shall have the meaning ascribed to it under Section 22(e) of the Code.
- (j) **“Employee”** means:
- (i) an individual who works full-time or part-time for the Company or any Subsidiary and such other individual as may, from time to time, be permitted by applicable Regulatory Rules to be granted Options as an employee or as an equivalent thereto; or
 - (ii) an individual who works for the Company or any Subsidiary either full-time or on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Subsidiary over the details and methods of work as an employee of the Company or any Subsidiary, but for whom income tax deductions are not made at source, and includes
 - (iii) a corporation wholly-owned by such individual; and
 - (iv) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (k) **“Exchange”** means the stock exchange upon which the Subordinate Voting Shares principally trade.
- (l) **“Exchange Act”** means the U.S. Securities Exchange Act of 1934, as amended.
- (m) **“Executive”** means an individual who is a director or officer of the Company or a Subsidiary, and includes:
- (i) a corporation wholly-owned by such individual; and

- (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (n) **“Exercise Notice”** means the written notice of the exercise of an Option, in the form set out as Schedule B hereto, duly executed by the Option Holder.
- (o) **“Exercise Period”** means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided, however, that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (p) **“Exercise Price”** means the price at which an Option is exercisable as determined in accordance with section 5.3.
- (q) **“Expiry Date”** means the date the Option expires as set out in the Option Certificate or as otherwise determined in accordance with sections 5.4, 6.2, 6.3, 6.4 or 11.4.
- (r) **“Expiry Time”** means the time the Option expires on the Expiry Date, which is 4:00 p.m. local time in Vancouver, British Columbia, Canada on the Expiry Date.
- (s) **“Grant Date”** means the date on which the Committee grants a particular Option, which is the date the Option comes into effect provided however that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (t) **“Incentive Stock Option”** means an Option that is labelled or described as an Incentive Stock Option and which qualifies as an Incentive Stock Option within the meaning of Section 422(b) of the Code.
- (u) **“Insider”** means an insider as that term is defined in the *Securities Act*.
- (v) **“Market Value”** means the market value of the Subordinate Voting Shares as determined in accordance with section 5.3.
- (w) **“Non-Statutory Stock Option”** means an Option granted to an Option Holder which is not intended to be or does not qualify as an Incentive Stock Option.
- (x) **“Option”** means a share purchase option granted pursuant to this Plan entitling the Option Holder to purchase Shares of the Company, and includes Incentive Stock Options and Non-Statutory Stock Options.
- (y) **“Option Certificate”** means the certificate, in substantially the form set out as Schedule A hereto, evidencing the Option.
- (z) **“Option Holder”** means a Person or Entity who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (aa) **“Outstanding Issue”** means the number of Subordinate Voting Shares, taken together with the number of Shares issuable on conversion of the Subordinate Non-Voting Shares and the Proportionate Voting Shares immediately prior to the Subordinate Voting Shares issuance or grant of Option in question.

- (bb) **“Person or Entity”** means an individual, natural person, corporation, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity.
- (cc) **“Personal Representative”** means:
- (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
 - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (dd) **“Plan”** means this stock option plan as from time to time amended.
- (ee) **“Proportionate Voting Shares”** means the Company’s Class C proportionate voting shares.
- (ff) **“Regulatory Approvals”** means any necessary approvals of the Regulatory Authorities as may be required from time to time for the implementation, operation or amendment of this Plan or for the Options granted from time to time hereunder.
- (gg) **“Regulatory Authorities”** means all organized trading facilities on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Options granted from time to time hereunder.
- (hh) **“Regulatory Rules”** means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the implementation, operation or amendment of this Plan or the Options granted from time to time hereunder including, without limitation, those of the applicable Regulatory Authorities.
- (ii) **“Securities Act”** means the *Securities Act* (British Columbia), RSBC 1996, c.418 as from time to time amended.
- (jj) **“Share”** or **“Shares”** means, as the case may be, one or more Subordinate Voting Shares in the capital stock of the Company.
- (kk) **“Subordinate Non-Voting Shares”** means the Company’s Class B subordinate non-voting shares.
- (ll) **“Subordinate Voting Shares”** means the Company’s Class A subordinate voting shares.
- (mm) **“Subsidiary”** means a wholly-owned or controlled subsidiary corporation of the Company.
- (nn) **“Ten Percent Shareholder Participant”** means an individual to whom an Incentive Stock Option is granted pursuant to the provisions of the Plan who is, on the date of the grant, the owner of stock (as determined under Section 424(d) of the Code) possessing more than 10% of the total combined voting power of all classes of stock of the Company or its parent, if any, or its subsidiary corporations (as defined in Code Section 424(e)).
- (oo) **“Triggering Event”** means:

- (i) the proposed dissolution, liquidation or wind-up of the Company;
 - (ii) a proposed merger, amalgamation, arrangement or reorganization of the Company with one or more corporations as a result of which, immediately following such event, the shareholders of the Company as a group, as they were immediately prior to such event, are expected to hold less than a majority of the outstanding capital stock of the surviving corporation;
 - (iii) the proposed acquisition of all or substantially all of the issued and outstanding shares of the Company by one or more Persons or Entities;
 - (iv) a proposed Change of Control of the Company;
 - (v) the proposed sale or other disposition of all or substantially all of the assets of the Company;
or
 - (vi) a proposed material alteration of the capital structure of the Company which, in the opinion of the Committee, is of such a nature that it is not practical or feasible to make adjustments to this Plan or to the Options granted hereunder to permit the Plan and Options granted hereunder to stay in effect.
- (pp) **“U.S. Option Holder”** means an Option Holder whose Options awarded under the Plan are subject to taxation under the Code, including U.S. residents and U.S. citizens regardless of country of residence.
- (qq) **“Vest”** or **“Vesting”** means that a portion of the Option granted to the Option Holder which is available to be exercised by the Option Holder at any time and from time to time.

