

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement (the "**Prospectus Supplement**"), together with the accompanying short form base shelf prospectus dated July 25, 2019 (the "**Prospectus**") to which it relates, as amended or supplemented, and each document incorporated by reference into this Prospectus Supplement and the Prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, possessions or the District of Columbia (the "**United States**"), or to a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act) (a "**U.S. Person**") unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available. This Prospectus Supplement together with the Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. Person. See "Plan of Distribution".

Information has been incorporated by reference in this Prospectus Supplement and the Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Cresco Labs Inc. at 400 W. Erie St. #110, Chicago, IL, 60654, telephone 312-929-0993 and are also available electronically at www.sedar.com.

PROSPECTUS SUPPLEMENT (TO THE SHORT FORM BASE SHELF PROSPECTUS DATED JULY 25, 2019)

New Issue

December 3, 2019



CRESCO LABS INC. Up to \$55,000,000 of Subordinate Voting Shares

This Prospectus Supplement of Cresco Labs Inc. ("**Cresco**" or the "**Corporation**"), together with the Prospectus, qualifies for distribution up to \$55,000,000 of subordinate voting shares (the "**Subordinate Voting Shares**") of the Corporation (the "**Offering**"). The Corporation has entered into an equity distribution agreement dated December 3, 2019 (the "**Equity Distribution Agreement**") with Canaccord Genuity Corp. (the "**Agent**") relating to the Subordinate Voting Shares offered by this Prospectus Supplement and the accompanying Prospectus. In accordance with the terms of the Equity Distribution Agreement, and except as noted below, the Corporation may distribute up to \$55,000,000 of Subordinate Voting Shares from time to time through the Agent, as agent for the distribution of the Subordinate Voting Shares pursuant to the Offering. See "Plan of Distribution".

The issued and outstanding Subordinate Voting Shares are listed and posted for trading on the Canadian Securities Exchange (the "**CSE**") under the symbol "CL." On December 2, 2019, the last trading day prior to the date of this Prospectus Supplement, the closing price per Subordinate Voting Share on the CSE was \$7.06. The Corporation has given notice to the CSE to list the Subordinate Voting Shares offered by this Prospectus Supplement and the Prospectus on the CSE. Listing will be subject to the Corporation fulfilling all of the listing requirements of the CSE.

Investing in securities of the Corporation is speculative and involves a high degree of risk and should only be made by persons who can afford the total loss of their investment. A prospective purchaser should therefore review this Prospectus Supplement and the Prospectus, as amended or supplemented, and the documents incorporated by reference herein and therein, as amended or supplemented, in their entirety and carefully consider the risk factors described or referenced under "**Risk Factors**" herein, in the Prospectus and in the annual information form of the Corporation incorporated by reference in the Prospectus at the relevant time and the risks otherwise described in this Prospectus Supplement, the Prospectus and the documents incorporated by reference herein and therein, prior to investing in any Subordinate Voting Shares offered hereby.

Purchasing Subordinate Voting Shares may subject investors to tax consequences in Canada. Investors should consult their own tax advisors with respect to their own particular circumstances.

Sales of Subordinate Voting Shares, if any, under this Prospectus Supplement and the Prospectus are anticipated to be made in transactions that are deemed to be "at-the-market distributions" as defined in National Instrument 44-102 *Shelf Distributions* ("NI 44-102"), involving sales made directly on the CSE or any other recognized Canadian "marketplace" within the meaning of National Instrument 21-101 *Marketplace Operation* upon which the Subordinate Voting Shares are listed, quoted or otherwise traded (a "Marketplace"). The Subordinate Voting Shares will be distributed at market prices prevailing at the time of the sale of such Subordinate Voting Shares. As a result, prices may vary as between purchasers and during the period of distribution. **There is no minimum amount of funds that must be raised under the Offering. This means that the Offering may terminate after only raising a small portion of the offering amount set out above, or none at all. An investor will not be entitled to a return of its investment if only a portion of the disclosed maximum offering amount set out above is in fact raised. See "Plan of Distribution".**

Pursuant to the terms of the Equity Distribution Agreement, the Corporation will compensate the Agent for its services in acting as agent in the sale of the Subordinate Voting Shares pursuant to the Offering in an amount equal to 2% of the gross proceeds from sales of the Subordinate Voting Shares made on the CSE or another Marketplace. The Corporation estimates that the total expenses that it will incur for the Offering, excluding compensation payable to the Agent under the terms of the Equity Distribution Agreement, will be approximately \$325,000. See "Plan of Distribution".

No underwriter or dealer involved in the Offering, no affiliate of such an underwriter or dealer and no person or company acting jointly or in concert with such an underwriter or dealer has over-allotted, or will over-allot, Subordinate Voting Shares in connection with the Offering or effect any other transactions that are intended to stabilize or maintain the market price of the Subordinate Voting Shares in connection with the Offering. See "Plan of Distribution".

Further particulars concerning the attributes of the Subordinate Voting Shares are set out under "Description of Share Capital of the Corporation – Subordinate Voting Shares" in the Prospectus, which provides for the issuance from time to time over a 25-month period of up to \$500,000,000 of Subordinate Voting Shares, debt securities, subscription receipts, warrants and units.

The directors, chief executive officer and chief financial officer of the Corporation reside outside of Canada and each has appointed Bennett Jones LLP, 3400 One First Canadian Place, Toronto, Ontario, M5X 1A4, as his or her agent for service of process in Canada. FGMK, LLC, the auditor in respect of the audited financial statements of Cresco Labs, LLC (the "LLC"), as at and for the year ended December 31, 2017 is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction and has appointed Bennett Jones LLP, 3400 One First Canadian Place, Toronto, Ontario, M5X 1A4 as its agent for service of process in Canada. Marcum LLP, the current auditor of the Corporation, is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada or is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, even if the party has appointed an agent for service of process.

The Corporation's head office is located at 400 W. Erie Street, #110, Chicago, IL 60654 and its registered office is located at Suite 2200, 1055 West Hastings Street, Vancouver, British Columbia V6E 2E9.

TABLE OF CONTENTS – PROSPECTUS SUPPLEMENT

TABLE OF CONTENTS - PROSPECTUS	S-4
IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS	S-5
CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS.....	S-5
MEANING OF CERTAIN REFERENCES AND CURRENCY PRESENTATION	S-7
MARKET AND INDUSTRY DATA.....	S-7
DOCUMENTS INCORPORATED BY REFERENCE	S-8
THE CORPORATION	S-10
CONSOLIDATED CAPITALIZATION	S-16
USE OF PROCEEDS	S-17
PLAN OF DISTRIBUTION.....	S-17
ELIGIBILITY FOR INVESTMENT.....	S-19
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....	S-19
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS	S-21
PRIOR SALES	S-25
TRADING PRICE AND VOLUME	S-27
RISK FACTORS	S-27
INTEREST OF EXPERTS	S-31
EXEMPTION	S-31
PURCHASERS' STATUTORY RIGHTS.....	S-32
APPENDIX A	SA-S-32
CERTIFICATE OF THE CORPORATION.....	SC-1
CERTIFICATE OF THE AGENT	SC-1

TABLE OF CONTENTS - PROSPECTUS

ABOUT THIS SHORT FORM BASE SHELF PROSPECTUS	1
MEANING OF CERTAIN REFERENCES AND CURRENCY PRESENTATION	1
MARKET AND INDUSTRY DATA	1
CAUTION REGARDING FORWARD-LOOKING STATEMENTS	1
DOCUMENTS INCORPORATED BY REFERENCE	3
THE CORPORATION	5
DESCRIPTION OF SHARE CAPITAL OF THE CORPORATION	3
DESCRIPTION OF DEBT SECURITIES	17
DESCRIPTION OF SUBSCRIPTION RECEIPTS	18
DESCRIPTION OF WARRANTS	19
DESCRIPTION OF UNITS	20
PRIOR SALES	20
TRADING PRICE AND VOLUME	22
SELLING SECURITYHOLDERS	24
PLAN OF DISTRIBUTION	24
USE OF PROCEEDS	25
EARNINGS COVERAGE RATIO	25
CONSOLIDATED CAPITALIZATION	26
UNITED STATES REGULATORY ENVIRONMENT	27
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS	32
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS	32
RISK FACTORS	32
EXEMPTION	38
LEGAL MATTERS	38
AUDITORS, TRANSFER AGENT AND REGISTRAR	38
UNDERTAKING	38
PURCHASERS' STATUTORY RIGHTS	39
ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS	39

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the Offering and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference into the Prospectus. The second part, the Prospectus, provides more general information. If the information varies between this Prospectus Supplement and the Prospectus, the information in this Prospectus Supplement supersedes the information in the Prospectus. Capitalized terms or abbreviations used in this Prospectus Supplement that are not defined herein have the meanings ascribed thereto in the Prospectus.

No person is authorized by the Corporation to provide any information or to make any representation other than as contained in this Prospectus Supplement or in the Prospectus in connection with the issue and sale of the Subordinate Voting Shares. An investor should rely only on the information contained in this Prospectus Supplement and the Prospectus (including the documents incorporated by reference herein and therein) and is not entitled to rely on parts of the information contained in this Prospectus Supplement or the Prospectus (including the documents incorporated by reference herein or therein) to the exclusion of others. The Corporation and the Agent have not authorized anyone to provide investors with additional or different information. The Corporation and the Agent take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give readers of this Prospectus Supplement. Information contained on, or otherwise accessed through, the Corporation's website shall not be deemed to be a part of this Prospectus Supplement and such information is not incorporated by reference herein.

The Corporation and the Agent are not offering to sell the Subordinate Voting Shares in any jurisdictions where the offer or sale of the Subordinate Voting Shares is not permitted. The information contained in this Prospectus Supplement (including the documents incorporated by reference herein) is accurate only as of the date of this Prospectus Supplement or as of the date as otherwise set out herein (or as of the date of the document incorporated by reference herein or as of the date as otherwise set out in the document incorporated by reference herein, as applicable), regardless of the time of any sale of the Subordinate Voting Shares. The business, financial condition, capital, results of operations and prospects of the Corporation may have changed since those dates. The Corporation does not undertake to update the information contained or incorporated by reference herein, except as required by applicable Canadian securities laws.

This Prospectus Supplement shall not be used by anyone for any purpose other than in connection with the Offering.

The Corporation's annual consolidated financial statements that are incorporated by reference into this Prospectus Supplement and the Prospectus have been prepared in accordance with International Financial Reporting Standards. Certain calculations included in tables and other figures in this Prospectus Supplement, the Prospectus and the documents incorporated by reference therein may have been rounded for clarity of presentation.

The documents incorporated or deemed to be incorporated by reference in this Prospectus Supplement or in the Prospectus contain meaningful and material information relating to the Corporation and readers of this Prospectus Supplement should review all information contained in this Prospectus Supplement, the Prospectus and the documents incorporated or deemed to be incorporated by reference herein and therein, as amended or supplemented.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus Supplement and the Prospectus and the documents incorporated by reference herein constitute "**forward-looking information**" within the meaning of Canadian securities laws. All information, other than statements of historical facts, included in this Prospectus Supplement and the Prospectus that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future is forward-looking information. In addition to the following cautionary statement, with respect to forward-looking information contained in the documents incorporated by reference herein, prospective purchasers should refer to "*Cautionary Statement Regarding Forward-Looking Information*" in the AIF (as defined herein) or any subsequently filed annual information form of the Corporation, as well as the advisories section of any documents incorporated or deemed to be by reference herein, including those that are filed after the date hereof. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes, among others, information regarding: termination of the Offering upon the maximum amount of sales of Subordinate Voting Shares being completed hereunder, sales of Subordinate Voting Shares under the Offering, the use of net proceeds of the Offering, the Corporation's intention to

complete the Offering on the terms and conditions described herein, the listing of the Subordinate Voting Shares on the CSE, the anticipated effect of the Offering on the performance of the Corporation, the Corporation's intention regarding cash flows from operating activities in future periods, the expected timing of the closing of the Arrangement (as defined herein), expectations for the effects of the Business Combination (as defined in the Prospectus), statements relating to the business and future activities of, and developments related to, the Corporation after the date of this Prospectus Supplement or the Prospectus, as applicable, including but not limited to, such things as future business strategy, competitive strengths, goals, expansion and growth of the Corporation's business, operations and plans, including new revenue streams, the completion of contemplated acquisitions by the Corporation, the application for additional licenses and the grant of licenses that have been applied for, the expansion of existing cultivation and production facilities, the completion of cultivation and production facilities that are under construction, the construction of additional cultivation and production facilities, the expansion into additional States within the United States, international markets and Canada, any potential future legalization of adult-use and/or medical marijuana under U.S. federal law, expectations of market size and growth in the United States and the States in which the Corporation operates, expectations for other economic, business, regulatory and/or competitive factors related to the Corporation or the cannabis industry generally, and other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions, estimates, analysis and opinions of management of the Corporation at the time they were provided or made, in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements.

Forward-looking information and statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made including, among other things, assumptions about: the contemplated acquisitions and dispositions being completed on the current terms and current contemplated timeline, including that all conditions to the completion of the Arrangement will be satisfied in a timely manner; development costs remaining consistent with budgets; ability to manage anticipated and unanticipated costs; favorable equity and debt capital markets; the ability to raise sufficient capital to advance the business of the Corporation; favorable operating and economic conditions; political and regulatory stability; obtaining and maintaining all required licenses and permits; receipt of governmental approvals and permits; sustained labor stability; stability in financial and capital goods markets; favourable production levels and costs from the Corporation's operations; the pricing of various cannabis products; the level of demand for cannabis products; the availability of third party service providers and other inputs for the Corporation's operations; and the Corporation's ability to conduct operations in a safe, efficient and effective manner. While the Corporation considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward- looking statements. Many assumptions are based on factors and events that are not within the control of the Corporation and there is no assurance they will prove to be correct.

Risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements include, among others, risks relating to the availability of future financing; the use of proceeds; the accuracy of forward looking information; regulatory uncertainty; money laundering laws and access to banking; heightened scrutiny of cannabis companies in Canada; proceedings against the Corporation; significant ongoing costs and obligations related to its investment in infrastructure; regulatory compliance and operations; availability of favourable locations; unfavorable tax treatment of cannabis businesses; the tax classification of the Corporation; the Corporation being a holding corporation; enforcement of contracts; competition; limitations on owners of licenses; difficulty in forecasting; the concentrated Founder voting control (as defined in the Prospectus) of the Corporation and the unpredictability caused by the existing capital structure; dilution; volatility of market price; substantial sales of Subordinate Voting Shares; the restrictions on the resale of the Corporation's securities; negative cash flows; liquidity; U.S. regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; risks related to the ability to consummate the proposed acquisitions and the ability to obtain requisite regulatory approvals and third party consents and the satisfaction of other conditions to the consummation of the Arrangement and other proposed acquisitions on the proposed terms and schedule; the potential

impact of the announcement or consummation of the proposed acquisitions on relationships, including with regulatory bodies, employees, suppliers, customers and competitors; the diversion of management time on the proposed acquisitions; risks related to contracts with third party service providers; risks related to the enforceability of contracts; the limited operating history of the Corporation; reliance on the expertise and judgment of senior management of the Corporation; risks inherent in an agricultural business; risks related to co-investment with parties with different interests to the Corporation; risks related to proprietary intellectual property and potential infringement by third parties; risks relating to financing activities including leverage; risks relating to the management of growth; increased costs associated with the Corporation becoming a publicly traded company; increasing competition in the industry; risks relating to energy costs; risks associated to cannabis products manufactured for human consumption including potential product recalls; reliance on key inputs, suppliers and skilled labour (the availability and retention of which is subject to uncertainty); cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risks related to the economy generally; risk of litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effecting service outside of Canada; risks related to future acquisitions or dispositions; sales by existing shareholders; the limited market for securities of the Corporation; limited research and data relating to cannabis; as well as those risk factors discussed elsewhere herein and in the Prospectus and the documents incorporated by reference herein, including the AIF (as defined herein).

Readers are cautioned that the foregoing lists are not exhaustive of all factors and assumptions that may have been used. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein, in the Prospectus and in any document incorporated by reference herein and therein are presented for the purposes of assisting readers in understanding the Corporation's expected financial and operating performance and the Corporation's plans and objectives and may not be appropriate for other purposes.

The forward-looking information and statements contained in this Prospectus Supplement and the Prospectus represent the Corporation's views and expectations respectively as of the date of this Prospectus Supplement and the Prospectus, unless otherwise indicated in such documents, and forward-looking information and statements contained in the documents incorporated by reference herein and therein represent the Corporation's views and expectations as of the date of such documents, unless otherwise indicated in such documents. The Corporation anticipates that subsequent events and developments may cause its views and expectations to change. However, while the Corporation may elect to update such forward-looking information and statements at a future time, it has no current intention of and assumes no obligation for doing so except to the extent required by applicable law.

MEANING OF CERTAIN REFERENCES AND CURRENCY PRESENTATION

References to dollars or "\$" are to Canadian currency unless otherwise indicated. All references to "US\$" refer to United States dollars. On December 2, 2019, the daily exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was US\$1.00 = \$1.3297.

Unless the context otherwise requires, all references in this Prospectus Supplement to the "Corporation" refer to the Corporation and its subsidiary entities on a consolidated basis.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, the market and industry data contained or incorporated by reference in this Prospectus Supplement is based upon information from independent industry publications, market research, analyst reports and surveys and other publicly available sources. Although the Corporation believes these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey. The Corporation has not independently verified any of the data from third party sources referred to or incorporated by reference herein and accordingly, the accuracy and completeness of such data is not guaranteed.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus Supplement and the Prospectus from documents filed with the securities commissions or similar regulatory authorities in each of the provinces of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporation, at 400 W. Erie St. #110, Chicago, IL, 60654, (312) 929-0993, and are also available electronically at www.sedar.com. The filings of the Corporation through the System for Electronic Document Analysis and Retrieval ("SEDAR") are not incorporated by reference in this Prospectus Supplement except as specifically set out herein.

This Prospectus Supplement is incorporated by reference into the Prospectus as of the date hereof and only for the purposes of the distribution of the Subordinate Voting Shares offered hereby. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full details.

The following documents (or the sections or sub-sections thereof set out below), filed by the Corporation with the various securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference into, and form an integral part of, the Prospectus as supplemented by this Prospectus Supplement:

1. the annual information form of the Corporation for the year ended December 31, 2018 dated and filed on May 9, 2019 (the "**AIF**");
2. the unaudited condensed interim financial statements of the Corporation for the three and nine months ended September 30, 2019 and 2018, together with the notes thereon filed on November 27, 2019;
3. the management's discussion and analysis of financial condition and results of operations of the Corporation for the three and nine month periods ended September 30, 2018 and the three and nine month periods ended September 30, 2019 filed on November 27, 2019;
4. the audited financial statements of the Corporation for the years ended December 31, 2018 and 2017, together with the notes thereto and the auditor's report for the year ended December 31, 2018 attached thereto and the auditor's report for the year ended December 31, 2017 attached to the restated December 31, 2017 financial statements filed on May 6, 2019;
5. the management's discussion and analysis of financial condition and results of operations of the Corporation for the three and twelve month periods ended December 31, 2017 and the three and twelve month periods ended December 31, 2018 filed on May 6, 2019;
6. the unaudited condensed interim consolidated financial statements of CannaRoyalty Corp. d/b/a Origin House ("**Origin House**") for the three and six months ended June 30, 2019 and June 30, 2018, except the notice of no auditor review contained therein, together with the notes thereto, as filed on the Corporation's SEDAR profile on December 3, 2019;
7. the audited financial statements of Origin House for the years ended December 31, 2018 and 2017, together with the notes thereto and the auditor's report attached thereto, as filed on the Corporation's SEDAR profile on July 19, 2019;
8. the following sections and sub-sections of the listing statement of the Corporation dated November 30, 2018 (the "**Listing Statement**"): (a) the sub-section entitled "Summary of the Equity Plan" of Section 9 (Options to Purchase Securities) of the Listing Statement; and (b) Section 15 (Executive Compensation) of the Listing Statement;
9. the management information circular of the Corporation dated October 17, 2018, prepared in connection with a special meeting of shareholders held on November 14, 2018 (the "**RTO Circular**"), other than any other statement contained in the RTO Circular to the extent that any statement contained herein or in any document incorporated or deemed to be incorporated by reference herein subsequently filed after the RTO Circular modifies or supersedes such a statement contained in the RTO Circular;

10. the material change report dated April 11, 2019, announcing the entering into of an arrangement agreement with Origin House (the "**Arrangement Agreement**") pursuant to which the Corporation has agreed to acquire all of the issued and outstanding shares of Origin House pursuant to a court approved plan of arrangement;
11. the material change report of the Corporation dated September 18, 2019 announcing the offering of \$73.5 million of equity units of the Corporation (the "**September 2019 Equity Offering**") and the entering into of a purchase agreement with Tryke (as defined herein) pursuant to which the Corporation has agreed to acquire certain assets and an interest in Tryke as described herein and therein (the "**Tryke MCR**"); and
12. the material change report of the Corporation dated November 25, 2019 announcing an amendment to the Arrangement Agreement with Origin House (the "**Amended Arrangement Agreement**") to provide for certain changes to the covenants and agreements contained therein (the "**Origin House Amendment MCR**").

Any document of the type referred to in section 11.1 of Form 44-101F1 of National Instrument 44-101 *Short Form Prospectus Distributions* filed by the Corporation with the securities commissions or similar authorities in Canada after the date of this Prospectus Supplement and prior to the completion or withdrawal of the Offering shall be deemed to be incorporated by reference in the Prospectus for the purposes of the Offering.

In addition, pursuant to the Decision (as defined herein), if the Corporation disseminates a news release in respect of previously undisclosed information that, in the Corporation's determination, constitutes a "material fact" (as such term is defined under applicable Canadian securities laws), the Corporation will identify such news release as a "designated news release" for the purposes of the Prospectus in writing on the face page of the version of such news release that the Corporation files on SEDAR (any such news release, a "**Designated News Release**"), and any such Designated News Release shall be deemed to be incorporated by reference into the Prospectus only for the purposes of the Offering. These documents will be able to be obtained under the Corporation's profile on SEDAR at www.sedar.com. The Corporation will not use a Designated News Release to update information in the Prospectus in the event of a "material change" (as such term is defined under applicable Canadian securities laws).

Upon a new interim financial report and related management's discussion and analysis of the Corporation being filed with the applicable securities regulatory authorities during the currency of this Prospectus Supplement, the previous interim financial report and related management's discussion and analysis of the Corporation most recently filed shall be deemed no longer to be incorporated by reference into this Prospectus Supplement for purposes of future offers and sales of Securities hereunder. Upon new annual financial statements and related management's discussion and analysis of the Corporation being filed with the applicable securities regulatory authorities during the currency of this Prospectus Supplement, the previous annual financial statements and related management's discussion and analysis and the previous interim financial report and related management's discussion and analysis of the Corporation most recently filed shall be deemed no longer to be incorporated by reference into this Prospectus Supplement for purposes of future offers and sales of Securities hereunder. Upon a new annual information form of the Corporation being filed with the applicable securities regulatory authorities during the currency of this Prospectus Supplement, the following documents shall be deemed no longer to be incorporated by reference into this Prospectus Supplement for purposes of future offers and sales of Securities hereunder: (i) the previous annual information form; (ii) material change reports filed by the Corporation prior to the end of the financial year in respect of which the new annual information form is filed; (iii) business acquisition reports filed by the Corporation for acquisitions completed prior to the beginning of the financial year in respect of which the new annual information form is filed; and (iv) any information circular of the Corporation filed by the Corporation prior to the beginning of the financial year in respect of which the new annual information form is filed. Upon a new information circular of the Corporation prepared in connection with an annual general meeting of the Corporation being filed with the applicable securities regulatory authorities during the currency of this Prospectus Supplement, the previous information circular of the Corporation prepared in connection with an annual general meeting of the Corporation shall be deemed no longer to be incorporated by reference into this Prospectus Supplement for purposes of future offers and sales of Securities hereunder.

Notwithstanding anything herein to the contrary, any statement contained in this Prospectus Supplement, the Prospectus or in a document incorporated or deemed to be incorporated by reference herein or in the Prospectus shall be deemed to be modified or superseded, for purposes of this Prospectus Supplement and the Prospectus, to the extent that a statement contained herein or in any other subsequently filed document incorporated or deemed to be incorporated by reference herein or in the Prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or

include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall thereafter neither constitute, nor be deemed to constitute, a part of this Prospectus Supplement, or the Prospectus except as so modified or superseded.