1.2 Choice of Law

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed solely in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The Company and each Option Holder hereby attorn to the jurisdiction of the Courts of British Columbia.

1.3 Headings

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

SECTION 2 GRANT OF OPTIONS

2.1 Grant of Options

The Committee shall, from time to time in its sole discretion, grant Options to such Persons or Entities and on such terms and conditions as are permitted under this Plan. Options will be awarded to U.S. Option Holders only if such U.S. Option Holder performs services for the Company or any corporation or other entity in which the Company has a direct or indirect controlling interest or otherwise has a significant ownership interest, as determined in accordance with applicable regulations under section 409A of the Code, such that the Option will constitute an award of “service recipient stock” for purposes of Section 409A of the Code or otherwise

does not subject the award to the excise tax under Section 409A of the Code. For U.S. Options Holders, an Option will not be granted to an RRSP.

2.2 Record of Option Grants

The Committee shall be responsible to maintain a record of all Options granted under this Plan and such record shall contain, in respect of each Option:

- (a) the name and address of the Option Holder;
- (b) the category (Executive, Employee or Consultant) under which the Option was granted to him, her or it;
- (c) the designation of Options as Incentive Stock Options or Non-Statutory Options, as applicable;
- (d) the Grant Date and Expiry Date of the Option;
- (e) the number of Shares which may be acquired on the exercise of the Option and the Exercise Price of the Option;
- (f) the vesting and other additional terms, if any, attached to the Option; and
- (g) the particulars of each and every time the Option is exercised.

2.3 Effect of Plan

All Options granted pursuant to the Plan shall be subject to the terms and conditions of the Plan notwithstanding the fact that the Option Certificates issued in respect thereof do not expressly contain such terms and conditions but instead incorporate them by reference to the Plan. The Option Certificates will be issued for convenience only and in the case of a dispute with regard to any matter in respect thereof, the provisions of the Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

SECTION 3 PURPOSE AND PARTICIPATION

3.1 Purpose of Plan

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Executives, Employees and Consultants to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Shares of the Company as long term investments.

3.2 Participation in Plan

The Committee shall, from time to time and in its sole discretion, determine those Executives, Employees and Consultants to whom Options are to be granted, subject to the provisions of section 2.1 hereof, and provided that only a committee of the Board comprised of directors who qualify as independent directors (within the

meaning of the independence rules of any applicable securities exchange where the Shares are then listed) may grant awards to Directors who are not also employees of the Company or an affiliate of the Company.

3.3 Limits on Option Grants

The following limitations shall apply to the Plan and all Options thereunder:

- (a) the maximum number of Options which may be granted to any one Option Holder under the Plan within any 12 month period shall be 5% of the Outstanding Issue (unless the Company has obtained disinterested shareholder approval if required by Regulatory Rules);
- (b) if required by Regulatory Rules, disinterested shareholder approval is required to the grant to Insiders, within a 12 month period, of a number of Options which, when added to the number of outstanding Options granted to Insiders within the previous 12 months, exceed 10% of the Outstanding Issue;
- (c) with respect to section 5.1, the Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option;
- (d) the maximum number of Options which may be granted to any one Consultant within any 12 month period must not exceed 2% of the Outstanding Issue; and
- (e) the maximum number of Options which may be granted within any 12 month period to Employees or Consultants engaged in investor relations activities must not exceed 2% of the Outstanding Issue and such options must vest in stages over 12 months with no more than 25% of the Options vesting in any three month period, and such limitation will not be an amendment to this Plan requiring the Option Holders consent under section 9.2 of this Plan.

3.4 Notification of Grant

Following the granting of an Option, the Administrator shall, within a reasonable period of time, notify the Option Holder in writing of the grant and shall enclose with such notice the Option Certificate representing the Option so granted. In no case will the Company be required to deliver an Option Certificate to an Option Holder until such time as the Company has obtained all necessary Regulatory Approvals for the grant of the Option.

3.5 Copy of Plan; Effective Date of Plan

Each Option Holder, concurrently with the notice of the grant of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder. The Plan was adopted by the Board on [_____], 2019. The Plan shall be subject to approval by the stockholders of the Company which approval will be within 12 months after the date the Plan is adopted by the Board.

3.6 Limitation on Service

The Plan does not give any Option Holder that is an Executive the right to serve or continue to serve as an Executive of the Company or any Subsidiary, nor does it give any Option Holder that is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company or any Subsidiary. In addition, the Company or an affiliate may at any time dismiss an Option Holder from employment free from any liability or any claim under the Plan or any Option, unless otherwise expressly provided in the Plan or in any award agreement. Nothing in this Plan shall confer on any person any legal or equitable right against the

Company or any affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an affiliate. Under no circumstances shall any person ceasing to be an employee of the Company or any affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Option Holder shall be deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby.