THE CORPORATION

Summary of the Business

Cresco exists to provide high-quality and consistent cannabis-based products to consumers. Cresco blends regulatory compliance expertise with best practices from the agricultural, pharmaceutical and consumer packaged goods industries. Cresco (either directly or indirectly through subsidiaries) has been awarded three licenses to cultivate and manufacture medicinal cannabis in the State of Illinois. Cresco was awarded a cultivation license in Pennsylvania and was one of only five cultivators that was initially also awarded a dispensary license which allows for up to three dispensaries, with a second license granted in December of 2018 for up to three additional dispensaries. Cresco was awarded a cultivation license in Ohio and a dispensary license in Ohio and was the first approved dispensary to begin dispensary operations in Ohio in December 2018. Cresco received prequalification from the State of Michigan, which will allow Cresco to operate growing, processing and provisioning center facilities in Michigan. Cresco also has an interest in a cultivation, processing, and dispensary license in Nevada, an ownership interest in cultivation and processing licenses in California, owns and operates five dispensaries in Illinois and owns and operates two cultivation centers and one dispensary location in Arizona. Cresco acquired one medical cannabis cultivation center license and four dispensary locations in New York (refer to "*Recent Developments*" below for further information). Most recently, Cresco was the first cultivator in Illinois to receive approvals to grow adult-use cannabis; all three cultivation facilities were granted approvals in the state. Additionally, Cresco's five Illinois dispensary locations were approved for dispensing adult-use cannabis in the state upon legalization, effective January 1, 2020. Cresco has entered into an agreement to acquire assets in Massachusetts, including state registration and licensing that will allow for cultivation, manufacturing, processing, and the establishment and operation of a medical marijuana dispensary, with the ability to obtain up to three medical marijuana dispensary licenses and three adult-use dispensary licenses. Additionally, Cresco has entered into agreements to acquire operations in California, via Origin House (refer to "*Recent Developments*" below and "*The Corporation*" – "*Summary Description of the Business*" – "*Origin House Acquisition*" in the Prospectus for further information) and in Nevada, Arizona and Utah, via the Tryke Acquisition (as defined herein) (refer to "*Recent Developments*" below and the Tryke MCR, incorporated by reference in this Prospectus Supplement, for further information).

Cresco plans to leverage the success in these markets to expand into legalized cannabis markets in other states, while focusing on compliance, control, efficiency, and product performance in the medicinal or adult-use cannabis industry.

Cresco owns and operates cultivation, manufacturing and retail dispensary businesses. The manufacturing and retail businesses are operational today and vertically integrated across six highly regulated and/or limited license, and therefore limited legal supply markets: Illinois, Nevada, Ohio, Arizona, Pennsylvania, California and New York with processing operations in Maryland, and is expected to commence cultivation, manufacturing and retail dispensary operations in Michigan, Massachusetts, California, Utah and Nevada. These markets, where supply and demand can be reasonably predicted and forecasted, create the foundation upon which Cresco has created the opportunity for sustainable growth. Importantly, Cresco is not yet active in markets popularized by mainstream media like Washington, Oregon and Colorado where loose regulatory frameworks create unpredictable supply-demand market dynamics.

This ownership of wholesale and retail businesses supports Cresco's strategy of distributing brands at scale by enabling Cresco to capture market share, generate brand awareness, and earn customer loyalty in its operating markets by guaranteeing share-of-shelf in its own retail stores and its ability to foster mutually beneficial relationships with its third-party dispensary customers as a large supplier of a portfolio of distinct and trusted cannabis brands. More detailed information regarding the business of the Corporation as well as its operations, assets, and properties can be found in the Prospectus and the documents incorporated by reference herein, as supplemented by the disclosure in this Prospectus Supplement. See "*Documents Incorporated by Reference*".

Recent Developments

Origin House

On April 1, 2019, the Corporation announced that it had entered into the Arrangement Agreement with Origin House, a publicly traded company, to acquire all of the issued and outstanding shares of Origin House (the "**Arrangement**") on the basis of 0.8428 of a Subordinate Voting Share for each common share of Origin House and 84.28 Subordinate Voting Shares for each class A compressed share of Origin House. On the date of announcement, total consideration for the Arrangement was equal to approximately \$1.1 billion on a fully-diluted basis, or \$12.68 per Origin House share, and after giving effect to the Arrangement, Origin House shareholders would have held approximately 20% ownership in the pro forma entity (on a pro forma fully-diluted and as converted basis). The Arrangement is proposed to be effected by way of a plan of arrangement under Section 182 of the *Business Corporations Act* (Ontario). Origin House is building a premium suite of branded cannabis consumer products in California, supported by its existing and growing portfolio of strategic manufacturing and distribution assets. Origin House's current portfolio of products includes wholly-owned and licensed products and brands in large and high growth segments of the cannabis industry including vaping, pre-rolls, edibles, topicals, patches, creams, intimacy oils, concentrates, and animal health products. Origin House will also seek to create synergies and brand out-licensing opportunities among its portfolio companies and products in Canada, as well as Washington, Arizona, Oregon, Florida and Puerto Rico. More detailed information regarding the Arrangement and Origin House can be found in the Prospectus under "*Summary Description of the Business - Origin House Acquisition*".

On October 22, 2019 the waiting period under the *Hart-Scott-Rodino Antitrust Improvements Act of 1976* ("**HSR Act**"), expired, which was the last significant regulatory approval required to completing the Arrangement.

Origin House Amendment

On November 13, 2019, the Corporation announced that the parties to the Arrangement Agreement entered into the Amended Arrangement Agreement to provide for certain changes to the covenants and agreements contained to the original Arrangement Agreement. Pursuant to the Amended Arrangement Agreement, the consideration payable under the Arrangement will be reduced from 0.8428 of a Subordinate Voting Share for each common share of Origin House and 84.28 Subordinate Voting Shares for each class A compressed share of Origin House, to 0.7031 of a Subordinate Voting Share for each common share of Origin House and 70.31 Subordinate Voting Shares for each class A compressed share of Origin House.

On November 26, 2019, Origin House announced that it had obtained an interim order from the Ontario Superior Court of Justice (Commercial List) in connection with the Amended Arrangement Agreement, authorizing Origin House to hold a second meeting of its shareholders on December 31, 2019 (the "**Meeting**"). If the Arrangement is approved at the Meeting, Origin House is currently expected to return to court on or about January 6, 2020 to seek a final order to implement the Arrangement. Assuming satisfaction or waiver of all closing conditions, the Corporation expects that the Arrangement will close by the middle of January, 2020.

Please see the Origin House Amendment MCR, incorporated by reference in this Prospectus Supplement, for additional information regarding the Origin House Amendment. The unaudited pro forma financial statements of the Corporation giving effect to the Origin House acquisition (together with certain other acquisitions) are included in Appendix A to this Prospectus Supplement.

VidaCann

On March 18, 2019, the Corporation announced that it had entered into a letter agreement to acquire the ownership interests or assets of VidaCann Ltd. and/or affiliated entities ("**VidaCann**"). A definitive equity purchase agreement superseding the letter agreement was entered into on May 15, 2019. On November 26, 2019, the Corporation announced the mutual termination of the definitive equity purchase agreement.

Valley Ag

On October 8, 2019, the Corporation completed the acquisition of 100% of the membership interests of Gloucester Street Capital, LLC ("**Gloucester**"), the parent entity of Valley Agriceuticals, LLC ("**Valley Ag**") via a merger between Gloucester and a subsidiary of Cresco. Valley Ag holds one of the ten vertically integrated cannabis business licenses

granted in the State of New York by the New York State Department of Health. This license will allow the Corporation the right to operate one cultivation facility and four dispensaries in New York. Valley Ag's assets include an operational processing facility and four licensed dispensaries.

Tryke Acquisition

On September 16, 2019, the Corporation announced that it entered into a purchase agreement to acquire certain assets and an interest in (the "**Tryke Acquisition**") Tryke Companies, LLC, and certain subsidiaries and affiliates thereof (collectively, "**Tryke**"). The Tryke Acquisition will expand the Corporation's presence in Nevada and Arizona. Tryke is a vertically integrated seed-to-sale cannabis company, and owns and operates six *Reef Dispensary* locations in Nevada and Arizona. The Tryke Acquisition will also expand the Corporation's licensed cultivation and process capacity in Nevada and Arizona and allow for entry into the Utah market. Tryke generated US\$70.4 million in revenue and US\$24.6 million in EBITDA in fiscal year 2018,¹ making it one of the highest grossing and most profitable private cannabis companies in the U.S. market. Nevada is one of the largest and fastest growing cannabis markets in the U.S. with 2019 sales estimates of up to US\$940 million and Arizona is one of the largest and fastest growing medical-only markets with estimated 2019 sales of up to US\$760 million.² The Tryke Acquisition will add approximately 17,000 pounds per year in strategically-located cultivation capacity along with approximately 1,320 pounds per year of processing capacity,³ and includes one of eight cultivation licenses recently awarded in Utah.

Tryke has established four (4) well-positioned retail locations in Nevada. Two (2) of these retail locations are in the city of Las Vegas, one (1) is in the city of Sparks and one (1) is in the city of Sun Valley. The flagship *Reef Dispensary* is located adjacent to the Las Vegas Strip and is the closest dispensary to the heart of the Las Vegas Strip and, to management's knowledge, is currently one of the highest-grossing dispensaries in the world, with the current highest known grossing dispensary in the world right across the street. Currently, there is no intersection in the world generating more regulated cannabis revenue annually than the intersection of Western Ave. and Desert Inn Rd. in Las Vegas. The Las Vegas Strip location covers a total of 165,000 square feet, which includes the flagship 4,800 square foot *Reef Dispensary* as well as 160,200 square feet of cultivation, processing and ancillary space (approximately 20,000 square feet under canopy). Las Vegas is one of the most influential consumer recreational markets in the U.S., hosting roughly 42 million tourists per year⁴ focused almost exclusively on the 4 miles of the Las Vegas Strip. As a result, Las Vegas has a national and international reach for companies seeking to build successful brands. Tryke's North Las Vegas location currently has, to management's knowledge, the highest average daily customer count in the state of Nevada at over 2,300 customers per day and the Las Vegas Strip and North Las Vegas stores have produced more than US\$100 million in combined revenue since 2016.⁵ The *Reef Dispensary* in North Las Vegas generated US\$14.5 million in revenue in the year-to-date period to August 31, 2019.⁶ This location also averaged over 2,300 tickets per day in August 2019, giving it, to management's knowledge, the highest monthly count in the state. Tryke's in-house suite of branded products is one of the most successful and recognizable lines of products in the Nevada market currently. Cresco currently sells the well-known and successful Mindy's Edibles line in Nevada. Mindy's Edibles has been one of the top three selling edibles in Nevada in 2019⁷. Tryke also has a cultivation license attached to a 12 acre parcel in Spanish Springs, Nevada with a plan to open the 17,000 pounds per year Phase I build-out during 2020.⁸ The Tryke Acquisition is expected to give Cresco approximately 8.11% market share in Nevada⁹, which would make Cresco a top three operator in Nevada. The Tryke Acquisition will enable Cresco to accelerate its plans to introduce a full suite of Cresco products into Nevada, and expand its cultivation and processing capacity and wholesale operations.

¹ Based on unaudited financial information (U.S. GAAP) provided by Tryke.

² Based on the 2019 Marijuana Business Factbook.

³ Based on past performance of Tryke. While the Corporation reasonably expects such performance to continue, there is no guarantee of such performance. These statements constitute forward-looking information related to possible events, conditions or financial performance based on future economic conditions and courses of action. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially. Cresco believes there is reasonable basis for the expectation reflected in the forward-looking statements, however these expectations may not prove to be correct.

⁴ Based on information provided by the Las Vegas Convention and Visitors Authority.

⁵ Based on financial information obtained from Tryke as of August 2019.

⁶ Based on unaudited financial information (U.S. GAAP) provided by Tryke.

⁷ According to Cowen and Company, and Headset.

⁸ These statements constitute forward-looking information related to possible events, conditions or financial performance based on future economic conditions and courses of action. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially. Cresco believes there is reasonable basis for the expectation reflected in the forward-looking statements, however these expectations may not prove to be correct.

⁹ Average market share for January – June 2019 as per https://tax.nv.gov/Publications/Marijuana_Statistics_and_Reports/

Arizona is one of the largest medical-only markets in the U.S. with more than 210,000 registered patients¹⁰ and the majority of the state's population is densely located in Phoenix, the 5th most populous city in the U.S. Arizona is expected to have an initiative on the 2020 ballot to legalize adult-use sales.¹¹ The Tryke Acquisition adds two (2) *Reef Dispensaries* in Arizona in the cities of Phoenix and Phoenix Southeast Valley which includes 27,000 square feet of cultivation and processing capacity in Phoenix, Arizona. The expanded cultivation and processing capacity in Arizona will support the introduction of a full suite of branded Cresco products and enable wholesale operations. The Tryke Acquisition is expected to result in an approximate 300% increase in the Corporation's market share in Arizona. The Tryke Acquisition will also provide the Corporation with access to a 12th state, Utah, via Tryke's recent receipt of one of eight cultivation licenses in the state.

The purchase consideration for the Tryke Acquisition is approximately US\$252.5 million for Tryke's operating assets plus US\$30 million for Tryke's real estate assets. The consideration will be comprised of a mix of equity (approximately US\$227.5 million), which will be subject to a 9 to 21-month lock-up agreement following closing, and cash (approximately US\$55 million). The Tryke Acquisition is anticipated to close during the first half of 2020 and will be subject to customary closing conditions, including approval from the States of Nevada, Utah and Arizona. The waiting period under the HSR Act for the Tryke Acquisition expired on October 28, 2019.

Please see the Tryke MCR, incorporated by reference in this Prospectus Supplement, for additional information regarding the Tryke Acquisition.

Upon closing of the Tryke Acquisition, as well as other pending transactions, Cresco will have 14 production facilities and 26 retail dispensaries in operation with licenses to operate a total of 29 retail dispensaries across 11 states – Illinois, Pennsylvania, Ohio, Nevada, California, Arizona, New York, and Utah with Michigan, Maryland and Massachusetts pending approval. Upon closing of all pending transactions, the Corporation's products will be on the shelves of over 506 dispensaries.

September 2019 Equity Offering

On September 24, 2019, the Corporation completed the issuance to a syndicate of underwriters, led by Canaccord Genuity Corp., of an aggregate of 7,350,000 units (the "**Units**") of the Corporation at a price of \$10.00 per Unit for aggregate gross proceeds of \$73,500,000 (the "**September Equity Offering**"). The Corporation also granted the Underwriters an over-allotment option to purchase up to an additional 1,102,500 Units at a price of C\$10.00, exercisable in whole or in part, at any time and from time to time on or prior to the date that is 30 days following the initial closing date. On October 24, 2019, the over-allotment option was partially exercised, and an additional \$1,190,000 in gross proceeds was raised, for aggregate gross proceeds pursuant to the September 2019 Equity Offering of \$74,690,700.

Each Unit consists of one Subordinate Voting Shares and one half of one Subordinate Voting Share purchase warrant (each full warrant, a "**Warrant**"). Each Warrant entitles the holder to acquire one Subordinate Voting Share of the Corporation (the "**Underlying Shares**") at a price of \$12.50 per Underlying Share, subject to adjustment in certain events, for a period of 3 years following the closing of the September 2019 Equity Offering.

The Corporation intends to use the proceeds from the September 2019 Equity Offering to fund business development and for working capital requirements and other general corporate purposes.

The Corporation intends to use the proceeds from the September 2019 Equity Offering to fund business development and for working capital requirements and other general corporate purposes.

The Units were offered in each of the provinces of Canada, other than Québec, pursuant to the Prospectus and the Equity Offering Prospectus Supplement. The September 2019 Equity Offering closed on September 24, 2019 (the "**Closing Date**"). A copy of the Equity Offering Prospectus Supplement may be obtained under the Corporation's profile on SEDAR at www.sedar.com.

¹⁰ According to Arizona Department of Health Services.

¹¹ Based on the 2019 Marijuana Business Factbook.

Regulatory Overview

In accordance with Canadian Securities Administrators Staff Notice 51-352, below is a discussion of the state-level U.S. regulatory regime in the State of Utah where the Corporation will be directly involved, through the Tryke companies, in the cannabis industry. For disclosure relating to the federal and state-level U.S. regulatory regimes in Illinois, Pennsylvania, Ohio, California, Nevada, Arizona New York, Massachusetts, and Maryland, the other jurisdictions where the Corporation is currently directly involved, through its subsidiaries, in the cannabis industry, please see "*United States Regulatory Environment*" and "*State Level U.S. Cannabis Operations*" in the AIF.

Regulation of the Medical Cannabis Market in Utah

In 2014, Utah passed House Bill 105, which permitted the Utah Department of Agriculture and department-certified higher education institutions to grow industrial hemp for the purpose of agriculture or academic research. Industrial hemp, as defined in the act, cannot contain more than 0.3% tetrahydrocannabinol (THC) by weight, which is sometimes referred to as low-THC (CBD) hemp. HB 105 also legalized the sale, possession and use of low-THC CBD hemp extract oil by registered patients diagnosed with intractable epilepsy. However, the bill was limited and did not include a provision for patients to legally acquire the low-THC (CBD) hemp extract oil.

In 2015, Utah's Senate proposed a bill, Senate Bill 259, to legalize the use of medical cannabis for those patients suffering from AIDS, Alzheimer's disease, amyotrophic lateral sclerosis, an autoimmune disorder, cachexia or physical wasting, nausea, or malnutrition associated with chronic disease, cancer, Crohn's disease, epilepsy, or a condition that causes debilitating seizures, glaucoma, multiple sclerosis or a similar condition that causes persistent and debilitating muscle spasms, post-traumatic stress disorder, or severe, chronic pain in an individual. Senate Bill 259 failed in the Senate on a 15- 14 vote.

A year later in 2016, Utah's Senate once again attempted to pass legislation in an effort to legalize medical cannabis for the aforementioned conditions. The new bill, Senate Bill 73, included provisions to put into place robust cultivation, tracking, distribution and enforcement models. The bill was passed in the Senate but failed in the Utah House of Representatives.

In February of 2018, the Utah House of Representatives passed HB 195, a bill to legalize the *Right to Try Act* ("**RTA**") as well as cultivate medical marijuana for terminally ill patients. This bill was signed into law on March 20, 2018 with the *Utah Medical Cannabis Act* ("**MCA**") passing on November 6, 2018. Portions of the most recent amendment to the MCA (HB3001) went into immediate effect on December 3, 2018. Other amendments to the MCA went into effect on July 1, 2019.

In May 2019, Utah's Department of Agriculture proposed the Agriculture and Food, Plant Industry R68-27. This proposed rule sets forth the licensing and operational requirements for those interested in competing for a medical cannabis cultivation facility license. The proposed rules establish facility requirements, operational plan requirements, requirements for storage and handling of cannabis and requirements for the use and storage of pesticides, fertilizers, and other agricultural chemicals that may be used in the facility.

Cannabis License Approvals

The Corporation has been approved for and currently operates a number of cannabis licenses in the United States. As of the date hereof, all licenses described in the AIF, which is incorporated by reference in this Prospectus Supplement, are active and any such license or regulatory approval referenced therein as having expired or requiring regulatory renewal has since been renewed in the normal course of the business on the same terms, or substantially the same terms, as those described in the AIF, other than the following material changes with respect to the Corporation's cannabis licenses:

Holding Entity	Permit/License	City	Expiration or Renewal Date (if applicable)	Description
Cresco Labs, LLC	Early Approval Adult Use Cultivation Center License	Kankakee, Illinois	3/31/21	Permit to operate an early approval

	License Number: 1503060739-EA			adult use cultivation center
Cresco Labs, LLC	Early Approval Adult Use Cultivation Center License License Number: 1503060740-EA	Lincoln, Illinois	3/31/21	Permit to operate an early approval adult use cultivation center
Cresco Labs, LLC	Early Approval Adult Use Cultivation Center License License Number: 1503060741-EA	Joliet, Illinois	3/31/21	Permit to operate an early approval adult use cultivation center
Phoenix Farms of Illinois, LLC d/b/a Phoenix Botanical	Registered Adult Use Dispensing Organization Certificate License: AUDO:000006	Champaign, Illinois	3/31/21	Permit to operate a recreational cannabis dispensary
PDI Medical III, LLC d/b/a PDI Medical	Registered Adult Use Dispensing Organization Certificate License: AUDO:000009	Buffalo Grove, Illinois	3/31/21	Permit to operate a recreational cannabis dispensary
FloraMedex, LLC	Registered Adult Use Dispensing Organization Certificate License: AUDO:000010	Elmwood Park, Illinois	3/31/21	Permit to operate a recreational cannabis dispensary
MedMar Lakeview, LLC d/b/a MedMar Chicago d/b/a MedMar Lakeview	Registered Adult Use Dispensing Organization Certificate License: AUDO:000008	Chicago, Illinois	3/31/21	Permit to operate a recreational cannabis dispensary
MedMar Rockford, LLC	Registered Adult Use Dispensing Organization Certificate License: AUDO:000007	Rockford, Illinois	3/31/21	Permit to operate a recreational cannabis dispensary

In addition, the following licenses have expired and have not since been renewed:

Holding Entity	Permit/License	Annual License Number (in process)	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
SLO Cultivation Inc. (dba Cresco California)	Temporary License Number: TML18-0006714	LCA18-0002723	Carpinteria, California	5/23/19	Cultivation Small Mixed Light, Tier 1
SLO Cultivation Inc. (dba Cresco California)	Temporary License Number: TML18-0006715	LCA18-0002724	Carpinteria, California	5/23/19	Cultivation Small Mixed Light, Tier 1
SLO Cultivation Inc. (dba Cresco California)	Temporary License Number: TML18-0006716	LCA18-0002725	Carpinteria, California	5/23/19	Cultivation Specialty Mixed Light, Tier 1
SLO Cultivation Inc. (dba Cresco California)	Temporary License Number: TML18-0006737	LCA18-0002758	Carpinteria, California	3/3/19	Cultivation Small Mixed Light, Tier 1

SLO Cultivation Inc. (dba Cresco California)	Temporary License Number: TML18-0006748	LCA18-0002748	Carpinteria, California	6/1/19	Cultivation Small Mixed Light, Tier 1
SLO Cultivation Inc. (dba Cresco California)	Temporary License Number: TML18-0007127	NA	Carpinteria, California	6/1/19	Cultivation Small Mixed Light, Tier 1
SLO Cultivation Inc. (dba Cresco California)	Temporary License Number: TML18-0007128	NA	Carpinteria, California	6/26/19	Cultivation Small Mixed Light, Tier 1

The licenses described in the AIF or identified above as having been approved or awarded to the Corporation do not include, nor describe, any licenses that the Corporation may acquire upon completion of any of the proposed acquisitions described in this Prospectus Supplement.

See "Description of the Business – United States Regulatory Environment" in the AIF for further information.

CONSOLIDATED CAPITALIZATION

The following table sets forth the Corporation's consolidated capitalization as of September 30, 2019 on an actual basis, including the effect of the September 2019 Equity Offering, and after giving effect to the completed acquisition of Valley Ag, the proposed Tryke Acquisition and the proposed Arrangement (on its amended terms). The following table is based on the unaudited consolidated balance sheet of the Corporation as at September 30, 2019 and should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Corporation for the three and nine month periods ended September 30, 2019 and other information included in the documents incorporated by reference in this Prospectus Supplement, the Prospectus. In addition, as a result of the Offering, the Shareholders' Equity of the Corporation will increase by the amount of the net proceeds, less expenses, of the Offering and there will be additional Subordinate Voting Shares outstanding.

<u>Indebtedness</u>	
Total Debt (in US\$)	Nil
<u>Shareholder Equity</u>	
Super Voting Shares ⁽¹⁾	500,000
Proportionate Voting Shares ⁽²⁾ (presented on an as-converted to Subordinate Voting Shares basis)	68,038,591
Subordinate Voting Shares	67,513,794
Redeemable LLC Units ⁽³⁾ (presented on an as-converted to Subordinate Voting Shares basis)	142,387,389
Shares to be issued in pending acquisitions ⁽⁴⁾ (presented on an as-converted to Subordinate Voting Shares basis)	110,459,322
Basic Shares Outstanding (presented on an as-converted to Subordinate Voting Shares basis)	388,899,096
Cresco Options ⁽⁵⁾	24,701,455
Replacement Warrants ⁽⁶⁾	4,000,000
Existing Cresco Warrants ⁽⁷⁾	18,254
Broker Warrants ⁽⁸⁾	209,282
Warrants Issued in September 2019 Equity Offering ⁽⁹⁾	4,186,250
Fully-Diluted Outstanding	422,014,337

Notes:

- (1) Each carrying 2,000 votes. In the aggregate, Super Voting Shares (as defined in the Prospectus) represent approximately 70% voting control on a fully-diluted basis and inclusive of the securities issuable in pending acquisitions.
- (2) As discussed in the Prospectus, in order to maintain foreign private issuer status, certain U.S. resident shareholders hold Proportionate Voting Shares (as defined in the Prospectus) rather than Subordinate Voting Shares on a 1:200 basis. Proportionate Voting Shares carry voting and economic rights proportionate to Subordinate Voting Shares. Each Proportionate Voting Share is convertible into 200 Subordinate Voting Shares. This table presents the Proportionate Voting Shares on an as-converted basis. Of this total, 54,586,391 relate to proportionate voting shares outstanding as of September 30, 2019. Also included are 13,452,200 proportionate voting shares issued as part of consideration in the Valley Ag acquisition. 4,652,000 of the shares issued as Valley Ag consideration are classified as contingently issuable shares.
- (3) Redeemable LLC Units are convertible to Proportionate Voting Shares on a 200:1 basis and such Proportionate Voting Shares are convertible into Subordinate Voting Shares on a 1:200 basis.
- (4) Representing the aggregate number of securities (on an as-converted to Subordinate Voting Shares basis) issuable in the pending acquisitions of Tryke and Origin House, subject to any adjustments provided in the applicable definitive agreement. Certain of these shares are issuable upon the achievement of certain performance milestones.
- (5) 22,227,000 options outstanding at a blended average exercise price of US\$3.04 per Subordinate Voting Shares. 2,474,455 options reserved for future grants.
- (6) 4,000,000 warrants exercisable at US\$4.24 per Subordinate Voting Share, issuable in connection with Valley Ag acquisition, 2,000,000 of which are contingent on the achievement of certain performance milestones.
- (7) Each exercisable into one Subordinate Voting Share at a price of C\$6.21
- (8) Each exercisable into one Subordinate Voting Share at a price of C\$8.66.
- (9) Each exercisable into one Subordinate Voting Share at a price of C\$12.50 and 511,250 share purchase warrants pursuant to the partial exercise of the Underwriter's over-allotment option exercisable at price of C\$2.16.

USE OF PROCEEDS

The net proceeds from the Offering are not determinable in light of the nature of the distribution. The net proceeds to the Corporation of any given distribution of Subordinate Voting Shares through the Agent in an "at-the-market distribution" will be the gross proceeds from the distribution less the applicable compensation payable to the Agent under the Equity Distribution Agreement and the Corporation's expenses of the distribution. The Corporation currently intends to use the net proceeds from the Offering principally for general corporate purposes (including funding ongoing operations and/or working capital requirements), to repay indebtedness outstanding from time to time, discretionary capital programs and potential future acquisitions. However, management of the Corporation will have broad discretion with respect to the actual use of the net proceeds from the Offering.

Although the Corporation intends to expend the net proceeds from the Offering as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be prudent or necessary, and may vary materially from that set forth above. See "*Risk Factors*".

As set forth in the audited financial statements of the Corporation for the years ended December 31, 2018 and 2017 and for the three and nine months ended September 30, 2019, the Corporation had negative cash flow from operating activities. While the Corporation does not intend to have negative cash flow from operating activities in future periods, in the event that the Corporation does experience negative cash flow from operating activities, all or a portion (as determined by the Corporation) of the net proceeds from the Offering may be used to fund such negative cash flow.

PLAN OF DISTRIBUTION

In accordance with the terms of the Equity Distribution Agreement, and except as noted herein, the Corporation may distribute up to \$55,000,000 of Subordinate Voting Shares from time to time through the Agent as agent for the distribution of the Subordinate Voting Shares pursuant to the Offering.

Sales of Subordinate Voting Shares, if any, under this Prospectus Supplement and the Prospectus are anticipated to be made in transactions that are deemed to be "at-the-market distributions" as defined in NI 44-102, involving sales made directly on the CSE or any other recognized Marketplace. Subject to the terms and conditions of the Equity Distribution Agreement and upon receipt of instructions provided by the Corporation, the Agent, or selling agent thereof, will use its commercially reasonable efforts, consistent with its normal trading and sales practices, applicable laws, the terms of the Decision and the applicable rules of the CSE or any other applicable Marketplace, to sell the Subordinate Voting Shares directly on the CSE or any other applicable Marketplace in accordance with the parameters specified by the Corporation. The Subordinate Voting Shares will be distributed at market prices prevailing at the time of the sale of such Subordinate Voting Shares. As a result, prices may vary as between purchasers and during the period of distribution.

The Corporation will instruct the Agent as to the number of Subordinate Voting Shares to be sold by the Agent from time to time by sending the Agent a notice (a "**Placement Notice**") that requests that the Agent sell up to a specified dollar amount or a specified number of Subordinate Voting Shares and specifies any parameters in accordance with which the Corporation requires that the Subordinate Voting Shares be sold. The parameters set forth in a Placement Notice may not conflict with the provisions of the Equity Distribution Agreement. Pursuant to the Decision, the number of Subordinate Voting Shares sold on all Marketplaces pursuant to the Equity Distribution Agreement on any trading day will not exceed 25% of the trading volume of the Subordinate Voting Shares on all Marketplaces on that day. The market value of the Subordinate Voting Shares sold in "at-the-market distributions" under the Equity Distribution Agreement will not exceed 10% of the aggregate market value of the then outstanding Subordinate Voting Shares calculated in accordance with section 9.2 of NI 44-102 as at the last trading day of the month before the month in which the first trade under the "at-the-market distribution" is made. The Corporation or the Agent may suspend the Offering upon proper notice and subject to other conditions set forth in the Equity Distribution Agreement.

Settlement for sales of Subordinate Voting Shares will occur on the second business day following the date on which any sales are made, or on such earlier date as is then current industry practice for regular-way trading, in return for payment of the net proceeds to the Corporation. There is no arrangement for funds to be received in an escrow, trust or similar arrangement. Sales of Subordinate Voting Shares will be settled through the facilities of CDS Clearing and Depository Services Inc. or by such other means as permitted by the Equity Distribution Agreement.

No underwriter or dealer involved in the Offering, no affiliate of such an underwriter or dealer and no person or company acting jointly or in concert with such an underwriter or dealer has over-allotted, or will over-allot, Subordinate Voting Shares in connection with the Offering or effect any other transactions that are intended to stabilize or maintain the market price of the Subordinate Voting Shares in connection with the Offering.

The Corporation will also disclose the number and average price of Subordinate Voting Shares sold, as well as the total gross proceeds, commission and net proceeds from sales hereunder, in the ordinary course in its annual and interim financial statements or associated management's discussion and analysis filed on SEDAR at www.sedar.com.

There is no minimum amount of funds that must be raised under the Offering. This means that the Offering may terminate after only raising a small portion of the offering amount set out herein, or none at all. An investor will not be entitled to a return of its investment if only a portion of the disclosed maximum offering amount set out herein is in fact raised.

In connection with the sale of the Subordinate Voting Shares on behalf of the Corporation, the Agent will be an underwriter as defined in applicable securities legislation in Canada, and the compensation of the Agent will be deemed to be underwriting commissions or discounts. Pursuant to the terms of the Equity Distribution Agreement, the Corporation will compensate the Agent for its services in acting as agent in the sale of the Subordinate Voting Shares pursuant to the Offering in an amount equal to 2% of the gross proceeds from sales of the Subordinate Voting Shares made on the CSE or another applicable Marketplace. The Corporation estimates that the total expenses that it will incur for the Offering (including fees payable to stock exchanges, securities regulatory authorities, its counsel, its auditors and counsel to the Agent, but excluding compensation payable to the Agent under the terms of the Equity Distribution Agreement) will be approximately \$325,000.

The Offering will terminate upon the earlier of: (i) the sale of all Subordinate Voting Shares subject to the Equity Distribution Agreement by the Agent; (ii) the receipt issued for the Prospectus ceasing to be effective in accordance with applicable securities laws; and (iii) termination of the Equity Distribution Agreement in accordance with its terms. The Corporation and the Agent may each terminate the Equity Distribution Agreement in their sole discretion at any time by giving 15 days prior written notice to the other party or under the circumstances specified in the Equity Distribution Agreement.

The Corporation has agreed to indemnify and provide contribution to the Agent against or in respect of, among other things, certain civil liabilities, including liabilities under applicable securities legislation in Canada.

The Corporation has given notice to the CSE to list the Subordinate Voting Shares offered by this Prospectus Supplement and the Prospectus on the CSE. Listing will be subject to the Corporation fulfilling all of the listing requirements of the CSE.

The Subordinate Voting Shares offered hereby 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 may not be offered, sold or delivered, directly or indirectly, in the United States, or to a U.S. Person unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available. This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. Person.

A copy of the Equity Distribution Agreement can be obtained under the Corporation's profile on SEDAR at www.sedar.com.

ELIGIBILITY FOR INVESTMENT

In the opinion of Bennett Jones LLP, counsel to the Corporation, and Blake, Cassels & Graydon LLP, counsel to the Agent, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "**Tax Act**"), in force as of the date hereof, the Subordinate Voting Shares offered hereby, if issued on the date hereof, would be qualified investments for trusts governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan, tax-free savings account (collectively, "**Registered Plans**") or a deferred profit sharing plan, provided that the Subordinate Voting Shares are listed on a designated stock exchange for the purposes of the Tax Act (which currently includes the CSE) or the Corporation qualifies as a "public corporation" (as defined in the Tax Act).

Notwithstanding the foregoing, the holder, annuitant or subscriber of a Registered Plan (the "**Controlling Individual**") will be subject to a penalty tax in respect of Subordinate Voting Shares held in the Registered Plan if such securities are a prohibited investment for the particular Registered Plan. A Subordinate Voting Share generally will be a "prohibited investment" for a Registered Plan if the Controlling Individual does not deal at arm's length with the Corporation for the purposes of the Tax Act or the Controlling Individual has a "significant interest" (as defined in the Tax Act) in the Corporation. In addition, the Subordinate Voting Shares will generally not be "prohibited investments" if such securities are "excluded property" (as defined in the Tax Act) for a Registered Plan. Controlling Individuals should consult their own tax advisors as to whether the Subordinate Voting Shares will be a prohibited investment in their particular circumstances.

Persons who intend to hold Subordinate Voting Shares offered hereby in a Registered Plan should consult their own tax advisors in regard to the application of these rules in their particular circumstances.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary, as of the date hereof, of the principal Canadian federal income tax consequences under the Tax Act generally applicable to holders who acquire Subordinate Voting Shares pursuant to the Offering and who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention: (i) hold the Subordinate Voting Shares as capital property; (ii) deal at arm's length with the Corporation and the Agent; (iii) are not affiliated with the Corporation or the Agent; and (iv) at all relevant times are, or are deemed to be, a resident of Canada (each, for purposes of the Tax Act) (a "**Resident Holder**"). Subordinate Voting Shares will generally be considered to be held as capital property, unless held in the course of carrying on a business or acquired in a transaction or transactions considered to be an adventure or concern in the nature of trade. Resident Holders whose Subordinate Voting Shares do not otherwise qualify as capital property may in certain circumstances make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Subordinate Voting Shares and every other "Canadian security" (as defined in the Tax Act) owned by such Resident Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Resident Holders should consult their own tax advisors with respect to whether the election is available and advisable in their particular circumstances. Resident Holders who will not hold the Subordinate Voting Shares as capital property should consult their own tax advisors with respect to their particular circumstances.

This summary is not applicable to a Resident Holder of Subordinate Voting Shares: (i) that is a "financial institution" or "specified financial institution" for purposes of the Tax Act; (ii) an interest in which is a "tax shelter" or "tax shelter investment" for the purposes of the Tax Act; (iii) that has made a functional currency reporting election pursuant to section 261 of the Tax Act; (iv) that has entered into, or will enter into, a "derivative forward agreement" or "synthetic disposition arrangement" (each as defined in the Tax Act) with respect to its Subordinate Voting Shares; or (v) that

receives dividends on its Subordinate Voting Shares under or as part of a "dividend rental arrangement" (as defined in the Tax Act). **Such Resident Holders should consult their own tax advisors.**

In addition, this summary does not address the deductibility of interest by a Resident Holder that has borrowed money or otherwise incurred debt to acquire Subordinate Voting Shares pursuant to the Offering..

Additional considerations not discussed herein may apply to a Resident Holder that is a corporation resident in Canada, or a corporation that does not deal at "arm's length" (within the meaning of the Tax Act) with a corporation resident in Canada, that is or becomes, as part of a transaction or event or a series of transactions or events that includes the transactions described in this Prospectus Supplement, controlled by a non-resident person (or group of non-resident persons that do not deal with each other at arm's length) for purposes of the "foreign affiliate dumping" rules in Section 212.3 of the Tax Act. **Such Resident Holders should consult their own tax advisors with respect to purchasing Subordinate Voting Shares pursuant to the Offering.**

This summary is based on the current provisions of the Tax Act in force on the date hereof, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this Prospectus Supplement (the "**Proposed Amendments**") and on the Corporation's counsel's understanding of the current administrative practices and assessing policies of the Canada Revenue Agency (the "**CRA**") publicly available prior to the date hereof. This summary assumes that the Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law or in the administrative practices or assessing policies of CRA, whether by legislative, governmental, administrative or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to a Resident Holder in respect of the transactions described herein. The income or other tax consequences will vary depending on the particular circumstances of the Resident Holder, including the province or provinces in which the Resident Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Resident Holder, and no representations with respect to the income tax consequences to any particular Resident Holder are made. Moreover, no advance income tax ruling has been applied for or obtained from the CRA to confirm the tax consequences of any of the transactions described herein. Resident Holders should consult their own legal and tax advisors for advice with respect to the tax consequences of the transactions described in this Prospectus Supplement based on their particular circumstances.

Dividends on Subordinate Voting Shares

Dividends received or deemed to be received on the Subordinate Voting Shares will be included in computing a Resident Holder's income. In the case of an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of "taxable dividends" received from "taxable Canadian corporations" (as defined in the Tax Act). An enhanced dividend tax credit will be available to individuals in respect of "eligible dividends" designated by the Corporation to the Resident Holder in accordance with the provisions of the Tax Act.

Dividends received or deemed to be received on the Subordinate Voting Shares by a Resident Holder that is a corporation will be required to be included in computing the corporation's income for the taxation year in which such dividends are received, but such dividends will generally be deductible in computing the corporation's taxable income. In certain circumstances, subsection 55(2) of the Tax Act may deem a taxable dividend received (or deemed to be received) by a Resident Holder that is a corporation to be proceeds of disposition or a gain from the disposition of a capital property. **Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.**

A Resident Holder that is a "private corporation" (as defined in the Tax Act) or a "subject corporation" (as defined in Section 186 of the Tax Act), or any other corporation controlled whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than trusts), will generally be liable under Part IV of the

Tax Act to pay a refundable tax on dividends received or deemed to be received on the Subordinate Voting Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income for the taxation year.

Dividends received by a Resident Holder who is an individual (including certain trusts) may result in such Resident Holder being liable for minimum tax under the Tax Act. **Resident Holders who are individuals should consult their own tax advisors in this regard.**

A Resident Holder may be subject to United States withholding tax on dividends received on the Subordinate Voting Shares (see "*Certain United States Tax Considerations*"). Any United States withholding tax paid by or on behalf of a Resident Holder in respect of dividends received on the Subordinate Voting Shares by a Resident Holder may be eligible for foreign tax credit or deduction treatment where applicable under the Tax Act. Generally, a foreign tax credit in respect of a tax paid to a particular foreign country is limited to the Canadian tax otherwise payable in respect of income sourced in that country. Dividends received on the Subordinate Voting Shares by a Resident Holder may not be treated as income sourced in the United States for these purposes. **Resident Holders should consult their own tax advisors with respect to the availability of any foreign tax credits or deductions under the Tax Act in respect of any United States withholding tax applicable to dividends on the Subordinate Voting Shares.**

Dispositions of Subordinate Voting Shares

Upon a disposition or deemed disposition of Subordinate Voting Shares, a capital gain (or loss) will generally be realized by a Resident Holder to the extent that the proceeds of disposition are greater (or less) than the aggregate of the adjusted cost base of the Subordinate Voting Shares to the Resident Holder immediately before the disposition and any reasonable costs of disposition. The adjusted cost base of a Subordinate Voting Share to a Resident Holder will be determined in accordance with the Tax Act by averaging the cost to the Resident Holder of a Subordinate Voting Share with the adjusted cost base of all other Subordinate Voting Shares held by the Resident Holder as capital property. Such capital gain (or capital loss) will be subject to the treatment described below under "*Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

One-half of a capital gain (a "**taxable capital gain**") must be included in a Resident Holder's income. One-half of a capital loss (an "**allowable capital loss**") will generally be deductible by a Resident Holder against taxable capital gains realized in that year and allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or in any subsequent year (against taxable capital gains realized in such years) to the extent and under the circumstances described in the Tax Act. If the Resident Holder is a corporation, any such capital loss realized on the sale of the Subordinate Voting Shares may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares. Analogous rules may apply to a partnership or certain trusts of which a corporation is a member or beneficiary. Taxable capital gains realized by a Resident Holder who is an individual may give rise to alternative minimum tax depending on the Resident Holder's circumstances. A "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on certain investment income, including an amount in respect of a taxable capital gain arising from the disposition of a Subordinate Voting Share.

A Resident Holder may be subject to United States tax on a gain realized on the disposition of a Subordinate Voting Share (see "*Certain United States Tax Considerations*"). United States tax, if any, levied on any gain realized on a disposition of a Subordinate Voting Share may be eligible for a foreign tax credit under the Tax Act to the extent and under the circumstances described in the Tax Act. Generally, a foreign tax credit in respect of a tax paid to a particular foreign country is limited to the Canadian tax otherwise payable in respect of income sourced in that country. Gains realized on the disposition of a Subordinate Voting Share by a Resident Holder may not be treated as income sourced in the United States for these purposes. **Resident Holders should consult their own tax advisors with respect to the availability of a foreign tax credit, having regard to their own particular circumstances.**

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of certain material U.S. federal income tax considerations for Non-U.S. Holders (as defined below) relating to the ownership and disposition of the Subordinate Voting Shares. This summary is general in nature and does not discuss all aspects of U.S. federal income taxation that may be relevant to a holder of the Subordinate Voting Shares in light of its particular circumstances. In addition, this summary does not address the U.S.

federal alternative minimum tax, the Medicare tax on net investment income, U.S. federal estate and gift taxes, U.S. state and local taxes or foreign taxes. This summary deals only with Subordinate Voting Shares held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986 as amended (the "**Code**"), (generally, property held for investment), and does not address tax considerations applicable to any holder of Subordinate Voting Shares that may be subject to special treatment under the United States federal income tax laws, including:

- a bank or other financial institution;
- a tax-exempt or governmental organization;
- a retirement plan or other tax-deferred account;
- a partnership or other entity treated as a partnership or pass-through (or an investor therein);
- an insurance company;
- a mutual fund, regulated investment company or real estate investment trust;
- a person that purchases or sells Subordinate Voting Shares as part of a wash sale for tax purposes;
- a dealer or broker in stocks and securities, or currencies;
- a trader in securities that elects mark-to-market treatment;
- a holder of Subordinate Voting Shares subject to the alternative minimum tax provisions of the Code;
- a holder of Subordinate Voting Shares that received Subordinate Voting Shares through the exercise of an employee stock option, through a tax qualified retirement plan or otherwise as compensation;
- a person that owns (or is deemed to own) 5% or more of the outstanding Subordinate Voting Shares;
- a person that holds Subordinate Voting Shares as part of a hedge, straddle, constructive sale, conversion or other integrated transaction;
- "**controlled foreign corporations**" within the meaning of the Code;
- "**passive foreign investment companies**" within the meaning of the Code; or
- a U.S. expatriate.

This summary is based on the Code, treasury regulations promulgated under the Code ("**Treasury Regulations**"), and rulings and judicial decisions, all as in effect as of the date hereof, and all of which are subject to change or differing interpretations at any time, possibly with retroactive effect. We have not sought, and do not intend to seek, any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and no assurance can be given that the IRS will agree with the views expressed herein, or that a court will not sustain any challenge by the IRS in the event of litigation.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Subordinate Voting Shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partner in a partnership holding the Subordinate Voting Shares should consult its own tax advisors regarding the tax consequences of acquiring, holding and disposing of the Subordinate Voting Shares.

THIS DISCUSSION IS INTENDED ONLY AS A GENERAL SUMMARY OF CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO A HOLDER OF THE SUBORDINATE VOTING SHARES AND SHOULD BE READ IN CONJUNCTION WITH THE DISCUSSION OF CANADIAN TAX

CONSIDERATIONS HEREIN. WE URGE BENEFICIAL OWNERS OF THE SUBORDINATE VOTING SHARES TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF THE OFFERING.

Non-U.S. Holders

A "Non-U.S. Holder" is a beneficial owner of the Subordinate Voting Shares other than an entity or arrangement classified as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder (as defined in the Prospectus).

Tax Classification as a U.S. Domestic Corporation

The Corporation is treated as a United States corporation for United States federal income tax purposes under Section 7874 of the Code and is subject to United States federal income tax on its worldwide income, notwithstanding that the Corporation is organized under the provisions of the *Business Corporations Act* (British Columbia) in Canada.

Tax Considerations for Non-U.S. Holders

Distributions on Subordinate Voting Shares

The Corporation has not and does not foresee making distributions with respect to its Subordinate Voting Shares. Distributions of cash or property on Subordinate Voting Shares will constitute U.S. source dividends for U.S. federal income tax purposes to the extent paid from the Corporation's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess thereof will first constitute a return of capital and be applied against and reduce a Non-U.S. Holder's adjusted tax basis in its Subordinate Voting Shares, but not below zero, and thereafter be treated as capital gain and will be treated as described under "*Sale or Other Taxable Disposition*" below.

Subject to the discussions under "*Information Reporting and Backup Withholding*" above and under "*FATCA*" below, any dividend paid to a Non-U.S. Holder of Subordinate Voting Shares generally will be subject to U.S. federal withholding tax at a rate of 30%, or such lower rate as may be specified under an applicable income tax treaty, unless the dividend is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the U.S.. In order to receive a reduced treaty rate, a Non-U.S. Holder must provide its financial intermediary with an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or an appropriate successor form), properly certifying such holder's eligibility for the reduced rate. If a Non-U.S. Holder holds Subordinate Voting Shares through a financial institution or other agent acting on the Non-U.S. Holder's behalf, the Non-U.S. Holder will be required to provide appropriate documentation to such agent, and the Non-U.S. Holder's agent will then be required to provide such (or a similar) certification to us, either directly or through other intermediaries. A Non-U.S. Holder that does not timely furnish the required certification, but that qualifies for a reduced treaty rate, generally may apply for and obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their own tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Dividends paid to a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder's conduct of a trade or business in the U.S. (or, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment, or fixed base, of the Non-U.S. Holder) generally will be exempt from the withholding tax described above and instead will be subject to U.S. federal income tax on a net income basis at regular graduated U.S. federal income tax rates applicable to U.S. Holders. In such case, the Corporation will not have to withhold U.S. federal tax so long as the Non-U.S. Holder timely complies with the applicable certification and disclosure requirements. In order to obtain this exemption from withholding tax, a Non-U.S. Holder must provide its financial intermediary with an IRS Form W-8ECI properly certifying its eligibility for such exemption. Any such effectively connected dividends received by a corporate Non-U.S. Holder may be subject to an additional "branch profits tax" at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty), as adjusted for certain items. Non-U.S. Holders should consult their own tax advisors regarding any applicable tax treaties that may provide for different rules.

Sale or Other Taxable Disposition of Subordinate Voting Shares

Subject to the discussions under "*Information Reporting and Backup Withholding*" above and under "*FATCA*" below, any gain realized on the sale or other disposition of Subordinate Voting Shares by a Non-U.S. Holder generally will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the U.S. (or, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment, or fixed base, of the Non-U.S. Holder);
- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition, and certain other conditions are met; or
- the rules of the Foreign Investment in Real Property Tax Act of 1980 ("**FIRPTA**") apply to treat the gain as effectively connected with a U.S. trade or business.

A Non-U.S. Holder who has gain that is described in the first bullet point immediately above generally will be subject to U.S. federal income tax on the gain derived from the sale or other disposition pursuant to regular graduated U.S. federal income tax rates in the same manner as if it were a U.S. Holder. In addition, a corporate Non-U.S. Holder described in the first bullet point immediately above may be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits (or at such lower rate as may be specified by an applicable income tax treaty), as adjusted for certain items.

A Non-U.S. Holder who meets the requirements described in the second bullet point immediately above will be subject to a flat 30% tax (or a lower tax rate specified by an applicable tax treaty) on the gain derived from the sale or other disposition, which gain may be offset by certain U.S. source capital losses (even though the individual is not considered a resident of the U.S.), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, pursuant to FIRPTA, in general, a Non-U.S. Holder is subject to U.S. federal income tax in the same manner as a U.S. Holder on any gain realized on the sale or other disposition of a "**U.S. real property interest**" ("**USRPI**"). For purposes of these rules, a USRPI generally includes stock in a U.S. corporation if such corporation's interests in U.S. real property constitute 50% or more, by value, of the sum of the U.S. corporation's (i) assets used in a trade or business, (ii) U.S. real property interests, and (iii) interests in real property outside of the U.S. A U.S. corporation whose interests in U.S. real property constitute 50% or more, by value, of the sum of such assets is commonly referred to as a U.S. real property holding corporation ("**USRPHC**"). If Subordinate Voting Shares are treated as regularly traded on an established securities market (within the meaning of Section 897(c)(3) of the Code), FIRPTA generally will not apply to a disposition of Subordinate Voting Shares by a Non-U.S. Holder that owns directly (or is deemed to own pursuant to attribution rules) 5% or less of the Subordinate Voting Shares at any time during the relevant period, in which case such gain will be subject to U.S. federal income tax at rates generally applicable to U.S. Holders, except that the branch profits tax will not apply. The Corporation does not expect to be classified as a USRPHC. However, such determination is factual in nature and subject to change and no assurance can be provided as to whether the Corporation will be a USRPHC with respect to a Non-U.S. holder at any future time.