3.7 No Obligation to Exercise

Option Holders shall be under no obligation to exercise Options.

3.8 Agreement

The Company and every Option Holder granted an Option hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan. In the event that the Option Holder is promised his, her or its Options pursuant to an oral or written agreement with the Company or a Subsidiary, whether such agreement is an employment agreement, consulting agreement or any other kind of agreement of any kind whatsoever, the Option Holder acknowledges that in the event of any inconsistency between the terms relating to the grant of such Options in that agreement and the terms attaching to the Options as provided for in this Plan, the terms provided for in this Plan shall prevail and the other agreement shall be deemed to have been amended accordingly.

3.9 Notice

Any notice, delivery or other correspondence of any kind whatsoever to be provided by the Company to an Option Holder will be deemed to have been provided if provided to the last home address, fax number or email address of the Option Holder in the records of the Company and the Company shall be under no obligation to confirm receipt or delivery.

3.10 Representation

As a condition precedent to the issuance of an Option, the Company must be able to represent to the Exchange as of the Grant Date that the Option Holder is a *bona fide* Executive, Employee or Consultant of the Company or any Subsidiary.

SECTION 4 NUMBER OF SHARES UNDER PLAN

4.1 Number of Shares

Subject to adjustment as provided for herein and to SECTION 12, the number of Shares which will be available for purchase pursuant to Options granted pursuant to this Plan, plus any other outstanding stock options of the Company granted pursuant to any other Company option plan or a previous stock option plan or agreement, will not exceed 10% of the Outstanding Issue. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to this Plan.

4.2 Fractional Shares

No fractional shares shall be issued upon the exercise of any Option and, if as a result of any adjustment, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made for the fractional interest.

SECTION 5

TERMS AND CONDITIONS OF OPTIONS

5.1 Exercise Period of Option

Subject to sections 5.4, 6.2, 6.3, 6.4 and 11.4, the Grant Date and the Expiry Date of an Option shall be the dates fixed by the Committee at the time the Option is granted and shall be set out in the Option Certificate issued in respect of such Option. No Incentive Stock Option may be granted after ten (10) years from the earlier of the date this Plan was adopted by the Board or the date this Plan was approved by shareholders. The term and expiry date of an Incentive Stock Option shall not exceed ten (10) years, (and in the case of an Incentive Stock Option granted to a Ten Percent Shareholder Participant, it shall not exceed five (5) years) from Grant Date of such Incentive Stock Option.

5.2 Number of Shares Under Option

The number of Shares which may be purchased pursuant to an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option.

5.3 Exercise Price of Option

The Exercise Price at which an Option Holder may purchase a Share upon the exercise of an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Exercise Price shall not be less than the Market Value of the Shares as of the Grant Date. The Market Value of the Shares for a particular Grant Date shall be determined as follows, and for Options awarded to U.S. Option Holders, the Exercise Price will not be less than such Market Value, provided however that the Committee may designate a purchase price below Market Value on the date of grant if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Company or an affiliate of the Company:

- (a) for each organized trading facility on which the Shares are listed, Market Value will be the closing trading price of the Shares on the day immediately preceding the Grant Date, and, except with respect to Options awarded to U.S. Option Holders, may be less than this price if it is within the discounts permitted by the applicable Regulatory Authorities;
- (b) if the Company's Shares are listed on more than one organized trading facility, the Market Value shall be the Market Value as determined in accordance with subparagraph (a) above for the primary organized trading facility on which the Shares are listed, as determined by the Committee, subject to any adjustments as may be required to secure all necessary Regulatory Approvals;
- (c) if the Company's Shares are listed on one or more organized trading facilities but have not traded during the ten trading days immediately preceding the Grant Date, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee; and

- (d) if the Company's Shares are not listed on any organized trading facility, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee to be the fair value of the Shares, taking into consideration all factors that the Committee deems appropriate, including, without limitation, recent sale and offer prices of the Shares in private transactions negotiated at arms length and any other factors required to be considered under section 409A of the Code for purposes of valuation of stock that is not traded on an established securities market. Notwithstanding anything else contained herein, in no case will the Market Value be less than the minimum prescribed by each of the organized trading facilities that would apply to the Company on the Grant Date in question.

Notwithstanding the foregoing, the Exercise Price of Shares subject to an Incentive Stock Option granted under the Plan to a Ten Percent Shareholder Participant shall be not less than 110% of the fair market value of the Shares on the Grant Date as determined in good faith by the Committee at the Grant Date.