Information Reporting and Backup Withholding

With respect to distributions and dividends on Subordinate Voting Shares, the Corporation must report annually to the IRS and to each Non-U.S. Holder the amount of distributions and dividends paid to such Non-U.S. Holder and any tax withheld with respect to such distributions and dividends, regardless of whether withholding was required with respect thereto. Copies of the information returns reporting such dividends and distributions and withholding also may be made available to the tax authorities in the country in which the Non-U.S. Holder resides or is established under the provisions of an applicable income tax treaty, tax information exchange agreement or other arrangement. A Non-U.S. Holder will be subject to backup withholding for dividends and distributions paid to such Non-U.S. Holder unless either (i) such Non-U.S. Holder certifies under penalty of perjury that it is not a U.S. person (as defined in the Code), which certification is generally satisfied by providing a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E, or IRS Form W-8ECI (or appropriate successor form), and the payor does not have actual knowledge or reason to know that such holder is a U.S. person, or (ii) such Non-U.S. Holder otherwise establishes an exemption.

With respect to sales or other dispositions of Subordinate Voting Shares, information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale or other disposition of Subordinate Voting Shares within the U.S. or conducted through certain U.S.-related financial intermediaries, unless either (i) such Non-U.S. Holder certifies under penalty of perjury that it is not a U.S. person (as defined in the Code), which certification is generally satisfied by providing a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E, or IRS Form W-8ECI (or

appropriate successor form), and the payor does not have actual knowledge or reason to know that such holder is a U.S. person, or (ii) such Non-U.S. Holder otherwise establishes an exemption.

Whether with respect to distributions and dividends, or the sale or other disposition of Subordinate Voting Shares, backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, if any, provided the required information is timely furnished to the IRS.

FATCA

Withholding taxes may be imposed pursuant to the *Foreign Account Tax Compliance Act* ("**FATCA**") (Sections 1471 through 1474 of the Code) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, except as discussed below, a 30% withholding tax may be imposed on dividends on Subordinate Voting Shares paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code).

Such 30% FATCA withholding will not apply to a foreign financial institution if such institution undertakes certain diligence and reporting obligations, or otherwise qualifies for an exemption from these rules. The diligence and reporting obligations include, among others, entering into an agreement with the U.S. Department of Treasury pursuant to which the foreign financial institution must (i) undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), (ii) annually report certain information about such accounts, and (iii) withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the U.S. governing FATCA may be subject to different rules.

The 30% FATCA withholding will not apply to a non-financial foreign entity which either certifies that it does not have any "substantial United States owners" (as defined in the Code), furnishes identifying information regarding each substantial United States owner, or otherwise qualifies for an exemption from these rules.

THE FOREGOING SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES THAT MAY BE RELEVANT TO PARTICULAR HOLDERS OF SUBORDINATE VOTING SHARES AND IS NOT TAX OR LEGAL ADVICE. HOLDERS OF SUBORDINATE VOTING SHARES SHOULD ALSO REVIEW THE DISCLOSURE CONCERNING CANADIAN TAX CONSIDERATIONS AND SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM (INCLUDING THE APPLICATION AND EFFECT OF ANY STATE, LOCAL, NON-U.S. INCOME AND OTHER TAX LAWS) OF ACQUIRING, HOLDING AND DISPOSING OF SUBORDINATE VOTING SHARES.

PRIOR SALES

The following tables set forth details regarding issuances of Subordinate Voting Shares and issuances of securities convertible into or exchangeable, redeemable or exercisable for Subordinate Voting Shares since the date of the Prospectus. Please see "*Prior Sales*" in the Prospectus for additional issuances of Subordinate Voting Shares and issuances of securities convertible into or exchangeable, redeemable or exercisable for Subordinate Voting Shares during 12-month period before the date of this Prospectus Supplement.

Date Issued	Number of Cresco Securities	Issue Price per Security	Aggregate Issue Price	Nature of Consideration
July 22 nd , 2019	124,464	\$8.50	\$1,057,944	Cash (exercise of warrants)
August 13 th , 2019	13,341	\$6.09	\$81,246.69	Cash (exercise of warrants)

August 13 th , 2019	5,000	US\$1.00	US\$5,000	Cash (exercise of options)
August 13 th , 2019	100,000	US\$0.50	US\$50,000	Cash (exercise of options)
August 21 st , 2019	39,600	US\$1.00	US\$39,600	Cash (exercise of options)
September 24 th , 2019	7,350,000	\$10.00	\$73,500,700	Cash (sale of Subordinate Voting Shares and Warrants)
October 2 nd , 2019	7,813	US\$3.75	US\$29,300	Cash (exercise of options)
October 18 th , 2019	178,774	US\$1.26	US\$225,242	Cash (exercise of options)
October 24 th , 2019	551,250	\$2.16	\$1,190,700	Cash (sale of Warrants)
November 14 th , 2019	50,000	US\$3.75	US\$187,500	Cash (exercise of options)

Conversion of Proportionate Voting Shares to Subordinate Voting Shares		
Date Issued	Number of Proportionate Voting Shares	Number of Subordinate Voting Shares issued on Conversion
July 29 th , 2019	4,468	893,510
August 1 st , 2019	5,133	1,026,666
August 2 nd , 2019	275	55,000
August 9 th , 2019	725	145,004
August 21 st , 2019	1,001	200,240
September 4 th , 2019	826	165,238
September 23 rd , 2019	4,681	936,272
September 30 rd , 2019	1,033	206,534
October 10 th , 2019	1,208	241,668
October 18 th , 2019	5,086	1,017,136
October 28 th , 2019	2,607	521,312
October 31 st , 2019	2,907	581,376
November 11 th , 2019	2,046	409,268
November 14 th , 2019	3,417	683,444

TRADING PRICE AND VOLUME

Subordinate Voting Shares

The issued and outstanding Subordinate Voting Shares are listed and posted for trading on the CSE under the symbol "CL". The following table sets forth the reported intraday high and low prices and monthly trading volumes of the Subordinate Voting Shares from December 3, 2018 (the date of their initial trading on the CSE upon completion of the Business Combination) up to November 26, 2019 (source: CSE).

Period	High Trading Price	Low Trading Price	Volume
December, 2018	\$12.17	\$9.30	4,386,953
January, 2019	\$9.78	\$8.37	2,467,024
February, 2019	\$9.99	\$5.29	3,197,569
March, 2019	\$15.72	\$10.26	6,422,631
April, 2019	\$18.37	\$14.16	9,171,789
May, 2019	\$17.79	\$13.71	3,435,855
June, 2019	\$15.42	\$11.49	5,511,300
July, 2019	\$13.43	\$10.05	6,563,100
August, 2019	\$12.11	\$9.86	2,421,950
September, 2019	\$12.65	\$7.00	3,669,924
October, 2019	\$8.89	\$6.67	12,732,100
November, 2019	\$8.90	\$7.11	6,089,770
December 1 – 2, 2019	\$7.36	\$7.00	215,280

RISK FACTORS

An investment in securities of the Corporation including in Subordinate Voting Shares offered hereby is subject to certain risks, which should be carefully considered by prospective purchasers before purchasing such securities. In addition to information set out or incorporated by reference in this Prospectus Supplement and the Prospectus currently and from time to time, investors should carefully consider the risk factors indicated below. Any one of such risk factors could materially adversely affect the Corporation's business, prospects, financial condition, results of operations, cash flows and/or an investment in the Subordinate Voting Shares and could cause actual events to differ materially from those described in forward-looking information and statements relating to the Corporation. Additional risks and uncertainties of which the Corporation is currently unaware or that are unknown or that the Corporation currently deems to be immaterial could have a material adverse effect on the Corporation's business, prospects, financial condition, results of operations and/or cash flows. The Corporation cannot provide any assurances that it will successfully address any or all of these risks. Purchasers should carefully consider the risks described under the heading "Risk Factors" in the Prospectus and in the AIF. See "Documents Incorporated by Reference".

Net Proceeds to the Corporation from the Offering

There is no minimum amount of funds that is required to be raised under the Offering. The Agent has agreed to use its commercially reasonable efforts to sell the Subordinate Voting Shares when and to the extent requested by the Corporation, but the Corporation is not required to request the sale of any minimum amount of Subordinate Voting Shares qualified under this Prospectus Supplement and, if it requests a sale, the Agent is not obligated to purchase any

Subordinate Voting Shares that are not sold. As a result, the Corporation may raise substantially less than the maximum total Offering amount or none at all.

Number of Subordinate Voting Shares to be Offered

The Subordinate Voting Shares will be sold by the Agent at the market price prevailing at the time of sale and, therefore, there is no certainty as to the number of Offered Shares that may be sold under the Offering. If the prevailing market price for the Subordinate Voting Shares declines, then the Corporation will be able to issue more Subordinate Voting Shares under the Offering and investors may suffer greater dilution.

Broad Discretion in the Use of Proceeds

Management of the Corporation will have broad discretion in the application of the net proceeds from the Offering pursuant to this Prospectus Supplement and the Prospectus and could spend the proceeds in ways that do not improve the Corporation's results of operations or enhance the value of the Subordinate Voting Shares. The failure by management to apply these funds effectively could result in financial losses that could have a material adverse effect on the Corporation's business and cause the price of the Subordinate Voting Shares to decline. Pending their use, the Corporation may invest the net proceeds from the Offering pursuant to this Prospectus Supplement and the Prospectus in a manner that does not produce income or that loses value.

Additional Financing

The Corporation expects to require substantial additional capital in the near future to fund its acquisition strategy and to continue operations at its cultivation and production facilities, dispensaries, expansion of its product lines, development of its intellectual property base, increasing production capabilities and expanding its operations in states where it currently operates and states where it currently does not have operations. The Corporation may not be able to obtain additional financing on terms acceptable to it, or at all. If the Corporation fails to raise additional capital, as needed, its ability to implement its business model and strategy could be compromised.

Even if the Corporation obtains financing for its near-term operations, it expects that it will require additional capital thereafter. The capital needs of the Corporation will depend on numerous factors including: (i) profitability; (ii) the release of competitive products by competitors; (iii) the level of investment in research and development; and (iv) the amount of our capital expenditures, including acquisitions. There can be no assurance that the Corporation will be able to obtain capital in the future to meet its needs.

The Corporation is continually assessing a range of public and private financing options, including secured and unsecured debt, equity, convertible debt and real estate sale/leaseback transactions. Although the Corporation has accessed private financing in the past, there is neither a broad nor deep pool of institutional capital that is available to companies in the U.S. cannabis industry. There can be no assurance that additional financing, if raised privately, will be available to the Corporation when needed or on terms which are acceptable.

The Corporation Could Fail to Complete its Proposed or Contemplated Acquisitions or They May Be Completed On Different Terms

There can be no assurances that any of the Corporation's proposed or contemplated acquisitions, including the Arrangement and the Tryke Acquisition described herein: (i) will be completed; (ii) will receive the appropriate approvals for their completion required under applicable laws; or (iii) will be completed on the same or similar terms currently contemplated by the Corporation. In addition, if the proposed or contemplated acquisitions are not completed, the ongoing business of the Corporation may be adversely affected as a result of the costs (including opportunity costs) incurred in respect of pursuing such potential acquisitions. Failure to complete the Corporation's proposed or contemplated acquisitions could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Forward-Looking Information May Prove to be Inaccurate

Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific

nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. In particular, the Corporation is a party to several proposed and pending acquisitions as disclosed herein and in the Prospectus (including the Arrangement), the completion and/or success of which is subject to many conditions, risks and variables, many of which are outside of the Corporation's control. Additional information on the risks, assumptions and uncertainties are found in this short form prospectus under the heading "*Forward-Looking Information*".

Additional Issuance of Subordinate Voting Shares and Subsidiary Securities May Result in Dilution

The Corporation may issue additional securities in the future, which may dilute a shareholder's holdings in the Corporation. The Corporation's articles permit the issuance of an unlimited number of Subordinate Voting Shares, and existing shareholders will have no pre-emptive rights in connection with such further issuance. The Corporation's board of directors has discretion to determine the price and the terms of further issuances. Moreover, additional Subordinate Voting Shares will be issued by the Corporation on the conversion of the Proportionate Voting Shares in accordance with their terms. The Corporation may also issue Subordinate Voting Shares to finance future acquisitions. The Corporation cannot predict the size of future issuances of Subordinate Voting Shares or the effect that future issuances and sales of Subordinate Voting Shares will have on the market price of the Subordinate Voting Shares. Issuances of a substantial number of additional Subordinate Voting Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Subordinate Voting Shares. With any additional issuance of Subordinate Voting Shares, investors will suffer dilution to their voting power and the Corporation may experience dilution in its revenue per share.

Additionally, the subsidiaries of the Corporation, such as Cresco U.S. Corp. and Cresco Labs, LLC, may issue additional securities, including Cresco Corp Redeemable Shares, Cresco Redeemable Units and LTIP Units (as such terms are defined in the AIF) to new or existing shareholders, members or securityholders, including in exchange for services performed or to be performed on behalf of such entities or to finance future acquisitions. Any such issuances could result in substantial dilution to the indirect equity interest of the holders of Subordinate Voting Shares in Cresco Labs, LLC.

Volatile Market Price of the Subordinate Voting Shares and Other Listed Securities

The market price of the Subordinate Voting Shares and other listed securities of the Corporation from time to time, cannot be predicted and has been and may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control. This volatility may affect the ability of holders of Subordinate Voting Shares or such other securities to sell their securities at an advantageous price. Market price fluctuations in the Subordinate Voting Shares or such other securities may be due to the Corporation's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or competitive, regulatory or economic trends, adverse changes in the economic performance or market valuations of companies in the industry in which the Corporation operates, acquisitions, dispositions, strategic partnerships, joint ventures, capital commitments or other material public announcements by the Corporation or its competitors or government and regulatory authorities, operating and share price performance of the companies that investors deem comparable to the Corporation, addition or departure of the Corporation's executive officers and other key personnel, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Subordinate Voting Shares or such other securities.

Financial markets have at times historically experienced significant price and volume fluctuations that have particularly affected the market prices of equity and convertible 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 Subordinate Voting Shares and other listed securities of the Corporation, from time to time, may decline even if the Corporation'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 may 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 or arise, the Corporation's operations may be adversely impacted and the trading price of the Subordinate Voting Shares and such other securities may be materially adversely affected.

Although other Canadian-based companies have dual class or multiple voting share structures, given the capital structure contemplated in respect of the Corporation and the concentration of voting control held by the holders of the Super Voting Shares, this structure and control could result in a lower trading price for, or greater fluctuations in, the trading

price of the Corporation's Subordinate Voting Shares or adverse publicity to the Corporation or other adverse consequences.

Negative Cash Flow from Operations

The Corporation has incurred operating losses in recent periods. The Corporation may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Corporation expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Corporation's revenues do not increase to offset its costs and operating expenses or if the Corporation is unable to raise financing to fund capital or operating expenditures or acquisitions, it could limit its growth and may have a material adverse effect upon the Corporation's business, financial condition, cash flows, results of operations or prospects.

Liquidity

The Corporation cannot predict at what prices the Subordinate Voting Shares of the Corporation will trade and there can be no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in the Corporation.

Recent Announcements and Risks Regarding Vaporizer Products

On March 13, 2019, the U.S. Food and Drug Administration ("FDA") issued a draft guidance which proposes to modify the current compliance policy for certain deemed tobacco products that qualify as "new tobacco products." Relevant to vaping products, the document proposes to change the deadline for submitting a marketing application for flavoured products, which can include flavoured products containing cannabis. In September 2019, President Trump announced that the sale of most flavoured e-cigarettes would be banned by the FDA. Certain health problems have been linked to the inhalation of e-liquids. There may be governmental and private sector actions aimed at reducing the incidence of vaping and/or seeking to hold manufacturers of e-liquids responsible for the adverse health effects associated with the use of vaping products. These actions, combined with potential deterioration in the public's perception of e-liquids, may result in a reduced market for the Corporation's vaporizer products. Certain health problems have been linked to the inhalation of e-liquids. There may be governmental and private sector actions aimed at reducing the incidence of vaping and/or seeking to hold manufacturers responsible for the adverse health effects associated with the use of vaping products. While the Corporation does deal directly in e-liquids it does have vaporizer products. Certain chemicals used in vaporizer products, including Vitamin E acetate, polyethylene glycol (PEG), propylene glycol (PG), vegetable glycerin and medium chain triglycerides have been linked to certain health problems. The Corporation does not use any of these chemicals in its products.

Federal, state and local regulations or actions that prohibit or restrict the sale of the Corporation's vaporizer products, or that decrease consumer demand for the Corporation's products by prohibiting their use, raising the minimum age for their purchase, raising their prices to unattractive levels via taxation, or banning their sale could adversely impact the financial condition and results of operations of the Corporation.

Product Liability

As a distributor of products designed to be ingested by humans, including vaporizer products, the Corporation faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. The Corporation may be subject to various product liability claims, including, among others, that the Corporation's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Corporation could result in increased costs, could adversely affect the Corporation's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Corporation.

Any Dividends Paid On The Subordinate Voting Shares May Be Subject To Withholding Taxes

It is unlikely that the Corporation will pay any dividends on the Subordinate Voting 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 United States 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.

Dividends received by United States shareholders will not be subject to United States withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Corporation will be characterized as United States source income for purposes of the foreign tax credit rules under the United States Tax Code. Accordingly, United States 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.

The Corporation is subject to both U.S. and Canadian Taxation

The Corporation, which is and will continue to be a Canadian company as of the date of this offering memorandum generally would be classified as a non-United States company under general rules of United States federal income taxation. Section 7874 of the Code, however, contains rules that can cause a non-United States company to be taxed as a United States company for United States federal income tax purposes. Under section 7874 of the Code, a company created or organized outside the United States. (i.e., a non-United States company) will nevertheless be treated as a United States company for United States federal income tax purposes if each of the following three conditions are met (i) the non-United States company acquires, directly or indirectly, or is treated as acquiring under applicable United States Treasury Regulations, substantially all of the assets held, directly or indirectly, by a United States company, (ii) after the acquisition, the former stockholders of the acquired United States company hold at least 80% (by vote or value) of the shares of the non-United States company by reason of holding shares of the United States acquired company, and (iii) after the acquisition, the non-United States company's expanded affiliated group does not have substantial business activities in the non-United States company's country of organization or incorporation when compared to the expanded affiliated group's total business activities.

For this purpose, "expanded affiliated group" means a group of corporations where (i) the non-United States company owns stock representing more than 50% of the vote and value of at least one member of the expanded affiliated group, and (ii) stock representing more than 50% of the vote and value of each member is owned by other members of the group. The definition of an "expanded affiliated group" includes partnerships where one or more members of the expanded affiliated group own more than 50% (by vote and value) of the interests of the partnership.

The Corporation is treated as a United States company for United States federal income tax purposes under section 7874 of the Code and is subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Corporation is, regardless of any application of section 7874 of the Code, treated as a resident of Canada for purposes of the Tax Act for Canadian income tax purposes. As a result, the Corporation is 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.

INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon on behalf of the Corporation by Bennett Jones LLP, and on behalf of the Agent by Blake, Cassels & Graydon LLP. As of the date hereof, Bennett Jones LLP, and its partners and associates, and Blake, Cassels & Graydon LLP, and its partners and associates, beneficially own, directly or indirectly, in their respective groups, less than 1% of any class of outstanding securities of the Corporation.

EXEMPTION

French Translation Exemption

Pursuant to a decision of the Autorité des marchés financiers dated June 20, 2019, the Corporation was granted a permanent exemption from the requirement to translate into French this Prospectus Supplement, the Prospectus as well as the documents incorporated by reference in this Prospectus Supplement or in the Prospectus in relation to any future "at-the-market" distribution. This exemption was granted on the condition that this Prospectus Supplement together with the Prospectus (other than in relation to an "at-the-market" distribution) be translated into French if the Corporation offers Securities to Québec purchasers in connection with an offering other than in relation to an "at-the-market" distribution.

Exemption from Certain Prospectus Requirements

Pursuant to a decision document dated October 22, 2019 issued by the British Columbia Securities Commission (as principal regulator) and the Ontario Securities Commission under National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* (the "**Decision**"): (a) the Agent and any other registered investment dealer acting on behalf of the Agent as a selling agent are exempt from the requirement under securities legislation in each of the provinces of Canada to send a purchaser of Subordinate Voting Shares under the Offering the latest prospectus, any prospectus supplement and any amendment thereto and, as a result, the withdrawal right and the rights of action for non-delivery of the Prospectus, as supplemented and/or amended, will not apply to the Offering; and (b) the Corporation is exempt from: (i) the requirement to include in this Prospectus Supplement a forward-looking issuer certificate in the form specified in section 2.1 of Appendix A to NI 44-102, provided that a certificate in the form set out below under the heading "Certificate of the Corporation" is included in this Prospectus Supplement; (ii) the requirement to include in this Prospectus Supplement a forward-looking underwriter certificate in the form specified in section 2.2 of Appendix A to NI 44-102, provided that a certificate in the form set out below under the heading "Certificate of the Agent" is included in this Prospectus Supplement; and (iii) the requirement to include in this Prospectus Supplement a statement respecting purchasers' statutory rights of withdrawal and remedies for rescission or damages in substantially the form prescribed in Item 20 of Form 44-101F1 Short Form Prospectus, provided the disclosure set out below under the heading "Purchasers' Statutory Rights" is included in this Prospectus Supplement.

The relief under the Decision is also conditional upon: (a) the disclosure by the Corporation of the number and average price of Subordinate Voting Shares sold pursuant to "at-the-market distributions" in accordance with the Prospectus, as well as total gross proceeds, commissions and net proceeds during a particular calendar year in its annual financial statement and management's discussion and analysis, and during a particular interim period in its interim financial statements and management's discussion and analysis for such interim period, filed on SEDAR at www.sedar.com; (b) the limitation that the number of Subordinate Voting Shares sold on all Marketplaces under the Offering on any trading day will not exceed 25% of the trading volume of the Subordinate Voting Shares on all Marketplaces on that day; and (c) other conditions as set out in the Decision.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revision of the price, or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment are not delivered to the purchaser, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. However, purchasers of Subordinate Voting Shares under an at-the-market distribution by the Corporation hereunder will not have any right to withdraw from an agreement to purchase the Subordinate Voting Shares and will not have remedies of rescission or, in some jurisdictions, revision of the price, or damages for non-delivery of the prospectus, prospectus supplement or any amendment thereto, because the prospectus and prospectus supplements relating to the Subordinate Voting Shares purchased by the purchaser and any amendments thereto will not be delivered as permitted under a decision document dated October 22, 2019 and granted under National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*.

Securities legislation in certain of the provinces of Canada also provides purchasers with remedies for rescission or, in some jurisdictions, revision of the price, or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment contain a misrepresentation, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under securities legislation that a purchaser of the Subordinate Voting Shares under an at-the-market distribution by the Corporation may have against the Corporation or the Agent for rescission or, in some jurisdictions, revision of the price, or damages if the prospectus, prospectus supplements relating to the Subordinate Voting Shares purchased by the purchaser and any amendment contain a misrepresentation remain unaffected by the non-delivery of the prospectus and the decision referred to above.

Purchasers should refer to any applicable provisions of the securities legislation of the purchaser's province and the decision referred to above for the particulars of their rights or consult with a legal advisor.

APPENDIX A

**UNAUDITED *PRO FORMA* FINANCIAL STATEMENTS OF CRESCO LABS
GIVING EFFECT TO THE ORIGIN HOUSE ACQUISITION**

See attached.

Pro Forma Consolidated Statement of Financial Position

As at June 30, 2019 - Unaudited

	Cresco Labs Inc.	Origin House	NY	Pro Forma Adjustments	Notes	Pro Forma Consolidated
<i>Expressed in Canadian Dollars (thousands)</i>						
Assets						
Current assets						
Cash and cash equivalents	79,995	14,782	4,499	37,728	5(a); 3(a)	137,004
Accounts receivable	10,868	9,010	-	(3,590)	3(a); 5(b)	16,288
Biological assets	28,340	1,146	-	-		29,486
Inventory	58,201	13,491	-	-		71,692
Other current assets	32,227	18,583	1,050	(8,761)	3(a)	43,099
	209,631	57,012	5,549	25,377		297,569
Property and equipment	86,411	21,784	6,456	-		114,651
Intangible assets and goodwill	100,257	143,146	-	832,742	5(c)	1,076,145
Investments	557	13,205	-	12,115	3(a)	25,877
Other non-current assets	65,855	23,671	-	(5,908)	3(a)	83,618
Security deposits	1,917	-	109	-		2,026
Total Assets	464,628	258,818	12,114	864,326		1,599,886
Liabilities						
Current liabilities						
Accounts payable	22,252	18,837	633	(4,227)	3(a); 5(b)	37,495
Warrant liability	-	-	-	9,186	5(e)	9,186
Purchase consideration payable - current	6,056	15,495	-	-	5(d)	21,551
Other liabilities	6,954	25,976	5,979	(6,565)	5(d)	32,344
Lease obligation - current	-	1,967	-	-		1,967
Current tax liability	5,963	568	-	-		6,531
	41,225	62,843	6,612	(1,606)		109,074
Non-current liabilities	66,947	33,023	-	(13,580)	5(f); 3(a)	86,390
Total Liabilities	108,172	95,866	6,612	(15,186)		195,464
Shareholders' equity						
Capital stock	213,148	211,264	5,502	856,706	5(g)	1,286,620
Share subscription and contingent shares	-	26,819	-	(26,819)	5(h)	-
Reserves	-	-	-	-	5(i)	-
Contributed surplus	24,770	11,941	-	(5,331)	5(j)	30,780
Accumulated other comprehensive income (loss)	-	(168)	-	168	5(k)	-
Accumulated deficit	(85,753)	(86,727)	-	55,388	5(l); 3(a)	(117,092)
Non-controlling interest	204,291	(177)	-	-		204,114
Total Shareholders' Equity	356,456	162,952	5,502	879,512		1,404,422
Total Liabilities and Shareholders' Equity	464,628	258,818	12,114	864,326		1,599,886

See accompanying notes to the unaudited pro forma consolidated financial statements

For the 6 months ended June 30, 2019 - Unaudited

	Origin House	Cresco Labs Inc.	NY	Pro Forma Adjustments	Notes	Pro Forma Consolidated
<i>Expressed in Canadian Dollars (thousands)</i>						
Revenue	32,537	67,941	897	(3,791)	3(a);5(b)	97,584
Cost of sales	(27,123)	(42,487)	(549)	3,371	5(b)	(66,788)
Operational gross margin, excluding fair value items	5,414	25,454	348	(420)		30,796
GM%, excluding fair value items	17%	37%	39%			31.6%
Realized fair value amounts of inventory sold	(2,821)	(44,696)	-	-		(47,517)
Unrealized fair value gain on growth of biological assets	3,497	66,707	-	-		70,204
Gross margin	6,090	47,465	348	(420)		53,483
GM%	18.7%	69.9%	38.8%			54.8%
Operating expenses	41,698	51,138	2,696	29,811	5(i); 3(a)	125,343
Operating income (loss)	(35,608)	(3,673)	(2,348)	(30,231)		(71,860)
Other income (loss) and provision for income taxes	(16,729)	(11,654)	(87)	14,171		(14,299)
Net loss for the period	(52,337)	(15,327)	(2,435)	(16,060)	3(a);5(b)	(86,159)
Number of shares (Note 6)						343,251
Pro forma earnings per share						(0.25)

See accompanying notes to the unaudited pro forma consolidated financial statements

Cresco Labs Inc.

Notes to the *Pro Forma* Consolidated Financial Statements for June 30, 2019

(Unaudited - expressed in Canadian dollars)

1. Basis of Presentation

The unaudited pro forma consolidated statement of financial position and pro forma consolidated statement of loss of Cresco Labs Inc. (the "Company") at June 30, 2019 (the "Pro Forma Financial Statements") has been prepared by management for illustration purposes only, based on historical financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). The Pro Forma Financial statements give effect to the following proposed transactions between the Company and CannaRoyalty Corp. d/b/a Origin House ("Origin House"), and the Company and Valley Agriceuticals ("NY"). The effects of the proposed Transaction Agreements have been prepared based on the assumptions, estimations, and adjustments described in notes 2, 3, 4, and 5.

The unaudited pro forma consolidated statement of financial position has been prepared to give the effect that the Transactions had taken place on June 30, 2019. This unaudited pro forma consolidated statement of financial position has been derived from:

- a) the unaudited consolidated statement of financial position of the Company as at June 30, 2019;
- b) the unaudited consolidated statement of financial position of Origin House as at June 30, 2019;
- c) the unaudited consolidated statement of financial position of NY as at June 30, 2019;

The unaudited pro forma consolidated statement of loss has been prepared to give the effect that the Transactions had taken place at the beginning of the financial period ended June 30, 2019. This unaudited pro forma consolidated statement of loss has been derived from:

- a) the unaudited consolidated statement of loss of the Company for the period ended June 30, 2019;
- b) the unaudited consolidated statement of loss of Origin House for the period ended June 30, 2019;
- c) the unaudited consolidated statement of loss of NY for the period ended June 30, 2019

Unless otherwise noted, the unaudited Pro Forma Consolidated Statement of Financial Position and unaudited Pro Forma Consolidated Statement of Loss and the accompanying notes are presented in Canadian dollars. The Company converted their historical financials from United States dollars to Canadian dollars.

It is management's opinion that the unaudited Pro Forma Financial Statements include all adjustments necessary for the fair presentation, in all material respects, of the transactions described in notes 3 and 4 in accordance with IFRS, applied on a basis consistent with the Company's accounting policies, except as otherwise noted. The unaudited Pro Forma Financial Statements are not necessarily indicative of the financial position that would have resulted if the combinations had actually occurred on June 30, 2019 and are not necessarily indicative of the financial performance that would have resulted if the combinations had actually occurred during the period. The unaudited Pro Forma Financial Statements should be read in conjunction with the historical statements and notes thereto of the Company, Origin House and NY.

2. Significant accounting policies

The unaudited Pro Forma Financial Statements have been compiled using the significant accounting policies, as set out in the unaudited consolidated financial statements of the Company as at and for the period ended June 30, 2019. Management has determined that no material pro forma adjustments are necessary to conform Origin House and NY to the accounting policies used by the Company in the preparation of its Pro Forma Financial Statements.

3. The Transactions

a) Origin House

On April 1, 2019, the Company and Origin House entered into a Transaction Agreement pursuant to which the Company will acquire all of the issued and outstanding shares of Origin House.

Under the terms of the Agreement and subsequent amendments, holders of common shares of Origin House will receive 0.7031 subordinate voting shares of the Company for each Origin House Share. As of the end of the pro forma reporting period, the Origin House shareholders will receive 69,885,810 in Company shares valued at \$946.3M. 633,406 replacement options of the Company will be issued valued at \$6.0M. After removing the effect of post-acquisition compensation of \$18.0M, the total consideration is expected to be \$934.3M.

As part of the pro-forma analysis, the Company excluded figures related to Origin House's Trichrome subsidiary as Origin House completed its spin-off on October 4th, 2019. For proforma purposes, it was estimated to result in a gain of \$13.4M and a decrease in net assets of \$1.3M on the pro forma financial statements.

3. The Transactions (Continued)

b) NY

On October 24, 2018, the Company and NY entered into a Transaction Agreement pursuant to which the Company will acquire all of the ownership interests or assets of NY.

Under the terms of the Agreement, NY shareholders will receive \$49.1M cash consideration, 8,666,667 in Company shares valued at \$66.9M and 4,000,000 share purchase warrants valued at \$7.1M.

4. Estimated Preliminary Purchase Price Allocation

The unaudited pro forma consolidated financial information includes various assumptions, including those related to the preliminary purchase price allocation of the assets acquired and liabilities assumed of Origin House and NY ("Acquired Companies") based on management's best estimates of fair value. The final purchase price allocation may vary based on final appraisals, valuations and analyses of the fair value of the acquired assets and assumed liabilities. Accordingly, the unaudited pro forma adjustments are preliminary and have been made solely for illustrative purposes.

The Acquisitions will be accounted for as a business combination under *IFRS 3 Business Combinations* ("IFRS 3"). The pro forma consolidated financial information represents the effect of purchase accounting based on a preliminary assessment and allocation of the purchase price for the Acquired Companies business to the acquired identifiable assets, liabilities assumed and pro forma goodwill.

Biological assets are measured at fair value less cost to sell while investments are measured at fair value through profit and loss or amortized cost. Inventory is measured at the lower of cost and fair value less cost to sell. As such, the carrying value of these assets is an approximation of the fair value at the balance sheet date. Purchase consideration payable is measured at fair value on initial recognition and subsequently measured at amortized cost accreting to the face value. Contingent consideration is measured at fair value through profit and loss. The fair value of warrants issued was determined using the Black-Scholes option pricing model.

The fair value of cash and cash equivalents, accounts receivable, other current assets, other non-current assets, other deposits, security deposits, accounts payable, other liabilities, lease obligation, notes payable, current tax liability, and non-current liabilities was presumed by management to materially approximate their respective carrying book values as of June 30, 2019, in order to prepare the unaudited pro forma consolidated financial data.

There has been no determination as to the fair value of property and equipment and intangible assets to be acquired on the unaudited Pro Forma Consolidated Statement of Financial Position of the Company based on information received to date. As such, the historical carrying value has been used in the preliminary purchase price allocation reflected in the unaudited pro forma Consolidated Statement of Financial Position. This assertion remains contingent upon receiving additional information and performing procedures to calculate the fair value of property and equipment and intangible assets. No adjustment was made to the unaudited pro forma consolidated statements of loss, but any difference between the fair value and the historical carrying value would have a direct impact to future net loss through an increase or a decrease in depreciation or amortization expense depending on whether a fair value gain or loss is determined.

The pro forma purchase price is subject to change based on the finalization of purchase price adjustments and completion of management's assessment of the fair values of the assets and liabilities acquired. Due to the timing of the announcements of the Acquisitions, the Company has not yet obtained sufficient information to accurately determine the fair market value of Acquired Companies' net assets by category and has therefore allocated the June 30, 2019 book values of the net assets acquired as a proxy of fair value. Goodwill represents the amount by which the purchase price exceeds the book value, being a proxy of fair value of the assets acquired and liabilities assumed. The final calculation and allocation of the purchase price will be based on the net assets purchased as of the closing date of the Acquisition and other information available at that time. There may be material differences from this pro forma purchase price allocation as a result of finalizing the valuation. Based on management's preliminary estimates, the goodwill may be allocated to other items such as certain identified intangible assets.

4. Estimated Preliminary Purchase Price Allocation (Continued)

<i>Expressed in Canadian Dollars (thousands)</i>	Origin House	NY	Total
<i>Purchase Consideration</i>			
Cash consideration	-	43,108	43,108
Share consideration	934,260	66,918	1,001,178
Other consideration	-	9,186	9,186
Total Purchase Consideration	934,260	125,212	1,059,472
Net assets acquired	221,228	5,502	226,730
Goodwill	713,032	119,710	832,742
Total purchase price	934,260	125,212	1,059,472
The fair value of the identifiable net assets acquired include the following breakdown:			
<i>Current assets</i>			
Cash and cash equivalents	46,588	4,499	51,087
Accounts receivable	8,930	-	8,930
Biological assets	1,146	-	1,146
Inventory	13,491	-	13,491
Other current assets	9,822	1,050	10,872
	79,977	5,549	85,526
Property and equipment	21,784	6,456	28,240
Intangible assets and goodwill	143,146	-	143,146
Investments	25,320	-	25,320
Other non-current assets	17,762	-	17,762
Security deposits	-	109	109
Total assets acquired	287,989	12,114	300,103
<i>Current liabilities</i>			
Accounts payable	18,120	633	18,753
Purchase consideration payable	15,495	-	15,495
Other liabilities	11,345	5,979	17,324
Lease obligation - current	1,967	-	1,967
Current tax liability	568	-	568
	47,495	6,612	54,107
Non-current liabilities	19,443	-	19,443
Total liabilities assumed	66,938	6,612	73,550
Non-controlling interest	177	-	177
Net assets acquired	221,228	5,502	226,730

In accordance with IFRS 3, equity securities issued as the consideration transferred will be measured on the closing date of the Acquisition at fair value reflecting the then-current market price. Accordingly, it is reasonable to expect that the Company share price on closing of the Acquisitions may differ from the common share price used in these pro forma financial statements. A change in the Company share price of 10% will result in an increase or decrease to the estimate of purchase consideration totaling approximately \$101.0M with a corresponding increase or decrease to goodwill.

5. Pro Forma Adjustments

The following adjustments and assumptions have been reflected in the unaudited pro forma Consolidated Financial Statements:

a) Cash and cash equivalents:

The pro forma net adjustment of \$37.7M consists of the following:

- Increase in cash of \$68.3M for concurrent financing following the issuance of 7,350,000 Subordinate Voting Shares of the Company. Net cash proceeds include agent commissions of \$3.8M which have been allocated against share capital as the transaction costs directly relate to the issuance of equity instruments.
- Increase in cash of \$39.8M in relation to Origin House financing of 9,800,000 Origin House shares
- Decrease in cash of \$49.1M for cash consideration paid on acquisition of NY (Note 4)
- Decrease in cash for transaction costs relating to the acquisitions of Origin House and NY

b) Accounts receivable, accounts payable, revenue and cost of goods sold:

The pro forma adjustment reflects the removal of any activity that would now be considered intercompany as a result of the Transactions.

c) Intangibles and goodwill:

The pro forma adjustment reflects the preliminary estimate of intangibles and goodwill, which represents the excess of the purchase price over the fair value of Acquisitions' identifiable assets acquired and liabilities assumed as shown in Note 4.

d) Other liabilities

The pro forma adjustment reflects the estimated fair value of derivative liabilities arising from the Concurrent Financing as well as the removal of balances related to Trichrome.

e) Warrant liability:

The pro forma adjustment reflects the estimated fair value of warrants issued as consideration for the NY acquisition (Note 4).

f) Non-current liabilities

The pro forma reflects a net adjustment of \$5.1M for 180 Smoke (a wholly owned subsidiary of Origin House) contingent consideration, payment for which accelerates upon a change of control and is therefore not assumed by the Company upon acquisition of Origin House.

g) Capital stock

The pro forma net adjustment of \$856.7M consists of the following:

- An increase of \$39.8M in relation to Origin House financing of 9,800,000 Origin House shares
- A reduction of \$256.4M to eliminate Origin House and NY's share capital
- An increase of \$60.3M for concurrent financing representing expected net proceeds following the issuance of 7,350,000 Subordinate Voting Shares of the Company (Note 5(a))
- An increase of \$946.3 for share consideration paid by the Company on acquisition of Origin House (Note 4, Note 6)
- An increase of \$66.9M for share consideration paid by the Company on acquisition of NY (Note 4, Note 6)

h) Share subscription and contingent shares:

The pro forma adjustment \$26.8M reflects the elimination of Origin House Share subscription and contingent shares. Unissued subscription and contingent shares are fair valued and are classified as contingent consideration in liabilities on acquisition (Note 5(g)).

i) Reserves

The pro forma adjustment reflects the elimination of Origin House warrant reserve.

j) Contributed surplus:

The pro forma net adjustment of \$5.9M consists of elimination of Origin House contributed surplus of \$11.9M and \$6.0M increase for issuance by the Company of 633,406 Replacement Options on acquisition of Origin House.

In accordance with the Transaction Agreement, the consideration for the Origin House acquisition includes all of Origin House's outstanding options and will be exchanged for Replacement Options exercisable at the same exercise price as the Company options. The 633,406 Replacement Options have been revalued at \$6.0M. The Black-Scholes option pricing model was used to determine the fair value of Replacement Options as of the end of the pro forma reporting period. In re-valuing the Replacement Options, there is a resulting impact on deficit of \$2.8M, which is considered to be post-acquisition compensation.

In accordance with the Transaction Agreement, the consideration for the Origin House acquisition includes the Restricted Share Units (RSUs) accelerate upon the close of the transaction, and accordingly the units are eliminated upon acquisition and are Company shares are issued instead. In re-valuing the RSUs, there is a resulting impact on deficit of \$1.7M, which is considered to be post-acquisition compensation.

5. Pro Forma Adjustments (Continued)

k) Accumulated other comprehensive income (loss)
An adjustment of \$0.2M to eliminate Origin House.

l) Accumulated deficit

	Amount
The Company's deficit	85,753
Origin House's deficit (Pro forma financial statements)	86,727
NY's deficit (Pro forma financial statements)	-
Elimination of OH's and NY's net deficit	(86,727)
Transaction costs (Note 5(a))	13,335
Issuance of stock options (Note 5(h))	2,823
Expedited vesting of restricted share units (Note 5(h))	15,180
Pro forma deficit - June 30, 2019	<u>117,092</u>
	Amount
Elimination of OH's and NY's net deficit	(86,727)
Transaction costs (Note 5(a))	13,335
Issuance of stock options (Note 5(h))	2,823
Expedited vesting of restricted share units (Note 5(h))	15,180
Adjustment to pro forma deficit	<u>(55,389)</u>

Where an adjustment presented above has required the use of the current share price, the closing share price as end of the pro forma reporting period has been assumed unless the transaction has legally closed whereas the closing date share price is used. Where an adjustment has required conversion from foreign currency to CAD the applicable historical exchange rate as published by the Bank of Canada website has been used.

6. Pro Forma share capital

	Number	Amount
The Company's common shares outstanding - June 30, 2019	257,349	213,148
Consideration transferred to shareholders of Origin House (note 3(a))	69,886	946,255
Consideration transferred to shareholders of NY (note 3(b))	8,667	66,918
Shares to be issued pursuant to the concurrent financings in (note 4(d))	7,350	60,299
Pro forma share capital - June 30, 2019	<u>343,251</u>	<u>1,286,620</u>

7. Pro Forma stock options

	Weighted average remaining life (years)	Number outstanding	Number vested	Exercise price (CAD\$)
The Company's options	8.65	20,918	440	\$ 2.93
Company options issued (note 4(i))	9.02	633	282	\$ 4.24
Pro forma stock options - June 30, 2019		<u>21,551</u>	<u>722</u>	

CERTIFICATE OF THE CORPORATION

Dated: December 3, 2019

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, as of the date of a particular distribution of securities offered by the prospectus, will, as of that date, constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this prospectus supplement, as required by the securities legislation of each of the provinces of Canada.

(Signed) Charles Bachtell
Chief Executive Officer

(Signed) Ken Amann
Chief Financial Officer

On behalf of the
Board of Directors

(Signed) Joseph Caltabiano
President and Director

(Signed) Dominic Sergi
Director

CERTIFICATE OF THE AGENT

Dated: December 3, 2019

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, as of the date of a particular distribution of securities offered by the prospectus, will, as of that date, constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this prospectus supplement, as required by the securities legislation of each of the provinces of Canada.

CANACCORD GENUITY CORP.

(Signed) Steve Winokur
Managing Director

This short form prospectus is a base shelf prospectus. This short form base shelf prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

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

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, possessions or the District of Columbia (the "United States"), or to a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act) (a "U.S. Person") unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available. This short form base shelf prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. Person. See "Plan of Distribution".

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Cresco Labs Inc., at 400 W Erie St. #110, Chicago, IL, 60654, telephone 312-929-0993, and are also available electronically at www.sedar.com.

SHORT FORM BASE SHELF PROSPECTUS

New Issue and Secondary Offering

July 25, 2019

C R E S C O L A B S

**CRESCO LABS INC.
\$500,000,000
Subordinate Voting Shares
Debt Securities
Subscription Receipt
Warrants
Units**

Cresco Labs Inc. ("**Cresco**" or the "**Corporation**") may from time to time offer and issue the following securities: (i) subordinate voting shares of the Corporation ("**Subordinate Voting Shares**"); (ii) debt securities of the Corporation ("**Debt Securities**"); (iii) subscription receipts ("**Subscription Receipts**") exchangeable for Subordinate Voting Shares and/or other securities of the Corporation; (iv) warrants exercisable to acquire Subordinate Voting Shares and/or other securities of the Corporation ("**Warrants**"); and (v) securities comprised of more than one of Subordinate Voting Shares, Debt Securities, Subscription Receipts and/or Warrants offered together as a unit ("**Units**"), or any combination thereof having an offer price of up to \$500,000,000 in aggregate (or the equivalent thereof, at the date of issue, in any other currency or currencies, as the case may be) at any time during the 25-month period that this short form base shelf prospectus (including any amendments hereto, the "**Prospectus**") remains valid. The Subordinate Voting Shares, Debt Securities, Subscription Receipts, Warrants and Units (collectively, the "**Securities**") offered hereby may be offered in one or more offerings, separately or together, in separate series, in amounts, at prices and on terms to be set forth in one or more prospectus supplements (collectively or individually, as the case may be,

"Prospectus Supplements"). In addition, one or more securityholders (each, a **"Selling Securityholder"**) of the Corporation may also offer and sell Securities under this Prospectus. See **"Selling Securityholders"**.

The Securities may be sold, from time to time in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices, including sales made directly on the Canadian Securities Exchange (the **"CSE"**) or other existing trading markets for the Securities, and as set forth in an accompanying Prospectus Supplement. See **"Plan of Distribution"**.

The specific terms of any offering of Securities will be set forth in the applicable Prospectus Supplement and may include, without limitation, where applicable: (i) in the case of Subordinate Voting Shares, the number of Subordinate Voting Shares being offered, the offering price, whether the Subordinate Voting Shares are being offered for cash, the person offering the Subordinate Voting Shares (the Corporation and/or the Selling Securityholder) and any other terms specific to the Subordinate Voting Shares being offered; (ii) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, maturity, interest provisions, authorized denominations, offering price, whether the Debt Securities are being offered for cash, the covenants, the events of default, any terms for redemption or retraction, any exchange or conversion rights attached to the Debt Securities, the person offering the Debt Securities (the Corporation and/or the Selling Securityholder) and any other terms specific to the Debt Securities being offered; (iii) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price, whether the Subscription Receipts are being offered for cash, the terms, conditions and procedures for the exchange of the Subscription Receipts into or for Subordinate Voting Shares and/or other securities of the Corporation, the person offering the Subscription Receipts (the Corporation and/or the Selling Securityholder) and any other terms specific to the Subscription Receipts being offered; (iv) in the case of Warrants, the number of such Warrants offered, the offering price, whether the Warrants are being offered for cash, the terms, conditions and procedures for the exercise of such Warrants into or for Subordinate Voting Shares and/or other securities of the Corporation, the person offering the Warrants (the Corporation and/or the Selling Securityholder) and any other specific terms; and (v) in the case of Units, the number of Units being offered, the offering price, the terms of the Subordinate Voting Shares, Debt Securities, Subscription Receipts and/or Warrants underlying the Units, the person offering the Units (the Corporation and/or the Selling Securityholder) and any other specific terms.

All shelf information permitted under applicable securities legislation to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement and only for the purposes of the distribution of the Securities covered by that Prospectus Supplement. The offerings are subject to approval of certain legal matters on behalf of the Corporation by Bennett Jones LLP.

This Prospectus does not qualify for issuance Debt Securities, or Securities convertible or exchangeable into Debt Securities, in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, without limitation, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. This Prospectus may qualify for issuance Debt Securities, or Securities convertible or exchangeable into Debt Securities, in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or bankers' acceptance rate, or to recognized market benchmark interest rates such as CDOR (the Canadian Dollar Offered Rate) or LIBOR (the London Interbank Offered Rate), and/or convertible into or exchangeable for Subordinate Voting Shares and/or other securities of the Corporation.

The Corporation and the Selling Securityholders may sell the Securities, separately or together: (i) to one or more underwriters or dealers; (ii) through one or more agents; or (iii) directly to one or more purchasers. The Prospectus Supplement relating to a particular offering of Securities will describe the terms of such offering of Securities, including: (i) the terms of the Securities to which the Prospectus Supplement relates, including the type of Security being offered, and the method of distribution; (ii) the name or names of any underwriters, dealers or agents involved in such offering of Securities; (iii) the purchase price of the Securities offered thereby and the proceeds to, and the expenses borne by, the Corporation or the Selling Securityholder from the sale of such Securities; (iv) any commission,

underwriting discounts and other items constituting compensation payable to underwriters, dealers or agents; (v) any discounts or concessions allowed or re-allowed or paid to underwriters, dealers or agents; and (vi) the identity of the Selling Securityholder, if any. See "Plan of Distribution".

In connection with any offering of the Securities, subject to applicable laws (unless otherwise specified in the relevant Prospectus Supplement), the underwriters or agents may over-allot or effect transactions that stabilize or maintain the market price of the offered Securities at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See "Plan of Distribution".