5.4 Incentive Stock Options.

The maximum aggregate number of Shares that may be issued under this Plan as Incentive Stock Options is 50 million Shares. Incentive Stock Options may only be granted to individuals who are employees of the Company or a subsidiary of the Company (as defined under section 424(f) of the Code). To the extent that Options designated as Incentive Stock Options become exercisable by an Option Holder for the first time during any calendar year for Shares having a fair market value greater than US\$100,000, the portion of such Options which exceeds such amount shall not be treated as Incentive Stock Options but instead shall be treated as Non-Statutory Stock Options. For the purposes of this Section 5.4, Options designated as Incentive Stock Options shall be taken into account in the order in which they were granted, and the fair market value of Shares shall be determined as of the Grant Date of the Option with respect to such Shares. If the Code is amended to provide for a different limitation than that set forth in this Section 5.4, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as may be required or permitted by such amendment to the Code. If an Option is treated as a Non-Statutory Option in part by reason of the limitation set forth in this Section 5.4, the Option Holder may designate which portion of such Option the Option Holder is exercising at any given time. In the absence of such designation, the Option Holder shall be deemed to have exercised the Incentive Stock Option portion of the Option first. If the Plan is not approved by shareholders in accordance with the requirements of section 422 of the Code within twelve (12) months of the adoption of the Plan, Options otherwise designated as Incentive Stock Options will be Non-Statutory Stock Options. The Company shall have no liability to an Options Holder, or any other party, if any Option (or any part thereof) intended to be an Incentive Stock Option is not an Incentive Stock Option.

5.5 Termination of Option

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of the Expiry Time on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Committee at the time the Option is granted as set out in the Option Certificate and the date established, if applicable, in paragraphs (a) or (b) below or sections 6.2, 6.3, 6.4, or 11.4 of this Plan:

- (a) *Ceasing to Hold Office* - In the event that the Option Holder holds his or her Option as an Executive and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee and expressly provided for in the Option Certificate, the 30th day following the date the Option Holder ceases to hold such position unless the Option Holder ceases to hold such position as a result of:

- (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
 - (ii) a special resolution having been passed by the shareholders of the Company removing the Option Holder as a director of the Company or any Subsidiary; or
 - (iii) an order made by any Regulatory Authority having jurisdiction to so order, in which case the Expiry Date shall be the date the Option Holder ceases to hold such position; OR
- (b) *Ceasing to be Employed or Engaged* - In the event that the Option Holder holds his or her Option as an Employee or Consultant and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee and expressly provided for in the Option Certificate, the 30th day following the date the Option Holder ceases to hold such position, unless the Option Holder ceases to hold such position as a result of:
- (i) termination for cause;
 - (ii) resigning his or her position; or
 - (iii) an order made by any Regulatory Authority having jurisdiction to so order, in which case the Expiry Date shall be the date the Option Holder ceases to hold such position.

In the event that the Option Holder ceases to hold the position of Executive, Employee or Consultant for which the Option was originally granted, but comes to hold a different position as an Executive, Employee or Consultant prior to the expiry of the Option, the Committee may, in its sole discretion, choose to permit the Option to stay in place for that Option Holder with such Option then to be treated as being held by that Option Holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan. Notwithstanding anything else contained herein, in no case will an Option be exercisable later than the Expiry Date of the Option.

5.6 Vesting of Option and Acceleration

The vesting schedule for an Option, if any, shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Committee may elect, at any time, to accelerate the vesting schedule of one or more Options including, without limitation, on a Triggering Event, and such acceleration will not be considered an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan.

5.7 Additional Terms

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Committee may attach additional terms and conditions to the grant of a particular Option, such terms and conditions to be set out in a schedule attached to the Option Certificate. The Option Certificates will be issued for convenience only, and in the case of a dispute with regard to any matter in respect thereof, the provisions of this Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

SECTION 6

TRANSFERABILITY OF OPTIONS

6.1 Non-transferable

An Incentive Stock Option shall not be assignable or transferable by any Option Holder and, subject to section 6.2 hereof, may be exercised during the life of the Option Holder only by the Option Holder. An Option other than an Incentive Stock Option are non-assignable and non-transferable, except as provided otherwise in this SECTION 6.

6.2 Death of Option Holder

In the event of the Option Holder's death, any Options held by such Option Holder shall pass to the Personal Representative of the Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the date of death and the applicable Expiry Date.

6.3 Disability of Option Holder

If the employment or engagement of an Option Holder as an Employee or Consultant or the position of an Option Holder as a director or officer of the Company or a Subsidiary is terminated by the Company by reason of such Option Holder's Disability, any Options held by such Option Holder shall be exercisable by such Option Holder or by the Personal Representative on or before the date which is the earlier of one year following the termination of employment, engagement or appointment as a director or officer and the applicable Expiry Date.

6.4 Disability and Death of Option Holder

If an Option Holder has ceased to be employed, engaged or appointed as a director or officer of the Company or a Subsidiary by reason of such Option Holder's Disability and such Option Holder dies within one year after the termination of such engagement, any Options held by such Option Holder that could have been exercised immediately prior to his or her death shall pass to the Personal Representative of such Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the death of such Option Holder and the applicable Expiry Date.

6.5 Vesting

Unless the Committee determines otherwise, Options held by or exercisable by a Personal Representative shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

6.6 Deemed Non-Interruption of Engagement

Employment or engagement by the Company shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Option Holder's right to re-employment or re-engagement by the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Option Holder's re-employment or re-engagement is not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the ninety-first day of such leave.

SECTION 7

EXERCISE OF OPTION

7.1 Exercise of Option

An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period up to the Expiry Time on the Expiry Date by delivering to the Administrator the required Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft or wire transfer payable to the Company or its legal counsel or, at the discretion of the Company, by payment of the exercise price through broker-assisted cashless exercise, tender of previously owned Shares with a fair market value equal to the exercise price, net exercise (except with respect to Incentive Stock Options) and any other method permitted under the terms of the Option Certificate and attached schedules or as may be approved by the Company in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise of the Option. Notwithstanding anything else contained herein, Options may not be exercised during a Black-Out unless the Committee determines otherwise.