The issued and outstanding Subordinate Voting Shares are listed and posted for trading on the CSE under the symbol "CL". On July 24, 2019, the last trading day prior to the date of this Prospectus, the closing price per Subordinate Voting Share on the CSE was \$10.96. **Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities, Subscription Receipts, Warrants and Units will not be listed on any securities exchange. There is no market through which these Securities may be sold and purchasers may not be able to resell such Securities purchased under this Prospectus. This may affect the pricing of the Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation.**

Investing in Securities is speculative and involves a high degree of risk and should only be made by persons who can afford the total loss of their investment. A prospective purchaser should therefore review this Prospectus and the documents incorporated by reference herein in their entirety and carefully consider the risk factors described or referenced under "Risk Factors" prior to investing in such Securities.

No underwriter, dealer or agent has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.

The Corporation has three classes of issued and outstanding shares: the Subordinate Voting Shares, the Proportionate Voting Shares of the Corporation (the "**Proportionate Voting Shares**") and the Super Voting Shares of the Corporation (the "**Super Voting Shares**"). The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws. Each Subordinate Voting Share is entitled to one vote per Subordinate Voting Share, each Proportionate Voting Share is entitled to one vote in respect of each Subordinate Voting Share into which such Proportionate Voting Share could ultimately then be converted, which is currently equal to 200 votes per Proportionate Voting Share, and each Super Voting Share is currently entitled to 2,000 votes per Super Voting Share on all matters upon which the holders of shares of the Corporation are entitled to vote, and holders of Subordinate Voting Shares, Proportionate Voting Shares and Super Voting Shares will vote together on all matters subject to a vote of holders of both those classes of shares as if they were one class of shares, except to the extent that a separate vote of holders as a separate class is required by law or provided by the articles of the Corporation. Other than the return of the issue price for their Super Voting Shares, the holders of Super Voting Shares are not entitled to receive, directly or indirectly, as holders of Super Voting Shares, any other assets or property of the Corporation. Holders of Subordinate Voting Shares and Proportionate Voting Shares are entitled to receive, as and when declared by the board of directors of the Corporation, dividends in cash or property of the Corporation. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares are, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Subordinate Voting Shares (including, without restriction, the Proportionate Voting Shares and the Super Voting Shares as to the issue price paid in respect thereof), entitled to participate rateably along with all other holders of Subordinate Voting Shares. **In the event that a take-over bid is made for the Super Voting Shares, the holders of Subordinate Voting Shares will not be entitled to participate in such offer and may not tender their shares into any such offer, whether under the terms of the Subordinate Voting Shares or under any coattail trust or similar agreement. Notwithstanding this, any take-over bid for solely the Super Voting Shares is unlikely given that by the terms of the investment agreement entered into by the Corporation and the Founders (as defined herein) in connection with the issuance to the Founders of the Super Voting Shares, upon any sale of Super Voting Shares to an unrelated third party purchaser, such Super Voting Shares will be redeemed by the Corporation for their issue price. See "Description of Share Capital of the Corporation" for further details.**

The directors, chief executive officer and chief financial officer of the Corporation reside outside of Canada and each has appointed Bennett Jones LLP, 3400 One First Canadian Place, Toronto, Ontario, M5X 1A4, as his or her agent for service of process in Canada. FGMK, LLC, the auditor in respect of the audited financial statements of Cresco Labs LLC, as at and for the years ended January 31, 2018 and 2017, is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada or is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, even if the party has appointed an agent for service of process.

The Corporation's head office is located at 400 W Erie St. #110, Chicago, IL, 60654 and registered office is located at Suite 2200, 1055 West Hastings Street, Vancouver, BC, V6E 2E9.

This Prospectus qualifies the distribution of securities of an entity that currently directly derives a substantial portion of its revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. Federal Law. The Corporation is directly involved (through licensed subsidiaries) in both the adult-use and medical cannabis industry in the States of Illinois, Pennsylvania, Ohio, Nevada, Arizona and California, as permitted within such states under applicable state law which states have regulated such industries, and is in the process of acquiring businesses which would allow the Corporation to directly participate in the adult-use and medical cannabis industry in the States of New York, Massachusetts, Florida and Maryland, as permitted within such states under applicable state law and which states have regulated such industries.

The cultivation, sale and use of cannabis is illegal under federal law pursuant to the U.S. Controlled Substance Act of 1970 (the "CSA"). Under the CSA, the policies and regulations of the United States Federal Government and its agencies are that cannabis has no medical benefit and a range of activities including cultivation and the personal use of cannabis is prohibited. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, former U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the United States, including the Cole Memo (as defined herein). With the Cole Memo rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law. If the Department of Justice policy was to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Corporation could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, and (ii) the arrest of its employees, directors, officers, managers and investors, who could face charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to state- licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis. Additionally, as has recently been affirmed by U.S. Customs and Border Protection, employees, directors, officers, managers and investors of the Corporation who are not U.S. citizens face the risk of being barred from entry into the United States for life.

Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current U.S. federal law. If the U.S. federal government begins to enforce U.S. 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 Corporation's business, results of operations, financial condition and prospects would be materially adversely affected.

Despite the current state of the federal law and the CSA, the States of California, Nevada, Massachusetts, Maine, Michigan, Washington, Oregon, Colorado, Vermont and Alaska, and the District of Columbia, have legalized recreational use of cannabis. Maine and Michigan have not yet begun recreational cannabis commercial operations. In early 2018, Vermont became the first state to legalize recreational cannabis by passage in a state legislature, but does not allow commercial sales of recreational cannabis. Although the District of Columbia voters passed a ballot initiative in November 2014, no commercial recreational operations exist because of a prohibition on using funds for regulation within a federal appropriations amendment to local District spending powers.

In addition, over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis, provided that there are strict limits on the levels of THC. However, there is no guarantee 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.

The Corporation's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the United States. Accordingly, there are a number of significant risks associated with the business of the Corporation. Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current federal law, and the business of the Corporation may be deemed to be producing, cultivating, extracting, or dispensing cannabis or aiding or abetting or otherwise engaging in a conspiracy to commit such acts in violation of federal law in the United States.

For these reasons, the Corporation's investments in the United States cannabis market may subject the Corporation to heightened scrutiny by regulators, stock exchanges, clearing agencies and other Canadian authorities. There are a number of risks associated with the business of the Corporation. See the section entitled "Risk Factors" herein and within the AIF (as defined herein).

TABLE OF CONTENTS

ABOUT THIS SHORT FORM BASE SHELF PROSPECTUS	1
MEANING OF CERTAIN REFERENCES AND CURRENCY PRESENTATION	1
MARKET AND INDUSTRY DATA.....	1
CAUTION REGARDING FORWARD-LOOKING STATEMENTS.....	1
DOCUMENTS INCORPORATED BY REFERENCE	3
THE CORPORATION.....	5
DESCRIPTION OF SHARE CAPITAL OF THE CORPORATION	13
DESCRIPTION OF DEBT SECURITIES	17
DESCRIPTION OF SUBSCRIPTION RECEIPTS.....	18
DESCRIPTION OF WARRANTS.....	19
DESCRIPTION OF UNITS	20
PRIOR SALES	20
TRADING PRICE AND VOLUME	22
SELLING SECURITYHOLDERS.....	24
PLAN OF DISTRIBUTION.....	24
USE OF PROCEEDS	25
EARNINGS COVERAGE RATIO	25
CONSOLIDATED CAPITALIZATION	26
UNITED STATES REGULATORY ENVIRONMENT.....	27
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....	32
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS	32
RISK FACTORS	32
EXEMPTION	38
LEGAL MATTERS	38
AUDITORS, TRANSFER AGENT AND REGISTRAR.....	38
UNDERTAKING	38
PURCHASERS' STATUTORY RIGHTS.....	39
ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS	39

ABOUT THIS SHORT FORM BASE SHELF PROSPECTUS

An investor should rely only on the information contained in this Prospectus (including the documents incorporated by reference herein) and is not entitled to rely on parts of the information contained in this Prospectus (including the documents incorporated by reference herein) to the exclusion of others. The Corporation has not authorized anyone to provide investors with additional or different information. The Corporation takes no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give readers of this Prospectus. Information contained on, or otherwise accessed through, the Corporation's website shall not be deemed to be a part of this Prospectus and such information is not incorporated by reference herein.

The Corporation is not offering to sell the Securities in any jurisdictions where the offer or sale of the Securities is not permitted. The information contained in this Prospectus (including the documents incorporated by reference herein) is accurate only as of the date of this Prospectus or as of the date as otherwise set out herein (or as of the date of the document incorporated by reference herein or as of the date as otherwise set out in the document incorporated by reference herein, as applicable), regardless of the time of delivery of this Prospectus or any sale of the Subordinate Voting Shares, Debt Securities, Subscription Receipts, Warrants and/or Units. The business, financial condition, capital, results of operations and prospects of the Corporation may have changed since those dates. The Corporation does not undertake to update the information contained or incorporated by reference herein, except as required by applicable Canadian securities laws.

This Prospectus shall not be used by anyone for any purpose other than in connection with an offering of Securities as described in one or more Prospectus Supplements.

The documents incorporated or deemed to be incorporated by reference herein contain meaningful and material information relating to the Corporation and readers of this Prospectus should review all information contained in this Prospectus, the applicable Prospectus Supplement and the documents incorporated or deemed to be incorporated by reference herein and therein.

MEANING OF CERTAIN REFERENCES AND CURRENCY PRESENTATION

References to dollars or "\$" are to Canadian currency unless otherwise indicated. All references to "US\$" refer to United States dollars. On July 24, 2019, the daily exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was US\$1.00 = \$1.3137.

Unless the context otherwise requires, all references in this Prospectus to the "Corporation" refer to the Corporation and its subsidiary entities on a consolidated basis.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, the market and industry data contained or incorporated by reference in this Prospectus is based upon information from independent industry publications, market research, analyst reports and surveys and other publicly available sources. Although the Corporation believes these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey. The Corporation has not independently verified any of the data from third party sources referred to or incorporated by reference herein, and accordingly the accuracy and completeness of such data is not guaranteed.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus includes "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws. All information, other than statements of historical facts, included in this Prospectus that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or

similar expressions and includes, among others, information regarding: expectations for the effects of the Business Combination, statements relating to the business and future activities of, and developments related to, the Corporation after the date of this Prospectus, including but not limited to, such things as future business strategy, competitive strengths, goals, expansion and growth of the Corporation's business, operations and plans, including new revenue streams, the completion of contemplated acquisitions by the Corporation, the application for additional licenses and the grant of licenses that have been applied for, the expansion of existing cultivation and production facilities, the completion of cultivation and production facilities that are under construction, the construction of additional cultivation and production facilities, the expansion into additional States within the United States, international markets and Canada, any potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the United States and the States in which the Corporation operates; expectations for other economic, business, regulatory and/or competitive factors related to the Corporation or the cannabis industry generally; and other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions, estimates, analysis and opinions of management of the Corporation at the time they were provided or made, in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements.

Forward-looking information and statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made including among other things assumptions about: the contemplated acquisitions and dispositions being completed on the current terms and current contemplated timeline; development costs remaining consistent with budgets; ability to manage anticipated and unanticipated costs; favorable equity and debt capital markets; the ability to raise sufficient capital to advance the business of the Corporation; favorable operating and economic conditions; political and regulatory stability; obtaining and maintaining all required licenses and permits; receipt of governmental approvals and permits; sustained labor stability; stability in financial and capital goods markets; favourable production levels and costs from the Corporation's operations; the pricing of various cannabis products; the level of demand for cannabis products; the availability of third party service providers and other inputs for the Corporation's operations; and the Corporation's ability to conduct operations in a safe, efficient and effective manner. While the Corporation considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking information and statements. Many assumptions are based on factors and events that are not within the control of the Corporation and there is no assurance they will prove to be correct.

Risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements include, among others, risks relating to the concentrated Founder voting control of the Corporation and the unpredictability caused by the existing capital structure; U.S. regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; risks related to the ability to consummate the proposed acquisitions and the ability to obtain requisite regulatory approvals and third party consents and the satisfaction of other conditions to the consummation of the proposed acquisitions on the proposed terms and schedule; the potential impact of the announcement or consummation of the proposed acquisitions on relationships, including with regulatory bodies, employees, suppliers, customers and competitors; the diversion of management time on the proposed acquisitions; risks related to contracts with third party service providers; risks related to the enforceability of contracts; the limited operating history of the Corporation; reliance on the expertise and judgment of senior management of the Corporation; risks inherent in an agricultural business; risks related to co-investment with parties with different interests to the Corporation; risks related to proprietary intellectual property and potential infringement by third parties; risks relating to financing activities including leverage; risks relating to the management of growth; increased costs associated with the Corporation becoming a publicly traded company; increasing competition in the industry; risks relating to energy costs; risks associated to cannabis products manufactured for human consumption including potential product recalls;

reliance on key inputs, suppliers and skilled labour (the availability and retention of which is subject to uncertainty); cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risks related to the economy generally; risk of litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada; risks related to future acquisitions or dispositions; sales by existing shareholders; the limited market for securities of the Corporation; limited research and data relating to cannabis; as well as those risk factors discussed elsewhere herein and in the documents incorporated by reference herein, including the AIF.

Readers are cautioned that the foregoing lists are not exhaustive of all factors and assumptions that may have been used. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented for the purposes of assisting readers in understanding the Corporation's expected financial and operating performance and the Corporation's plans and objectives and may not be appropriate for other purposes.

The forward-looking information and statements contained in this Prospectus represent the Corporation's views and expectations as of the date of this Prospectus and forward-looking information and statements contained in the documents incorporated by reference herein represent the Corporation's views and expectations as of the date of such documents, unless otherwise indicated in such documents. The Corporation anticipates that subsequent events and developments may cause its views and expectations to change. However, while the Corporation may elect to update such forward- looking information and statements at a future time, it has no current intention of and assumes no obligation for doing so except to the extent required by applicable law.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the General Counsel of the Corporation, at 400 W Erie St. #110, Chicago, IL, 60654, 312-929-0993, and are also available electronically at www.sedar.com.

As of the date hereof, the following documents (or the sections or sub-sections thereof set out below), filed with the various securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

1. the annual information form of the Corporation dated May 9, 2019 (the "AIF");
2. the unaudited condensed interim financial statements of the Corporation for the three months ended March 31, 2019 and 2018, except the notice of no auditor review contained therein, together with the notes thereto;
3. the management's discussion and analysis of the Corporation for the three months ended March 31, 2019 and 2018;
4. the audited financial statements of the Corporation for the years ended December 31, 2018 and 2017, together with the notes thereto and the auditor's report for the year ended December 31, 2018 attached thereto and the auditor's report for the year ended December 31, 2017 attached to the restated December 31, 2017 financial statements filed on May 6, 2017;
5. the management's discussion and analysis of the Corporation for the three and twelve month period ended December 31, 2018;

6. the unaudited condensed interim consolidated financial statements of CannaRoyalty Corp. d/b/a Origin House ("**Origin House**") for the three months ended March 31, 2019 and March 31, 2018, except the notice of no auditor review contained therein, together with the notes thereto;
7. the audited financial statements of Origin House for the years ended December 31, 2018 and 2017, together with the notes thereto and the auditor's report attached thereto;
8. the following sections and sub-sections of the listing statement of the Corporation dated November 30, 2018 (the "**Listing Statement**"): (a) the sub-section entitled "Summary of the Equity Plan" of Section 9 (Options to Purchase Securities) of the Listing Statement; and (b) Section 15 (Executive Compensation) of the Listing Statement;
9. the management information circular of the Corporation dated October 17, 2018, prepared in connection with a special meeting of shareholders held on November 14, 2018 (the "**RTO Circular**"), other than any other statement contained in the RTO Circular to the extent that any statement contained herein or in any document incorporated or deemed to be incorporated by reference herein subsequently filed after the RTO Circular modifies or supersedes such a statement contained in the RTO Circular; and
10. the material change report dated April 11, 2019, announcing the entering into of an arrangement agreement with Origin House pursuant to which the Corporation has agreed to acquire all of the issued and outstanding shares of Origin House pursuant to a court approved plan of arrangement.

Any document of the type required by National Instrument 44-101 — *Short Form Prospectus Distributions* to be incorporated by reference into a short form prospectus, including any annual information forms, material change reports (except confidential material change reports), business acquisition reports, interim financial statements, annual financial statements and the auditor's report thereon, management's discussion and analysis and information circulars of the Corporation filed by the Corporation with securities commissions or similar authorities in Canada after the date of this Prospectus and prior to the completion or withdrawal of any offering under this Prospectus shall be deemed to be incorporated by reference into this Prospectus.

Upon a new interim financial report and related management's discussion and analysis of the Corporation being filed with the applicable securities regulatory authorities during the currency of this Prospectus, the previous interim financial report and related management's discussion and analysis of the Corporation most recently filed shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder. Upon new annual financial statements and related management's discussion and analysis of the Corporation being filed with the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual financial statements and related management's discussion and analysis and the previous interim financial report and related management's discussion and analysis of the Corporation most recently filed shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder. Upon a new annual information form of the Corporation being filed with the applicable securities regulatory authorities during the currency of this Prospectus, the following documents shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder: (i) the previous annual information form, if any; (ii) material change reports filed by the Corporation prior to the end of the financial year in respect of which the new annual information form is filed; (iii) business acquisition reports filed by the Corporation for acquisitions completed prior to the beginning of the financial year in respect of which the new annual information form is filed; and (iv) any information circular of the Corporation filed by the Corporation prior to the beginning of the financial year in respect of which the new annual information form is filed. Upon a new information circular of the Corporation prepared in connection with an annual general meeting of the Corporation being filed with the applicable securities regulatory authorities during the currency of this Prospectus, the previous information circular of the Corporation prepared in connection with an annual general meeting of the Corporation shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder.

A Prospectus Supplement to this Prospectus containing the specific variable terms in respect of an offering of the Securities will be delivered to purchasers of such Securities together with this Prospectus, unless an exemption from the prospectus delivery requirements has been granted or is otherwise available, and will be deemed to be incorporated

by reference into this Prospectus as of the date of such Prospectus Supplement only for the purposes of the offering of the Securities covered by such Prospectus Supplement.

Notwithstanding anything herein to the contrary, any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document incorporated or deemed to be incorporated by reference herein modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall thereafter neither constitute, nor be deemed to constitute, a part of this Prospectus, except as so modified or superseded.

THE CORPORATION

Corporate Structure

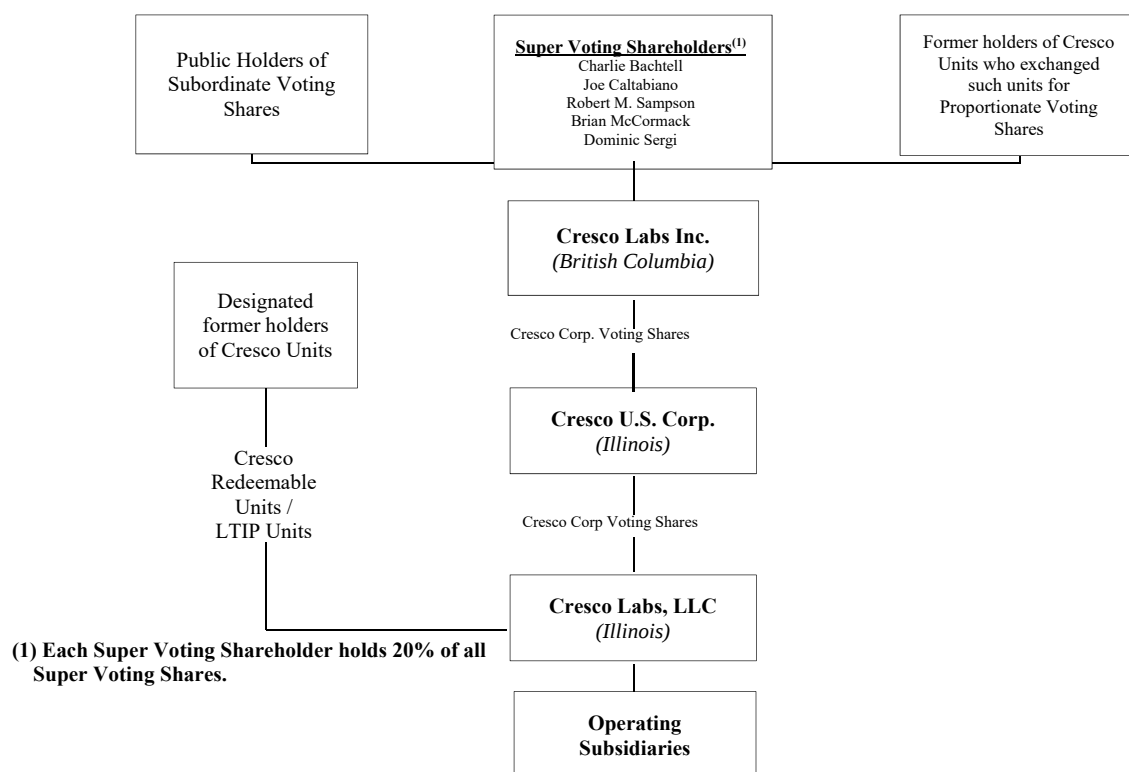
The Corporation was incorporated in the Province of British Columbia under the *Business Corporations Act* (British Columbia) on July 6, 1990. On December 30, 1997, the Corporation changed its name from Randsburg Gold Corporation to Randsburg International Gold Corp. ("**Randsburg**"), and consolidated its outstanding common shares on a five (5) old for one (1) new basis. On November 30, 2018, in connection with the Business Combination, the Corporation (i) consolidated its outstanding Randsburg Common Shares on a 812.63 old for one (1) new basis by way of resolution of its board of directors (without any corporate filings being necessary), and (ii) filed an alteration to its Notice of Articles with the British Columbia Registrar of Companies to change its name from Randsburg International Gold Corp. to Cresco Labs Inc. and to amend the rights and restrictions of its existing class of common shares, redesignate such class as the class of Subordinate Voting Shares and create the Proportionate Voting Shares and the Super Voting Shares (collectively, the "**Share Terms Amendment**").

The Corporation's head office is located at 400 W Erie St #110, Chicago, IL 60654 and the Corporation's registered office is located at Suite 2200, 1055 West Hastings Street, Vancouver, BC V6E 2E9.

Pursuant to the Business Combination, among the Corporation (then Randsburg) and Cresco, a series of transactions were completed on November 30, 2018 resulting in a reorganization of Cresco and Randsburg and pursuant to which Randsburg became the indirect parent and sole voting unitholder of Cresco. The Business Combination constituted a reverse takeover of Randsburg by Cresco under applicable securities laws.

Cresco Labs LLC (the "**LLC**") was formed as a limited liability company under the laws of the state of Illinois on October 8, 2013 and is governed by the Cresco limited liability company agreement dated October 8, 2013, as amended and restated as of March 28, 2015 and as further amended and restated as of March 17, 2018 and as of July 1, 2018 (the "**Pre-Combination LLC Agreement**"). The Pre-Combination LLC Agreement was further amended and restated in connection with the completion of the Business Combination.

Set forth below is the condensed organization chart of the Corporation. The material subsidiaries of Cresco did not change in connection with the Business Combination.



Note: See "Description of Share Capital of the Corporation" herein, "Description of Share Capital of Cresco Corp." in the AIF and "Description of Unit Capital of Cresco" in the AIF for additional details as to the share and unit capital of the Corporation, Cresco U.S. Corp. ("**Cresco Corp.**") and the LLC, respectively.

Summary Description of the Business

Cresco exists to provide high-quality and consistent cannabis-based products to consumers. Cresco blends regulatory compliance expertise with best practices from the agricultural, pharmaceutical and consumer packaged goods industries. Cresco (either directly or indirectly through subsidiaries) has been awarded three licenses to cultivate and manufacture medicinal cannabis in the State of Illinois. Cresco was awarded a cultivation license in Pennsylvania and was one of only five cultivators that was initially also awarded a dispensary license which allows for up to three dispensaries, with a second license granted in December of 2018 for up to three additional dispensaries. Cresco was awarded a cultivation license in Ohio and a dispensary license in Ohio and was the first approved dispensary to begin dispensary operations in Ohio in December 2018. Most recently, Cresco received prequalification from the State of Michigan, which will allow Cresco to operate growing, processing and provisioning center facilities in Michigan. Cresco also has an interest in a cultivation, processing, and dispensary license in Nevada, an ownership interest in cultivation and processing licenses in California, and owns and operates five dispensaries in Illinois. Additionally, Cresco has entered into an agreement to acquire a company involved in the cultivation and processing of medical cannabis as well as the establishment of four medical cannabis dispensaries in the State of New York (Refer to "General Development of the Business – Pipeline Transactions" in the AIF for further information), an agreement to acquire assets in Massachusetts, including state registration and licensing that will allow for cultivation, manufacturing, processing, and the establishment and operation of a medical marijuana dispensary, with the ability to obtain up to three medical marijuana dispensary licenses and three adult-use dispensary licenses.

Cresco plans to leverage the success in these markets to expand into legalized cannabis markets in other states, while focusing on compliance, control, efficiency, and product performance in the medicinal or adult-use cannabis industry.

Cresco owns and operates cultivation, manufacturing and retail dispensary businesses. The manufacturing and retail businesses are operational today and vertically integrated across six highly regulated and/or limited licensed, and

therefore limited legal supply markets: Illinois, Nevada, Ohio, Arizona, Pennsylvania and California, with processing operations in Maryland, and is expected to commence cultivation, manufacturing and retail dispensary operations in New York, Michigan and Massachusetts. These markets, where supply and demand can be reasonably predicted and forecasted, create the foundation upon which Cresco has created the opportunity for sustainable growth. Importantly, Cresco is not yet active in markets popularized by mainstream media like Washington, Oregon and Colorado where loose regulatory frameworks create unpredictable supply-demand market dynamics.

This ownership of wholesale and retail businesses supports Cresco's strategy of distributing brands at scale by enabling Cresco to capture market share, generate brand awareness, and earn customer loyalty in its operating markets. By guaranteeing share-of-shelf in its own retail stores and its ability to foster mutually beneficial relationships with its third-party dispensary customers as a large supplier of a portfolio of distinct and trusted cannabis brands. More detailed information regarding the business of the Corporation as well as its operations, assets, and properties can be found in the AIF and other documents incorporated by reference herein, as supplemented by the disclosure herein. See "Documents Incorporated by Reference" and "Additional Recent Developments".

ORIGIN HOUSE ACQUISITION

Acquisition

On April 1, 2019, the Corporation announced that it had entered into a definitive agreement with Origin House to acquire all of the issued and outstanding shares of Origin House (the "**Arrangement**"). Total consideration for the Arrangement is equal to approximately C\$1.1 billion on a fully-diluted basis, or C\$12.68 per Origin House share. After giving effect to the Arrangement, Origin House shareholders will hold approximately 20% ownership in the pro forma entity (on a pro forma fully-diluted and as converted basis). The Arrangement will be effected by way of a plan of arrangement under Section 182 of the *Business Corporations Act* (Ontario) (the "**OBCA**") and is based on an arrangement agreement between the companies. The Arrangement has been unanimously approved by the board of directors of the Corporation and Origin House.

In order for the Arrangement to be effective, the Arrangement needed to be approved by at least two-thirds (66⅔%) of the votes cast by shareholders of Origin House, voting together as a single class, present in person or represented by proxy at its special meeting of shareholders held on June 11, 2019 (the "**Meeting**"), and entitled to vote. In addition, the Arrangement needed to be approved by at least a simple majority of the votes cast by each class of shares of Origin House, voting separately as classes, present in person or represented by proxy at the Meeting and entitled to vote, excluding the votes of the persons whose votes may not be included under the minority approval requirements for a business combination under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). At the Meeting, the shareholders of Origin House overwhelmingly voted in favour of approving the Arrangement.

The Arrangement is also subject to certain other conditions, including the approval of the Ontario Superior Court of Justice (*Commercial List*), the CSE and certain other regulatory approvals. On June 11, 2019, Origin House and the Corporation announced that pursuant to the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("**HSR Act**"), as amended, both Origin House and the Corporation were required to file a notification to U.S. antitrust authorities and observe a waiting period before completing the Arrangement. On June 10, 2019, pursuant to the HSR Act, Origin House and the Corporation received a request for additional information (the "**Second Request**") from the United State Department of Justice Antitrust Division (the "**Department of Justice**"). The Second Request extends the HSR Act waiting period for up to 30 days after Origin House and the Corporation have each substantially complied with the Second Request, unless that period is extended voluntarily by the parties or terminated soon by the Department of Justice. Complete of the Arrangement remains subject to the expiration or termination of the HSR Act. It is expected that the Arrangement will be completed on or before October 31, 2019.

If the Arrangement received all necessary approvals, and all of the other conditions to closing of the Arrangement are satisfied or waived (where permitted), the Arrangement is expected to be implemented by way of a court-approved plan of arrangement under the OBCA. Pursuant to the Arrangement, holders of Origin House shares (including holders of restricted share units of Origin House) will ultimately receive 0.8428 of a Subordinate Voting Share for each Origin House common share held and 84.28 Subordinate Voting Shares for each Origin House compressed share held.

Pursuant to the Arrangement, at the time of closing, the following transactions, among others, will occur and will be deemed to occur sequentially in the following order:

- (a) each of the Origin House shares held by a dissenting Origin House shareholder in respect of which dissent rights have been validly exercised will be deemed to have been transferred without any further act or formality to Origin House in consideration for a debt claim against Origin House for the amount determined in accordance with the plan of arrangement;
- (b) each Origin House compressed share outstanding immediately prior to the time of closing (other than Origin House compressed shares held by a dissenting Origin House shareholder in respect of which dissent rights have been validly exercised pursuant to the plan of arrangement and any Origin House compressed shares held by Cresco or any affiliates thereof) will, without any further act or formality by or on behalf of any Origin House compressed shareholder, be deemed to be converted into 100 Origin House common shares;
- (c) each Origin House restricted share unit issued and outstanding immediately prior to the time of closing will, without any further act or formality by or on behalf of any Origin House restricted share unit holder, be deemed to be fully vested and will be transferred and disposed by the holder thereof to the Company and cancelled in exchange for one Origin House common share;
- (d) each Origin House common share outstanding immediately prior to the time of closing (other than Origin House common shares held by a dissenting Origin House shareholder in respect of which dissent rights have been validly exercised pursuant to the plan of arrangement and any Origin House shares held by Cresco or any affiliates thereof) and each Origin House common share issued to former Origin House compressed shareholders and former Origin House restricted share unit holders will, without any further action by or on behalf of any Origin House common shareholder, be deemed to be assigned and transferred by the holder thereof to Cresco in exchange for 0.8428 Subordinate Voting Shares;
- (e) each Origin House option outstanding at the time of closing (whether vested or unvested) will be exchanged for an option to acquire such number of Subordinate Voting Shares as is equal to: (i) that number of Origin House shares that were issuable upon exercise of such Origin House option immediately prior to the time of closing, multiplied by: (ii) 0.8428, rounded down to the nearest whole number of Subordinate Voting Shares, at an exercise price per Subordinate Voting Share equal to the greater of: (A) the quotient determined by dividing: (i) the exercise price per Origin House share at which such Origin House option was exercisable immediately prior to the time of closing; by (ii) 0.8428, rounded up to the nearest whole cent, and (B) such minimum amount that meets the requirements of paragraph 7(1.4)(c) of the Tax Act, and all terms and conditions of the Cresco options, including the term to expiry, vesting, conditions to and manner of exercising, will be the same as the Origin House option for which it was exchanged; and
- (f) the contingent shareholder share entitlements of Origin House will be deemed to be an entitlement to receive 0.8428 of a Subordinate Voting Share for each Origin House common share or 84.28 Subordinate Voting Shares for each Origin House compressed share, as applicable, that would be issued under the contingent shareholder share entitlement and the applicable contingent shareholder definitive agreement shall be deemed to be amended accordingly.

Contemporaneously at the time of closing, Marc Lustig will be appointed to the Cresco board of directors.

Overall, there is no assurance that the Arrangement will be consummated on the terms outlined above or at all. See "*Risk Factors*".

Origin House History and Description

Origin House is a publicly traded company, incorporated under the OBCA, with its head office and registered office located at 333 Preston Street, Ottawa, Ontario, Canada. Origin House's common shares trade on the CSE under the symbol "OH" and in the United States on the OTCQX market under the symbol "ORHOF".

Origin House was incorporated under the OCBA as "McGarry Minerals Inc." on August 19, 1985. In connection with a corporate reorganization, Origin House changed its name to "Bonanza Blue Corp." ("**Bonanza Blue**") on August 16, 2000. Origin House subsequently changed its name to "CannaRoyalty Corp." on December 5, 2016, prior to the completion of a reverse takeover transaction between Bonanza Blue Corp. and Cannabis Royalties and Holdings Corp.

Origin House is a growing cannabis brands and distribution company operating across key markets in the U.S. and Canada, with a strategic focus on becoming a preeminent global house of cannabis brands. Origin House's foundation is in California, the world's largest regulated cannabis market, where it delivers over 130 branded cannabis products from 50+ brands to more than 500 dispensaries in California, representing approximately 60% market penetration based on the percentage of licensed cannabis micro-businesses and storefronts serviced over the past 9 months. Origin House's brand development platform is operated out of five licensed facilities located across California, and provides distribution, manufacturing, cultivation and marketing services for its brand partners.

Origin House Business Objectives and Operations

Origin House is a fully integrated, active participant in the regulated cannabis sector, with a focus on building a platform of assets across three business units – CR Holdings; CR Brands; and CR Advisory. Origin House contributes strategic expertise and functional knowledge to maximize the return potential of its diversified platform of assets.

Origin House is building a premium suite of branded cannabis consumer products in California, supported by its existing and growing portfolio of strategic manufacturing and distribution assets. Origin House's current portfolio of products includes wholly-owned and licensed products and brands in large and high growth segments of the cannabis industry including vaping, pre-rolls, edibles, topicals, patches, creams, intimacy oils, concentrates, and animal health products. Origin House is focused on continuing to build its leading downstream consumer products business by growing its existing CR Brands portfolio, augmented by judicious acquisitions to bring key products, brands and expertise in-house. Origin House will also seek to create synergies and brand out-licensing opportunities among its portfolio companies and CR Brands products in Canada, as well as Washington, Arizona, Oregon, Florida and Puerto Rico.

Origin House Mergers and Acquisitions

*Acquisitions of Alta Supply Inc. ("**Alta**") and Kaya Management Inc. ("**Kaya**")*

On March 27, 2018, Origin House completed the acquisitions of Alta, a California-based licensed cannabis distributor, and of Kaya, a California-based licensed cannabis manufacturer. The total consideration was \$6.3 million and \$7.3 million, respectively.

*Acquisitions of FloraCal Farms ("**FloraCal**")*

On July 2, 2018, Origin House closed the acquisition of FloraCal, an ultra-premium cannabis cultivator in California, for total consideration of approximately \$33.3 million.

*Acquisition of River Distribution ("**RVR**" or "**River**")*

On August 31, 2018, Origin House gained control of RVR, a large cannabis distributor in California, and began consolidating financial results. Total consideration was approximately \$42.3 million. RVR distributes to a number of cannabis dispensaries in California.

*180 Smoke and Affiliates ("**180 Smoke**")*

On February 19, 2019, Origin House completed the acquisition of 180 Smoke and its affiliates ("180 Smoke"), an online and retail Canadian vape operator. Origin House expects the acquisition to result in a retail revenue stream and footprint within Canada.

Cub City LLC ("Cub City")

On May 2, 2019, Origin House closed the acquisition of Cub City, a licensed premium craft cannabis producer based in Sonoma County, California for total consideration of approximately US \$5.3 million.

Origin House's Brand Accelerator Program

The Brand Accelerator Program is designed to develop cannabis brands of the future by providing access to capital, in-house services, and infrastructure.

Pacific Remedy LLC ("Pacific Remedy")

On July 5, 2018, Origin House acquired the exclusive rights to distribute and manufacture Pacific Remedy's premium infused pre-rolls in California. Origin House's growing manufacturing support platform provides local entrepreneurs like Pacific Remedy the unique opportunity to cost-effectively expand through Origin House's licensed statewide distribution network.

Utopia Cannabis ("Utopia")

On September 12, 2018, Origin House provided strategic financing to support the expansion and growth of Utopia, an award-winning California-based cannabis brand whereby Origin House advanced US\$750,000 towards the prepayment of Utopia-branded manufactured products including jarred extracts, vaporizer cartridges, and edibles.

Exclusive Distribution of V. Brands, LLC ("Viola")

On January 28, 2019, Origin House entered an exclusive agreement with Viola brands in the state of California. RVR will be the exclusive distributor of all Viola products in California. The Company will also conduct the production of Viola's products, either in-house or through third-party manufacturers. Viola offers its customers ultra-premium shatter, wax, live resins, and concentrates within the medical and recreational cannabis markets.

Financing to Utopia Cannabis ("Utopia")

On January 30, 2019, Origin House provided additional strategic financing of US \$750,000 to Utopia, a California-based cannabis brand. As part of this additional financing, RVR will take over exclusive distribution of Utopia's cannabis flower.

Financing to Humboldt's Finest Farms ("Humboldt's Finest")

On February 4, 2019, Origin House provided strategic financing of US \$704,000 to Humboldt's Finest, an alliance of heritage cannabis farms representing Humboldt County. The funds were advanced towards the forward purchase of Humboldt's Finest cannabis and cannabis products at a discount to wholesale prices.

Exclusive Distribution of Kurvana

On February 13, 2019, Origin House signed a memorandum of understanding ("MOU") to commence exclusive distribution of Kurvana products across Northern California. As part of the MOU, the parties have also agreed to explore the transition of distribution in Southern California, subject to fulfillment of mutually acceptable conditions. In addition, Origin House has agreed to provide strategic financing of up to US \$10 million to Kurvana under a promissory note. Up to US\$4.0 million of the financing was available to draw on immediately and the remaining US\$6.0 million will be available subject to fulfillment of certain conditions, with US\$3.5 million loaned to Kurvana in the aggregate.

Trichome Financial Corp.

On January 23, 2018, Origin House launched Trichome, a lending partner to emerging and established cannabis companies operating in Canada and globally by providing flexible asset-backed debt financing. Trichome is co-founded with Sprott Inc., a leading resource and real-asset investor, and Stoic Advisor Inc., an independent cannabis focused consulting firm.

Reverse takeover of 22 Capital Corp ("22 Capital")

On April 24, 2019, Trichome provided updates regarding their previously announced amalgamation under the provisions of the Business Corporations Act (Ontario) that will result in a reverse take-over of 22 Capital by shareholders of Trichome (the "Transaction"). The Transaction, if completed, will constitute 22 Capital's "Qualifying Transaction" as such term is defined in Policy 2.4 of the TSX Venture Exchange ("TSXV").

In connection with the Transaction, Trichome intends to complete a stock-split of its outstanding Trichome Shares and preferred shares in each case on the basis of 1 share for 3 post-split shares. Trichome is currently raising funds for a non-brokered private placement of subscription receipts at a price of \$2.10 per Subscription Receipt, post-split, for gross proceeds of a minimum of approximately \$15.0 million and a maximum of approximately \$30.0 million.

On May 28, 2019 Trichome and 22 Capital received conditional approval from the TSXV regarding the Transaction. Shareholder meetings are expected to occur on July 4, 2019, or such other date as 22 Capital and Trichome may agree and in accordance with applicable law, to seek approval regarding various matters pursuant to the Transaction. The closing of the Transaction is expected to take place on or around July 5, 2019, or such other date as 22 Capital and Trichome may agree, subject to a number of conditions.

Material Assets and Investments

The following chart is a summary of Origin House's material assets and investments according to its Management's Discussion and Analysis for the three months and year ended December 31, 2018, dated April 28, 2019. Origin House has excluded ancillary intellectual property and other minor transactions and investments, with no such items having more than \$1,000,000 of tangible or intangible assets on Origin House's consolidated balance sheet as of December 31, 2018. References to "Direct", "Indirect" or "Ancillary" classifications of each asset or investment have the meanings ascribed thereto in Staff Notice 51-352 (revised). All of Origin House's investments that give Origin House "Direct", "Indirect", or "Ancillary" involvement (as such terms are defined in the Staff Notice 51-352 (revised)) in the U.S. marijuana industry are included in the chart.

Assets	Description	Classification	Investment Type	Geography	Jurisdiction
	Alta Supply Inc. distributes a wide-range of cannabis products in Oakland, California	Direct (Licensed Distributor)	Wholly owned subsidiary. Total consideration was \$6.3 million	California	California
	Kaya Management Inc. is a licensed manufacturer of cannabis in Oakland, CA	Direct (Licensed manufacturer)	Wholly owned subsidiary. Total consideration was \$7.3 million	California	California
	River Distribution is a licensed distributor of cannabis in California	Direct (Licensed Distributor)	Wholly owned subsidiary. Total consideration was approximately	California	California

			\$42.3 million		
	FloraCal Farms is an ultra-premium, licensed cannabis cultivator in Sonoma County, CA.	Direct (Licensed Cultivator)	Wholly owned subsidiary. Total consideration was approximately \$33.3 million	California	California
	Dreamcatcher is a technology, brand and IP company which designed a proprietary cartridge for the cannabis sector under the brand name GreenRock Botanicals.	Ancillary (Device and manufacturing IP)	Wholly owned subsidiary. Total consideration was approximately \$6.0 million	California Arizona	California
	EML is a marketing agency that provides marketing services to Origin House and other cannabis companies.	Ancillary (marketing services)	Wholly owned subsidiary. Total consideration was approximately \$1.7 million	Canada California	Canada
RESOLVE	Resolve Digital Health Inc. designs standardized dosing equipment for cannabis consumption.	Ancillary (Device intellectual property)	26.4% equity position. Total consideration was \$2.5 million	Canada Australia United States	Canada
	AltMed is a Florida-based company bringing pharmacy industry precision to the development, production and dispensing of medical cannabis	Direct (Licensed cultivator and distributor)	5.1% equity position in AltMed. Total consideration was US\$2.38 million.	Arizona Florida	Arizona Florida
	Kurvana is a premium cannabis vape company.	Direct (Licenses manufacturer)	Up to \$13.4 million promissory note arrangement at 10% interest, with principal and interest due upon maturity in 12 months. \$2.7 million loaned as at March 31, 2019.	California	California

In connection with the Arrangement please refer to the audited annual financial statements of Origin House as at and for the years ended December 31, 2018 and 2017, and the unaudited condensed interim consolidated financial statements of Origin House for the three months ended March 31, 2019 and March 31, 2018. Please also refer to Appendix A for the unaudited *pro forma* financial statements of the Corporation as at March 31, 2019, giving effect to the Origin House acquisition.

ADDITIONAL RECENT DEVELOPMENTS

On March 18, 2019, the Corporation announced that it had entered into a letter agreement to acquire the ownership interests or assets of VidaCann Ltd. and/or affiliated entities ("**VidaCann**"). VidaCann is a provider of medical cannabis, including licenses to grow, process, manufacture, distribute and dispense cannabis, in the state of Florida. A definitive equity purchase agreement superseding the letter agreement was entered into on May 15, 2019. The transaction is anticipated to close in Q3, 2019 and is subject to a number of customary closing conditions, including the approval of the CSE, the Florida Department of Health and other applicable U.S. state and local regulatory agencies.

DESCRIPTION OF SHARE CAPITAL OF THE CORPORATION

The authorized share capital of the Corporation consists of an unlimited number of Subordinate Voting Shares, of which 56,325,784 were issued and outstanding as of July 24, 2019, an unlimited number of Proportionate Voting Shares, of which 292,211.97 (which are convertible on a 1:200 basis into 58,442,394 Subordinate Voting Shares) were issued and outstanding as of July 24, 2019, and an unlimited number of Super Voting Shares, of which 500,000 were issued and outstanding as of July 24, 2019. All of the issued and outstanding Super Voting Shares are held by the Corporation's founders, Charlie Bachtell, Joe Caltabiano, Robert Sampson, Dominic Sergi and Brian McCormack (together, the "**Founders**"). In addition, members of the LLC hold 143,690,687 redeemable units that are convertible into Proportionate Voting Shares on a 200:1 basis.

The Subordinate Voting Shares are "**restricted securities**" within the meaning of such term under applicable Canadian securities laws. The Corporation has complied with the requirements of Part 12 of National Instrument 41-101 — *General Prospectus Requirements* ("**NI 41-101**") to be able to file a prospectus under which the Subordinate Voting Shares or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, the Subordinate Voting Shares are distributed, as the Corporation received the requisite prior majority approval of shareholders of the Corporation, at the annual and special meeting of shareholders held on November 14, 2018, in accordance with applicable law, including Section 12.3 of NI 41-101, for the Share Terms Amendment. The Share Terms Amendment constituted a "**restricted security reorganization**" within the meaning of such term under applicable Canadian securities laws.

As of July 24, 2019, the Subordinate Voting Shares represent approximately 5.05% of the voting rights attached to outstanding securities of the Corporation, the Proportionate Voting Shares represent approximately 5.24% and the Super Voting Shares represent approximately 89.70% of the voting rights attached to outstanding securities of the Corporation.

The following is a summary of the rights, privileges, restrictions and conditions attached to the Subordinate Voting Shares, the Proportionate Voting Shares and the Super Voting Shares, but does not purport to be complete. Reference should be made to the articles of the Corporation and the full text of their provisions for a complete description thereof, which are available under the Corporation's profile on SEDAR at www.sedar.com.

Subordinate Voting Shares

Right to Notice and Vote	Holder of Subordinate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation will have the right to vote. At each such meeting, holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held.
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Class Rights & Right of First Refusal	As long as any Subordinate Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Subordinate Voting Shares. Holders of Subordinate Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Corporation.
Dividends	Holders of Subordinate Voting Shares will be entitled to receive as and when declared by the directors of the Corporation, dividends in cash or property of the Corporation.
Participation	In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares shall, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Subordinate Voting Shares (including, without restriction, the Super Voting Shares) be entitled to participate rateably along with all other holders of Subordinate Voting Shares and the Proportionate Voting Shares (on an as converted to Subordinate Voting Shares basis).
Changes	No subdivision or consolidation of the Subordinate Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, the Proportionate Voting Shares and the Super Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	In the event that an offer is made to purchase Proportionate Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules or conditions of listing of a stock exchange on which the Proportionate Voting Shares are then listed, to be made to all or substantially all the holders of Proportionate Voting Shares in a given province or territory of Canada to which these requirements apply, each Subordinate Voting Share shall become convertible at the option of the holder into Proportionate Voting Shares at the inverse of the Conversion Ratio then in effect at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Subordinate Voting Shares for the purpose of depositing the resulting Proportionate Voting Shares pursuant to the offer, and for no other reason. In such event, the Corporation's transfer agent shall deposit the resulting Proportionate Voting Shares on behalf of the holder. Should the Proportionate Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Proportionate Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of the Corporation or on the part of the holder, into Subordinate Voting Shares at the Conversion Ratio then in effect.

Take-Over Bid Protection

The Super Voting Shares are transferable only among the Founders and their respective affiliates for planning and similar purposes. The Founders have entered into an investment agreement with the Corporation whereby, upon any sale of Super Voting Shares to a third party purchaser not listed above, such Super Voting Shares will immediately be redeemed by the Corporation for their issue price. See "*Super Voting Shares – Investment Agreement*" below.

Additionally, as noted above, the Corporation's articles entitle the holders of Subordinate Voting Shares to convert to Proportionate Voting Shares and tender to any take-over bid made solely to the holders of Proportionate Voting Shares.

Proportionate Voting Shares

Right to Vote	Holders of Proportionate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation will have the right to vote. At each such meeting, holders of Proportionate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share into which such Proportionate Voting Share could ultimately then be converted, which for greater certainty, shall initially be equal to 200 votes per Proportionate Voting Share (subject to adjustment at the discretion of the Board, depending upon the ratios necessary to preserve foreign private issuer status).
Class Rights	As long as any Proportionate Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Proportionate Voting Shares and Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Proportionate Voting Shares. Consent of the holders of a majority of the outstanding Proportionate Voting Shares and Super Voting Shares shall be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Proportionate Voting Shares. In connection with the exercise of the voting rights for the foregoing only, each holder of Proportionate Voting Shares will have one vote in respect of each Proportionate Voting Share held.
Dividends	The holder of Proportionate Voting Shares shall have the right to receive dividends, out of any cash or other assets legally available therefor, <i>pari passu</i> (on an as converted basis, assuming conversion of all Proportionate Voting Shares into Subordinate Voting Shares) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend will be declared or paid on the Proportionate Voting Shares unless the Corporation simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares.
Participation	In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Proportionate Voting Shares will, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Proportionate Voting Shares (including, without restriction, the Super Voting Shares), be entitled to participate rateably along with all other holders of Proportionate Voting Shares (on an as-converted to Subordinate Voting Share basis) and the Subordinate Voting Shares.
Changes	No subdivision or consolidation of the Proportionate Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, the Proportionate Voting Shares and the Super Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	The Proportionate Voting Shares each have a restricted right to convert into 200 Subordinate Voting Shares (the "Conversion Ratio"), subject to adjustments for certain customary corporate changes and foreign private issuer considerations. The ability to convert the Proportionate Voting Shares is subject to a restriction that the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Super Voting Shares 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 Securities Exchange Act of 1934, as amended), may not exceed forty percent (40%) (subject to adjustment) of the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Super Voting Shares issued and outstanding after giving effect to such conversions and to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels. In addition, the Proportionate Voting Shares will be automatically converted into Subordinate Voting

Shares in certain circumstances, including upon the registration of the Subordinate Voting Shares under the United States Securities Act of 1933, as amended.