7.2 Black Out Period

Notwithstanding the foregoing, except in the case of Incentive Stock Options, if an Option expires, terminates or is cancelled (other than an expiry, termination or cancellation pursuant to section 5.5(a)(i), (ii), or (iii) or section 5.5(b)(i), (ii), or (iii) above) within or immediately after a Black Out, the term of such Option shall be extended to the date which is ten (10) business days after the last day of the Black Out; provided, that, the expiration date as extended by this section 7.2 will not in any event be beyond the later of: (i) December 31 of the calendar year in which the Option was otherwise due to expire; and (ii) the 15th day of the third month following the month in which the Option was otherwise due to expire.

7.3 Issue of Share Certificates

As soon as reasonably practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall also provide a new Option Certificate for the balance of Shares available under the Option to the Option Holder concurrent with delivery of the certificate for the Shares.

7.4 No Rights as Shareholder

Until the date of the issuance of the certificate for the Shares purchased pursuant to the exercise of an Option, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option, unless the Committee determines otherwise. In the event of any dispute over the date of the issuance of the certificates, the decision of the Committee shall be final, conclusive and binding.

7.5 No Right to Employment; Other Benefits

No compensation or benefit awarded to or realized by any Option Holder under the Plan shall be included for the purpose of computing such Option Holder's compensation or benefits under any pension, retirement, savings, profit sharing, group insurance, disability, severance, termination pay, welfare or other benefit plan of the Company, unless required by law or otherwise provided by such other plan.

7.6 Tax Withholding and Procedures

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Option Holder who wishes to exercise an Option must, in addition to following the procedures set out in 7.1 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts;
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded; or
- (c) and must in all other respects follow any related procedures and conditions imposed by the Company.

7.7 No Trust Fund Created

Neither the Plan nor any Option shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any affiliate and an Option Holder or any other Person or Entity. To the extent that any Person acquires a right to receive payments from the Company or any affiliate pursuant to an award, such right shall be no greater than the right of any unsecured general creditor of the Company or any affiliate.

SECTION 8 ADMINISTRATION

8.1 Board or Committee

The Plan shall be administered by the Administrator with oversight by the Committee.

8.2 Powers of Committee

The Committee shall have the authority to do the following:

- (a) oversee the administration of the Plan in accordance with its terms;
- (b) appoint or replace the Administrator from time to time;
- (c) determine all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the Market Value;
- (d) correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (e) prescribe, amend, and rescind rules and regulations relating to the administration of the Plan;
- (f) determine the duration and purposes of leaves of absence from employment or engagement by the Company which may be granted to Option Holders without constituting a termination of employment or engagement for purposes of the Plan;

- (g) do the following with respect to the granting of Options:
 - (i) determine the Executives, Employees or Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan;
 - (ii) determine the terms of the Option to be granted to an Option Holder including, without limitation, the Grant Date, Expiry Date, Exercise Price and vesting schedule (which need not be identical with the terms of any other Option);
 - (iii) subject to any necessary Regulatory Approvals and section 9.2, amend the terms of any Options;
 - (iv) determine when Options shall be granted;
 - (v) determine the number of Shares subject to each Option; and
 - (vi) to designate Options as Incentive Stock Options or Non-Statutory Options, as applicable;
- (h) accelerate the vesting schedule of any Option previously granted; and
- (i) make all other determinations necessary or advisable, in its sole discretion, for the administration of the Plan.

8.3 Administration by Committee

All determinations made by the Committee in good faith shall be final, conclusive and binding upon all persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan.

8.4 Interpretation

The interpretation by the Committee of any of the provisions of the Plan and any determination by it pursuant thereto shall be final, conclusive and binding and shall not be subject to dispute by any Option Holder. No member of the Committee or any person acting pursuant to authority delegated by it hereunder shall be personally liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Committee and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

SECTION 9 APPROVALS AND AMENDMENT

9.1 Shareholder Approval of Plan

If required by a Regulatory Authority or by the Committee, this Plan may be made subject to the approval of the shareholders of the Company as prescribed by the Regulatory Authority. If shareholder approval is required, any Options granted under this Plan prior to such time will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

9.2 Amendment of Option or Plan

Subject to any required Regulatory Approvals, the Committee may from time to time amend any existing Option or the Plan (provided that with respect to Options of U.S. Option Holders such amendment will be undertaken only if it will not cause adverse tax consequences under section 409A of the Code) or the terms and conditions of any Option thereafter to be granted provided that where such amendment relates to an existing Option and it would:

- (a) materially decrease the rights or benefits accruing to an Option Holder; or
- (b) materially increase the obligations of an Option Holder; then, unless otherwise excepted out by a provision of this Plan, the Committee must also obtain the written consent of the Option Holder in question to such amendment. If at the time the Exercise Price of an Option is reduced the Option Holder is an Insider of the Company, the Insider must not exercise the option at the reduced Exercise Price until the reduction in Exercise Price has been approved by the disinterested shareholders of the Company, if required by the Exchange.

SECTION 10

CONDITIONS PRECEDENT TO ISSUANCE OF OPTIONS AND SHARES

10.1 Compliance with Laws

An Option shall not be granted or exercised, and Shares shall not be issued pursuant to the exercise of any Option, unless the grant and exercise of such Option and the issuance and delivery of such Shares comply with all applicable Regulatory Rules, and such Options and Shares will be subject to all applicable trading restrictions in effect pursuant to such Regulatory Rules and the Company shall be entitled to legend the Option Certificates and the certificates representing such Shares accordingly.

10.2 Regulatory Approvals

In administering this Plan, the Committee will seek any Regulatory Approvals which may be required. The Committee will not permit any Options to be granted without first obtaining the necessary Regulatory Approvals unless such Options are granted conditional upon such Regulatory Approvals being obtained. The Committee will make all filings required with the Regulatory Authorities in respect of the Plan and each grant of Options hereunder. No Option granted will be exercisable or binding on the Company unless and until all necessary Regulatory Approvals have been obtained. The Committee shall be entitled to amend this Plan and the Options granted hereunder in order to secure any necessary Regulatory Approvals and such amendments will not require the consent of the Option Holders under section 9.2 of this Plan.

10.3 Inability to Obtain Regulatory Approvals

The Company's inability to obtain Regulatory Approval from any applicable Regulatory Authority, which Regulatory Approval is deemed by the Committee to be necessary to complete the grant of Options hereunder, the exercise of those Options or the lawful issuance and sale of any Shares pursuant to such Options, shall relieve the Company of any liability with respect to the failure to complete such transaction.

SECTION 11

ADJUSTMENTS AND TERMINATION

11.1 Termination of Plan

Subject to any necessary Regulatory Approvals, the Committee may terminate or suspend the Plan. Unless earlier terminated as provided in this SECTION 11, the Plan shall terminate on, and no more Options shall be granted under the Plan after, the tenth anniversary of the date of the Board's adoption of the Plan.

11.2 No Grant During Suspension of Plan

No Option may be granted during any suspension, or after termination, of the Plan. Suspension or termination of the Plan shall not, without the consent of the Option Holder, alter or impair any rights or obligations under any Option previously granted.

11.3 Alteration in Capital Structure

If there is a material alteration in the capital structure of the Company and the Shares are consolidated, subdivided, converted, exchanged, reclassified or in any way substituted for, the Committee shall make such adjustments to this Plan and to the Options then outstanding under this Plan as the Committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of each Option Holder shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation:

- (a) a change in the number or kind of shares of the Company covered by such Options; and
- (b) a change in the Exercise Price payable per Share provided, however, that the aggregate Exercise Price applicable to the unexercised portion of existing Options shall not be altered, it being intended that any adjustments made with respect to such Options shall apply only to the Exercise Price per Share and the number of Shares subject thereto.

For purposes of this section 11.3, and without limitation, neither:

- (c) the issuance of additional securities of the Company in exchange for adequate consideration (including services); nor
- (d) the conversion of outstanding securities of the Company into Shares shall be deemed to be material alterations of the capital structure of the Company. Any adjustment made to any Options pursuant to this section 11.3 shall not be considered an amendment requiring the Option Holder's consent for the purposes of section 9.2 of this Plan.

11.4 Triggering Events

Subject to the Company complying with section 11.5 and any necessary Regulatory Approvals and notwithstanding any other provisions of this Plan or any Option Certificate, the Committee may, without the consent of the Option Holder or Option Holders in question:

- (a) cause all or a portion of any of the Options granted under the Plan to terminate upon the occurrence of a Triggering Event; or

- (b) cause all or a portion of any of the Options granted under the Plan to be exchanged for incentive stock options of another corporation upon the occurrence of a Triggering Event in such ratio and at such exercise price as the Committee deems appropriate, acting reasonably, and in the case of Options held by U.S. Option Holders, in a manner that complies with the requirements of U.S. Treas. Reg. Sec. 1.409A-1(b)(5)(v)(D), and with respect to Incentive Stock Options, with U.S. Treas. Reg. Sec. 1.424-1(a)(5).

Such termination or exchange shall not be considered an amendment requiring the Option Holder's consent for the purpose of section 9.2 of the Plan.

11.5 Notice of Termination by Triggering Event

In the event that the Committee wishes to cause all or a portion of any of the Options granted under this Plan to terminate on the occurrence of a Triggering Event, it must give written notice to the Option Holders in question not less than 10 days prior to the consummation of a Triggering Event so as to permit the Option Holder the opportunity to exercise the vested portion of the Options prior to such termination. Upon the giving of such notice and subject to any necessary Regulatory Approvals, all Options or portions thereof granted under the Plan which the Company proposes to terminate shall become immediately exercisable notwithstanding any contingent vesting provision to which such Options may have otherwise been subject.

11.6 Determinations to be Made By Committee

Adjustments and determinations under this SECTION 11 shall be made by the Committee, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive.

SECTION 12 ADJUSTMENTS AND TERMINATION

12.1 Maximum Number of Options

Notwithstanding anything contained in the Plan to the contrary, the maximum number of options the committee can grant is 10% of the number of Subordinate Voting Shares, which for clarity, includes the number of Shares issuable on conversion of the Subordinate Non-Voting Shares and the Proportionate Voting Shares. For the avoidance of doubt, the maximum number of stock options granted under this Plan and any other Company equity incentive plan must not exceed 10% of the Outstanding Issue.

SECTION 13 CALIFORNIA OPTIONS

13.1 California Options

Notwithstanding any other provision of this Plan, the provisions of this **Error! Reference source not found.** shall apply to any award granted or proposed to be granted to a Person in California, unless such award is otherwise exempt from the applicable securities laws of California (a "**California Award**").

13.2 Termination Date

A California Award may not be exercised more than 10 years after the grant date and any award agreement shall terminate on or before the 10th anniversary of the date of grant.

13.3 Post-Termination Exercise Period

Unless employment is terminated for cause as defined by applicable law, the terms of the Plan or award agreement or a contract of employment, the right to exercise an Option by a Participant in California in the event of termination of employment of the Participant, to the extent that the Participant is entitled to exercise on the date employment terminates, continues until at least the earlier of the expiration of the Term of Option or:

- (a) at least six months from the date of termination, if termination was caused by death or disability; or
- (b) at least 30 days from the date of termination, if termination was caused by other than death or disability.

13.4 Shareholder Approval / Grant Limitations

The Company will not grant California Awards unless:

- (a) the Company is a foreign private issuer, as defined by Rule 3b-4 of the Exchange Act, on the grant date of the California Award, and the aggregate number of persons in California granted awards under all compensation plans and agreements and issued securities under all purchase and bonus plans and agreements of the Company does not exceed 35; or
- (b) prior to or within 12 months of the granting of the first California Award under the Plan and prior to increasing the number of Authorized Shares, the Plan is approved by a majority of the Company's outstanding securities entitled to vote, not counting for the purpose of calculating such vote any securities issued upon exercise or vesting of awards granted in California.

Awards granted prior to security holder approval of the Plan or in excess of the Authorized Shares previously approved by the security holders shall become exercisable no earlier than the date of shareholder approval of the Plan or such increase in the Authorized Shares, as the case may be, and such awards shall be rescinded if such security holder approval is not received in the manner described in Section 13.4.

13.5 Company Information

The Company shall furnish summary financial information (audited or unaudited) of the Company's financial condition and results of operations, consistent with the requirements of applicable law, at least annually to each Participant in California during the period such Participant has one or more awards outstanding, and in the case of an individual who acquired Shares pursuant to the Plan, during the period such Participant owns such Shares; provided, however, the Company shall not be required to provide such information if (i) the issuance is limited to key persons whose duties in connection with the Company assure their access to equivalent information or (ii) the Plan or any agreement complies with all conditions of Rule 701 of the Securities Act; provided that for purposes of determining such compliance, any registered domestic partner shall be considered a "family member" as that term is defined in Rule 701.

SCHEDULE A

[Include legends prescribed by Regulatory Authorities, if required.]

MANIFESTSEVEN HOLDINGS CORP.

STOCK OPTION PLAN - OPTION CERTIFICATE

This Option Certificate is issued pursuant to the provisions of the Stock Option Plan (the “**Plan**”) of ManifestSeven Holdings Corp. (the “**Company**”) and evidences that ●[Name of Option Holder] is the holder (the “**Option Holder**”) of an option (the “**Option**”) to purchase up to ● Class A Subordinate Voting Shares (the “**Shares**”) in the capital stock of the Company at a purchase price of Cdn.\$● per Share (the “**Exercise Price**”). This Option may be exercised at any time and from time to time from and including the following Grant Date through to and including up to 4:00 p.m. local time in Vancouver, British Columbia, Canada (the “**Expiry Time**”) on the following Expiry Date:

- (a) the Grant Date of this Option is ●, 20●; and
- (b) subject to sections 5.4, 6.2, 6.3, 6.4 and 11.4 of the Plan, the Expiry Date of this Option is 20.

To exercise this Option (to the extent it is vested), the Option Holder must deliver to the Administrator of the Plan, prior to the Expiry Time on the Expiry Date, an Exercise Notice, in the form provided in the Plan, which is incorporated by reference herein, together with the original of this Option Certificate and a certified cheque or bank draft payable to the Company or its legal counsel, or by payment of the exercise price through broker-assisted cashless exercise, tender of previously owned Shares with a fair market value equal to the exercise price, net exercise (except with respect to Incentive Stock Options) in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

This Option Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This Option Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail. This Option is also subject to the terms and conditions, including vesting conditions, contained in the schedules, if any, attached hereto.

[Include legends prescribed by Regulatory Authorities, if required.]

If the Option Holder is a resident or citizen of the United States of America at the time of the exercise of the Option, the certificate(s) representing the Shares will be endorsed with the following or a similar legend:

“The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, of the United States of America (the “Act”) or the securities laws of any state (“State”) of the United States of America and may not be sold, transferred, pledged, hypothecated or distributed, directly or indirectly, to a U.S. person (as defined in Regulation S adopted by the U.S. Securities and Exchange Commission under the Act) or within the United States unless such securities are (i) registered under the Act and any applicable State securities act (a “State Act”), or (ii) exempt from registration under the Act and any applicable State Act and the Company has received an opinion of counsel to such effect reasonably satisfactory to it, or (iii) sold in accordance with Regulation S and the Company has received an opinion of counsel to such effect reasonably satisfactory to it.”

ManifestSeven Holdings Corp. by its authorized signatory:

The Option Holder acknowledges receipt of a copy of the Plan and represents to the Company that the Option Holder is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Option Holder agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by the Regulatory Authorities. The Option Holder further acknowledges that if the Plan has not been approved by the shareholders of the Company on the Grant Date, this Option is not exercisable until such approval has been obtained.

Signature of Option Holder:

Signature

Date signed:

Print Name

Address

OPTION CERTIFICATE – SCHEDULE

[Complete the following additional terms and any other special terms, if applicable, or remove the inapplicable terms or this schedule entirely.]

The additional terms and conditions attached to the Option represented by this Option Certificate are as follows:

1. The Options will not be exercisable unless and until they have vested in accordance with the terms of the Plan and the vesting schedule below, and then only to the extent that they have vested. Provided that the Option Holder remains in continuous service with the Company or an affiliated entity through the dates specified below, the Options will vest in accordance with the following:
 - (a) • Shares (•%) will vest and be exercisable on or after the Grant Date;
 - (b) • additional Shares (•%) will vest and be exercisable on or after • [date];
 - (c) • additional Shares (•%) will vest and be exercisable on or after • [date];
 - (d) • additional Shares (•%) will vest and be exercisable on or after • [date];
2. Upon the Option Holder ceasing to hold a position with the Company, other than as a result of the events set out in paragraphs 5.4(a) or 5.4(b) of the Plan, the Expiry Date of the Option shall be • **[Insert date desired that is longer or shorter than the standard 30 days as set out in the Plan]** following the date the Option Holder ceases to hold such position.

Type of Option _____ Incentive Stock Option

(U.S. Employees only): _____ Non-Statutory Stock Option

3. The following provisions apply to Incentive Stock Options.
 - (a) Incentive Stock Options (“ISOs”) may be issued only to individuals who are employees of the Company or a subsidiary of the Company (as defined under section 424(f) of the Code) (“U.S. Employees”).
 - (b) If a U.S. Option Holder has been granted an ISO and ceases to be a U.S. Employee, then, in order to retain the status of the Option as an ISO for U.S. federal tax purposes, such Option must be exercised within the time limits set forth below. Failure to exercise an Incentive Stock Option within the following time limits will result in the Option ceasing to be an Incentive Stock Option. The limitations below are not intended to extend the term of an Option as set forth in the Plan, the applicable Option Certificate and related Schedules. The limitations below merely reflect the period during which an Option intended to be an Incentive Stock Option must be exercised (assuming it otherwise could be exercised during such period) in order retain Incentive Stock Option tax treatment. If an ISO ceases to be an ISO by virtue of failure to timely exercise the Option as described above, but the Option remains exercisable pursuant to its terms, the Option will be treated as a Non-Statutory Stock Option and the provisions set forth in the Plan or the Option Certificate will apply with respect to the period during which the Option may be exercised.

- A U.S. Option Holder who ceases to be a U.S. Employee due to Disability must exercise an ISO (to the extent such ISO was exercisable on the date of termination of employment due to Disability) within one year following the date of termination due to Disability (but in no event beyond the term of such Incentive Stock Option) in order to retain ISO tax treatment.
 - A U.S. Option Holder who ceases to be a U.S. Employee for any reason other than the death or Disability must exercise such ISO (to the extent such ISO was exercisable on the date of termination of employment) within three months following the date of termination (but in no event beyond the term of such ISO), in order to retain ISO tax treatment.
 - An Incentive Stock Option of a U.S. Participant who ceases to be a U.S. Employee by reason of death can be exercised by the estate in accordance with the terms of the Plan and applicable Option Certificate during the period specified in the Plan or the applicable Option Certificate without loss of ISO tax treatment (assuming other ISO requirements are met).
- (c) To the extent that an Option designated as an ISO becomes exercisable by an Option Holder for the first time during any calendar year for Shares having a fair market value greater than US\$100,000 (measured by the fair market value as of the Grant Date), the portion of such Option which exceeds such amount shall not be treated as an ISO but instead shall be treated as a Non-Statutory Stock Option.

SCHEDULE B

**MANIFESTSEVEN HOLDINGS CORP.
STOCK OPTION PLAN**

NOTICE OF EXERCISE OF OPTION

TO: The Administrator, Stock Option Plan

-
- [Address]

(or such other address as the Company may advise)

The undersigned hereby irrevocably gives notice, pursuant to the Stock Option Plan (the “**Plan**”) of ManifestSeven Holdings Corp. (the “**Company**”), of the exercise of the Option to acquire and hereby subscribes for (**cross out inapplicable item**):

(d) all of the Shares; or

(e) of the Shares;

which are the subject of the Option Certificate attached hereto (**attach your original Option Certificate**). The undersigned tenders herewith a certified cheque or bank draft (**circle one**) payable to the Company in an amount equal to the aggregate Exercise Price of the aforesaid Shares (or such other method of payment permitted by the grant agreement) and directs the Company to issue the certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address (**provide full complete address**):

The undersigned acknowledges the Option is not validly exercised unless this Notice is completed in strict compliance with this form and delivered to the required address with the required payment prior to 4:00 p.m. local time in Vancouver, British Columbia, Canada on the Expiry Date of the Option.

DATED the day _____ of _____, 20 .

Signature of Option Holder