Super Voting Shares

Right to Vote

Holders of Super Voting Shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation shall have the right to vote. At each such meeting, holders of Super Voting Shares shall be entitled to 2,000 votes in respect of each Super Voting Share held *provided that*, if at any time the aggregate number of issued and outstanding (i) Cresco Corp Redeemable Shares in the capital of Cresco Corp (if applicable) and (ii) Cresco Redeemable Units in the capital of Cresco (or such securities of any successor to Cresco Corp or Cresco as may exist from time to time) beneficially owned, directly or indirectly by a holder of the Super Voting Shares (the "**Holder**") and the Holder's predecessor or transferor, permitted transferees and permitted successors, and any prior transferor's transferor and any prior permitted transferee's permitted transferee (the "**Holder's Group**"), divided by the aggregate number of (i) Cresco Corp Redeemable Shares (if applicable) and (ii) Cresco Redeemable Units beneficially owned, directly or indirectly by the Holders and the Holder's Group as at the date of completion of the business combination transaction involving, among others, the Corporation, Cresco Corp and Cresco be less than 50% (the "**Triggering Event**"), the Holder shall from that time forward be entitled to 50 votes in respect of each Super Voting Share held. The holders of Super Voting Shares shall, from time to time upon the request of the Corporation, provide to the Corporation evidence as to such holders' direct and indirect beneficial ownership (and that of its permitted transferees and permitted successors) of Cresco Corp. Redeemable Shares (if applicable) and Cresco Redeemable Units to enable the Corporation to determine the voting entitlement of the Super Voting Shares. For the purposes of these calculations, a Holder shall be deemed to beneficially own Cresco Corp Redeemable Shares (if applicable) held by an intermediate company or fund in proportion to their equity ownership of such company or fund.

Class Rights

As long as any Super Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Super Voting Shares. Consent of the holders of a majority of the outstanding Super Voting Shares shall be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Super Voting Shares. In connection with the exercise of the these voting rights, each holder of Super Voting Shares will have one vote in respect of each Super Voting Share held.

Dividends

The holders of the Super Voting Shares shall not be entitled to receive dividends.

Participation

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the Corporation will distribute its assets firstly and in priority to the rights of holders of any other class of shares of the Corporation (including the holders of Subordinate Voting Shares and the Proportionate Voting Shares) to return the issue price of the Super Voting Shares to the holders, thereof and if there are insufficient assets to fully return the issue price to the holders of the Super Voting Shares, such holders will receive an amount equal to their pro rata share in proportion to the issue price of their Super Voting Shares along with all other holders of Super Voting Shares. The holders of Super Voting Shares shall not be entitled to receive directly or indirectly as holders of Super Voting Shares any other assets or property of the Corporation and their sole rights will be to the return of the issue price of such Super Voting Shares in accordance with this paragraph.

Changes	No subdivision or consolidation of the Super Voting Shares shall occur unless, simultaneously, the Super Voting Shares, Proportionate Voting Shares and the Subordinate Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	The holders of the Super Voting Shares shall have no right of conversion.
Redemption Rights	Upon the occurrence of a Triggering Event, the Corporation has the right to redeem all or some of the Super Voting Shares from the Holder and Holder's Group who caused the Triggering Event to occur, by providing two days prior written notice to the Holder and Holder's Group of such Super Voting Shares, for an amount equal to the issue price for each Super Voting Share, payable in cash to the holders of the Super Voting Shares so redeemed. The Corporation need not redeem Super Voting Shares on a pro-rata basis among the Holders or Holder's Group. Holders of Super Voting Shares to be redeemed by the Corporation shall surrender the certificate or certificates representing such Super Voting Shares to the Corporation at its records office duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed share transfers relating thereto).
Transfer	No Super Voting Share may be transferred by the holder thereof unless such transfer is to an Immediate Family Member or a transfer for the purposes of estate or tax planning to a company or person that is wholly beneficially owned by such holder or immediate family members of such holder or which such holder or immediate family members of such holder are the sole beneficiaries thereof. In order to be effective, any transfer shall require the prior written consent of the Corporation.
Investment Agreement	To supplement the rights, privileges, restrictions and conditions attached to the Super Voting Shares, the Corporation and the Founders, being the initial holders of Super Voting Shares, entered into an investment agreement effective as of the completion of the Business Combination which, among other things, provides that (i) each Super Voting Share will be transferable only to the holder's immediate family members or an affiliated entity or a transfer to the other Founder or an entity affiliated with the other Founder, and (ii) upon any sale of Super Voting Shares to a third party purchaser not listed in clause (i), such Super Voting Shares will immediately be redeemed by the Corporation for their issue price.

See "Description of Share Capital of Cresco Corp." and "Description of Unit Capital of Cresco" in the AIF for details as to the share and unit capital respectively of Cresco Corp. and the LLC.

DESCRIPTION OF DEBT SECURITIES

The following sets forth certain general terms and provisions of the Debt Securities. The particular terms and provisions of the Debt Securities offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement, which particular terms and provisions of such Debt Securities may differ from the general terms and provisions described below in some or all respects.

The Debt Securities will be issued in series under one or more trust indentures to be entered into between the Corporation and a financial institution to which the *Trust and Loan Companies Act* (Canada) applies or a financial institution organized under the laws of any province of Canada and authorized to carry on business as a trustee. Each such trust indenture, as supplemented or amended from time to time, will set out the terms of the applicable series of Debt Securities. The statements in this Prospectus relating to any trust indenture and the Debt Securities to be issued under it are summaries of anticipated provisions of an applicable trust indenture and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of such trust indenture, as applicable.

Each trust indenture may provide that Debt Securities may be issued thereunder up to the aggregate principal amount, which may be authorized from time to time by the Corporation. Any Prospectus Supplement for Debt Securities will contain the terms and other information with respect to the Debt Securities being offered, including:

- the designation, aggregate principal amount and authorized denominations of such Debt Securities;
- the currency for which the Debt Securities may be purchased and the currency in which the principal and any interest is payable (in either case, if other than Canadian dollars);
- the percentage of the principal amount at which such Debt Securities will be issued;
- the date or dates on which such Debt Securities will mature;
- the rate or rates at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any);
- the dates on which any such interest will be payable and the record dates for such payments;
- any redemption term or terms under which such Debt Securities may be defeased;
- any exchange or conversion terms (including, as applicable, the terms in respect of any convertibility to Subordinate Voting Shares); and
- any other specific terms.

Each series of Debt Securities may be issued at various times with different maturity dates, may bear interest at different rates and may otherwise vary.

The Debt Securities will be direct obligations of the Corporation. The Debt Securities will be senior or subordinated indebtedness of the Corporation as described in the relevant Prospectus Supplement.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

The following sets forth certain general terms and provisions of the Subscription Receipts. The particular terms and provisions of the Subscription Receipts offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement, which particular terms and provisions of such Subscription Receipts may differ from the general terms and provisions described below in some or all respects.

The Corporation may issue Subscription Receipts that may be exchanged by the holders thereof for Subordinate Voting Shares and/or other Securities of the Corporation upon the satisfaction of certain conditions. The Corporation may offer Subscription Receipts separately or together with Subordinate Voting Shares, Debt Securities, Warrants or Units, as the case may be. The Corporation will issue Subscription Receipts under one or more subscription receipt agreements. Under each subscription receipt agreement, a purchaser of Subscription Receipts will have a contractual right of rescission following the issuance of the Subordinate Voting Shares and/or other Securities of the Corporation, as the case may be, to such purchaser upon exchange of Subscription Receipts, entitling the purchaser to receive the amount paid for the Subscription Receipts upon surrender of the Subordinate Voting Shares and/or other Securities of the Corporation, as the case may be, if this Prospectus, the relevant Prospectus Supplement, and any amendment thereto, contains a misrepresentation, provided such remedy for rescission is exercised within 180 days of the date the Subscription Receipts are issued.

Any Prospectus Supplement will contain the terms and conditions and other information relating to the Subscription Receipts being offered, including:

- the number of Subscription Receipts;
- the price at which the Subscription Receipts will be offered and whether the price is payable in installment;

- any conditions to the exchange of Subscription Receipts into Subordinate Voting Shares, and/or other Securities of the Corporation, as the case may be, and the consequences of such conditions not being satisfied;
- the procedures for the exchange of the Subscription Receipts into Subordinate Voting Shares and/or other Securities of the Corporation, as the case may be;
- the number of Subordinate Voting Shares and/or other Securities of the Corporation, as the case may be, that may be exchanged upon exercise of each Subscription Receipt;
- the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- the dates or periods during which the Subscription Receipts may be exchanged into Subordinate Voting Shares and/or other Securities of the Corporation;
- whether such Subscription Receipts will be listed on any securities exchange;
- any other rights, privileges, restrictions and conditions attaching to the Subscription Receipts; and
- any other specific terms.

Prior to the exchange of their Subscription Receipts, holders of Subscription Receipts will not have any of the rights of holders of the securities issuable on the exchange of the Subscription Receipts.

DESCRIPTION OF WARRANTS

The following sets forth certain general terms and provisions of the Warrants. The particular terms and provisions of the Warrants offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement, which particular terms and provisions of such Warrants may differ from the general terms and provisions described below in some or all respects.

The Corporation may issue Warrants for the purchase of Subordinate Voting Shares and/or other Securities of the Corporation. Warrants may be issued independently or together with Subordinate Voting Shares, Debt Securities and Subscription Receipts offered by any Prospectus Supplement and may be attached to, or separate from, any such offered Securities. Warrants will be issued under one or more warrant agreements entered into between the Corporation and a warrant agent named in the applicable Prospectus Supplement.

Selected provisions of the Warrants and the warrant agreements are summarized below. This summary is not complete. The statements made in this Prospectus relating to any warrant agreement and Warrants to be issued thereunder are summaries of certain anticipated provisions thereof and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable warrant agreement.

Any Prospectus Supplement will contain the terms and other information relating to the Warrants being offered, including:

- the exercise price of the Warrants;
- the designation of the Warrants;
- the aggregate number of Warrants offered and the offering price;
- the designation, number and terms of the Subordinate Voting Shares and/or other Securities of the Corporation purchasable upon exercise of the Warrants, and procedures that will result in the adjustment of those numbers;

- the dates or periods during which the Warrants are exercisable;
- the designation and terms of any securities with which the Warrants are issued;
- if the Warrants are issued as a unit with another security, the date on and after which the Warrants and the other security will be separately transferable;
- the currency or currency unit in which the exercise price is denominated;
- any minimum or maximum amount of Warrants that may be exercised at any one time;
- whether such Warrants will be listed on any securities exchange;
- any terms, procedures and limitations relating to the transferability, exchange or exercise of the Warrants;
- any rights, privileges, restrictions and conditions attaching to the Warrants; and
- any other specific terms.

Prior to the exercise of their Warrants, holders of Warrants will not have any of the rights of holders of the Securities subject to the Warrants.

DESCRIPTION OF UNITS

Units are a security comprised of more than one of the other Securities described in this Prospectus offered together as a "Unit". A Unit is typically issued so the holder thereof is also the holder of each Security included in the Unit. As a result, the holder of a Unit will have the rights and obligations of a holder of each Security comprising the Unit. The agreement, if any, under which a Unit is issued may provide that the Securities comprising the Unit may not be held or transferred separately at any time or at any time before a specified date.

The particular terms and provisions of the Units offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement, which particular terms and provisions of such Units may differ from the general terms and provisions described below in some or all respects. This description will include, where applicable:

- the designation and terms of the Units and of the Securities comprising the Units, including whether and under what circumstances those Securities may be held or transferred separately;
- any provisions for the issuance, payment, settlement, transfer or exchange of the Units or of the Securities comprising the Units;
- whether the Units will be issued in registered or global form; and
- any other material terms and conditions of the Units.

PRIOR SALES

The following tables set forth details regarding issuances of Subordinate Voting Shares, issuances of securities convertible into or exchangeable, redeemable or exercisable for Subordinate Voting Shares during the 12 month period before the date of this Prospectus.

Date Issued	Number of Cresco Securities ⁽¹⁾	Issue Price per Security (\$)	Aggregate Issue Price (\$)	Nature of Consideration
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April 11, 2019	15,119 Proportionate Voting Shares ⁽²⁾	US\$1,032.00	US\$15,602,808.00	Share Exchange (in connection with the acquisition of MedMar, Inc. – see "Acquisitions and Dispositions" in the AIF for further details)
January 18, 2019 – March 22, 2019	1,712.50 Proportionate Voting Shares ⁽²⁾	C\$200.00 – C\$450.00	C\$342,500.00 – C\$770,625.00	Cash (Option Exercises)
January 25, 2019	567.195 Proportionate Voting Shares ⁽²⁾	C\$1,146.00	C\$650,005.47	Share Exchange (in connection with its acquisition of additional shares of its Pennsylvania entity – see "Acquisitions and Dispositions" in the AIF for further details)
December 11, 2018	1,290.965 Proportionate Voting Shares ⁽²⁾	C\$750.00	C\$968,223.75	Share Exchange (in connection with the acquisition of TINAD, LLC – see "Acquisitions and Dispositions" in the AIF for further details)
November 26, 2018	12,624,054 Subscription Receipts	C\$8.50	C\$107,304,459	Cash
October 4, 2018	26,666,667 Class F Units	US\$3.75	US\$100,000,000	Cash
May 20, 2018	717,556 Class F Units	US\$2.25	US\$29,114,500	Cash

(1) Upon completion of the Business Combination: (i) the Subscription Receipts were converted on a 1:1 basis to Subordinate Voting Shares; and (ii) the Class F Units were converted on a 1:1 basis to either Cresco Redeemable Units or Proportionate Voting Shares.

(2) As discussed above, Proportionate Voting Shares are convertible into Subordinate Voting Shares on a 1:200 basis.

OPTIONS				
Date Issued	Number of Units ⁽¹⁾	Exercise Price per Unit (\$)	Total Aggregate Proceeds Assuming the Exercise of all Options	Nature of Consideration

October 16, 2017 to September 1, 2018	14,800,000 Options to purchase Class F Units	C\$1.25 to C\$4.94	C\$35,754,185.75 (assuming the exercise of all options)	Cash
December 10, 2018	50,000 Options to purchase Subordinate Voting Shares	C\$8.70	C\$435,000 (assuming the exercise of all options)	Cash
December 21, 2018	200,000 Options to purchase Subordinate Voting Shares	C\$8.82	C\$1,764,000 (assuming the exercise of all options)	Cash
December 31, 2018	10,000 Options to purchase Subordinate Voting Shares	C\$8.84	C\$88,400 (assuming the exercise of all options)	Cash
January 17, 2019	149,876 Options to purchase Subordinate Voting Shares	C\$8.87	C\$1,329,400.12 (assuming the exercise of all options)	Cash
March 31, 2019	357,000 Options to purchase Subordinate Voting Shares	C\$15.03	C\$5,366,914.88 (assuming the exercise of all options)	Cash

(1) Upon completion of the Business Combination options to purchase Class F Units were replaced with options to purchase Subordinate Voting Shares on a 1:1 basis, all other material terms of such option grants remained the same.

Conversion of Proportionate Voting Shares to Subordinate Voting Shares		
Date Issued	Number of Proportionate Voting Shares	Number of Subordinate Voting Shares issued on Conversion
February 7 – April 24, 2019	87,514.67	17,502,934

TRADING PRICE AND VOLUME

Subordinate Voting Shares

The issued and outstanding Subordinate Voting Shares are listed and posted for trading on the CSE under the symbol "CL". The following table sets forth the reported intraday high and low prices and monthly trading volumes of the Subordinate Voting Shares from December 3, 2018 (the date of their initial trading on the CSE upon completion of the Business Combination) up to July 24, 2019 (source: CSE).

Period	High Trading Price	Low Trading Price	Volume
December, 2018	C\$12.17	C\$9.30	4,386,953
January, 2019	C\$9.78	C\$8.37	2,467,024
February, 2019	C\$9.99	C\$5.29	3,197,569
March, 2019	C\$15.72	C\$10.26	6,422,631
April, 2019	C\$18.37	C\$14.16	9,171,789
May, 2019	C\$17.79	C\$13.71	3,435,855
June, 2019	C\$15.42	C\$11.49	5,511,300
July 1 – July 24, 2019	C\$14.10	C\$10.55	2,111,595

The following table sets forth the reported intraday high and low prices and monthly trading volumes of the Randsburg Common Shares on the TSX Venture Exchange (the "TSXV") from Randsburg's most recently completed financial year January 31, 2018 as well as periods up to November 30, 2018 (Source: TMX Data).⁽¹⁾

Period⁽²⁾	High Trading Price	Low Trading Price	Volume
<u>2018</u>			
October 10 – November 30, 2018	N/A	N/A	
October 1 - 9	C\$0.015	C\$0.005	129,000
September	C\$0.01	C\$0.005	224,000
August	C\$0.015	C\$0.005	572,850
July	C\$0.02	C\$0.01	25,480
June	C\$0.01	C\$0.01	53,147
May	C\$0.015	C\$0.01	2,000
April	C\$0.01	C\$0.01	2,000
March	C\$0.015	C\$0.01	57,150
February	C\$0.02	C\$0.015	1,152,200
January	C\$0.02	C\$0.01	482,850
<u>2017</u>			
December	C\$0.01	C\$0.005	158,000
November	C\$0.01	C\$0.01	70,000
October	C\$0.015	C\$0.01	3,500
September	C\$0.015	C\$0.005	86,195
August	C\$0.015	C\$0.005	46,000
July	C\$0.015	C\$0.01	24,000
June	C\$0.01	C\$0.005	191,370
May	C\$0.01	C\$0.005	372,400
April	C\$0.01	C\$0.005	197,950
March	C\$0.02	C\$0.01	889,100
February	C\$0.025	C\$0.005	3,141,970
January	C\$0.015	C\$0.005	291,000

Notes:

- (1) In connection with the Business Combination, the Randsburg Common Shares were halted from trading on October 10, 2018 and subsequently delisted from the NEX board of the TSXV on October 12, 2018. The table above does not give effect to the consolidation of the Randsburg Common Shares effected by Randsburg, at a rate of 812.63 pre-consolidation Randsburg Common Shares for one post-consolidation Randsburg Common Share, in connection with the Business Combination. See "Corporate Structure" for further details as to such consolidation.
- (2) On September 26, 2018, the consolidated its outstanding common shares on a minimum of three (3) and a maximum of twelve (12) existing common shares for each one (1) new common share.

SELLING SECURITYHOLDERS

This Prospectus may also, from time to time, relate to the offering of the Securities by way of a secondary offering (each, a "**Secondary Offering**") by certain Selling Securityholders.

The terms under which the Securities may be offered by Selling Securityholders will be described in the applicable Prospectus Supplement. The Prospectus Supplement for or including any offering of Securities by Selling Securityholders will include, without limitation, where applicable: (i) the names of the Selling Securityholders; (ii) the number and type of Securities owned, controlled or directed by each Selling Securityholder; (iii) the number of Securities being distributed for the accounts of each Selling Securityholder; (iv) the number of Securities to be owned, controlled or directed by each Selling Securityholder after the distribution and the percentage that number or amount represents out of the total number of outstanding Securities; (v) whether the Securities are owned by the Selling Securityholders, both of record and beneficially, of record only or beneficially only; (vi) if a Selling Securityholder purchased any of the Securities held by him, her or it in the 12 months preceding the date of the Prospectus Supplement, the date or dates the Selling Securityholder acquired the Securities; and (vii) if a Selling Securityholder acquired the Securities held by him, her or it in the 12 months preceding the date of the Prospectus Supplement, the cost thereof to the Selling Securityholder in the aggregate and on a per security basis.

PLAN OF DISTRIBUTION

The Corporation may sell the Securities, separately or together: (i) to one or more underwriters or dealers; (ii) through one or more agents; or (iii) directly to one or more purchasers. The Prospectus Supplement relating to a particular offering of Securities will describe the terms of such offering of Securities, including: (i) the terms of the Securities to which the Prospectus Supplement relates, including the type of Security being offered, and the method of distribution; (ii) the name or names of any underwriters, dealers or agents involved in such offering of Securities; (iii) the purchase price of the Securities offered thereby and the proceeds to, and the expenses borne by, the Corporation from the sale of such Securities; (iv) any commission, underwriting discounts and other items constituting compensation payable to underwriters, dealers or agents; and (v) any discounts or concessions allowed or re-allowed or paid to underwriters, dealers or agents.

The Securities may be sold, from time to time, in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices, including sales made directly on the CSE or other existing trading markets for the Securities, and as set forth in an accompanying Prospectus Supplement. The prices at which the Securities may be offered may vary as between purchasers and during the period of distribution. If, in connection with the offering of Securities at a fixed price or prices, the underwriters have made a bona fide effort to sell all of the Securities at the initial offering price fixed in the applicable Prospectus Supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial public offering price fixed in such Prospectus Supplement, in which case the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Securities is less than the gross proceeds paid by the underwriters to the Corporation.

Only underwriters, dealers or agents so named in the Prospectus Supplement are deemed to be underwriters, dealers or agents in connection with the Securities offered thereby. If underwriters are used in an offering, the Securities offered thereby will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase Securities will be subject to the conditions precedent

agreed upon by the parties and the underwriters will be obligated to purchase all Securities under that offering if any are purchased. If agents are used in an offering, unless otherwise indicated in the applicable Prospectus Supplement, such agents will be acting on a "best efforts" basis for the period of their appointment. Any public offering price and any discounts or concessions allowed or re-allowed or paid to underwriters, dealers or agents may be changed from time to time.

Underwriters, dealers and agents who participate in the distribution of Securities may be entitled under agreements to be entered into with the Corporation to indemnification by the Corporation against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof. Such underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, the Corporation in the ordinary course of business.

Any offering of Debt Securities, Subscription Receipts, Warrants or Units will be a new issue of securities with no established trading market. Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities, Subscription Receipts, Warrants or Units will not be listed on any securities exchange. Unless otherwise specified in the applicable Prospectus Supplement, there is no market through which the Debt Securities, Subscription Receipts, Warrants or Units may be sold and purchasers may not be able to resell Debt Securities, Subscription Receipts, Warrants or Units purchased under this Prospectus or any Prospectus Supplement. This may affect the pricing of the Debt Securities, Subscription Receipts, Warrants or Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation. Subject to applicable laws, certain dealers may make a market in these Securities, but will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that any dealer will make a market in these Securities or as to the liquidity of the trading market, if any, for these Securities.

In connection with any offering of the Securities, subject to applicable laws (unless otherwise specified in the relevant Prospectus Supplement), the underwriters or agents may over-allot or effect transactions that stabilize or maintain the market price of the offered Securities at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be interrupted or discontinued at any time.

The Securities have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any states in the United States and, subject to certain exceptions, may not be offered or sold or otherwise transferred or disposed of in the United States or to or for the account of U.S. Persons absent registration or pursuant to an applicable exemption from the U.S. Securities Act and applicable state securities laws. In addition, until 40 days after closing of an offering of Securities, an offer or sale of the Securities within the United States by any dealer (whether or not participating in such offering) may violate the registration requirement of the U.S. Securities Act if such offer or sale is made other than in accordance with an exemption under the U.S. Securities Act.

USE OF PROCEEDS

Unless otherwise specified in a Prospectus Supplement, the net proceeds from the sale of Securities by the Corporation will be used for general corporate purposes (including funding ongoing operations and/or working capital requirements), to repay indebtedness outstanding from time to time, discretionary capital programs and potential future acquisitions. Each applicable Prospectus Supplement will contain specific information concerning the use of proceeds from that sale of Securities by the Corporation. The Corporation will not receive any proceeds of the sale of Securities from a Selling Securityholder.

Pursuant to the audited financial statements of the Corporation for the years ended December 31, 2018 and 2017, the Corporation has negative cash flow from operating activities. Each applicable Prospectus Supplement will contain specific information concerning whether, and if so, to what extent, the Corporation will use the proceeds of the distribution to fund any anticipated negative cash flow from operating activities in future periods.

EARNINGS COVERAGE RATIO

The applicable Prospectus Supplement will provide, as required by applicable Canadian securities laws, the earnings coverage ratios with respect to the issuance of Securities pursuant to such Prospectus Supplement.

CONSOLIDATED CAPITALIZATION

The applicable Prospectus Supplement will describe any material change in, and the effect of such material change on, the share and loan capitalization of the Corporation since the date of the Corporation's financial statements for its most recently completed financial period included in such Prospectus Supplement, including any material change that will result from the issuance of Securities pursuant to such Prospectus Supplement.

The Corporation's consolidated capitalization as at March 31, 2019, and after giving effect to the acquisitions of VidaCann and Origin House is as follows:

Security	Number
Cresco Super Voting Shares ⁽¹⁾	500,000
Cresco Members converting to Cresco Proportionate Voting Shares (presented on an as-converted to Cresco Shares basis at 1:200) ⁽²⁾	76,425,223
Cresco Members holding Cresco Redeemable Units ⁽³⁾	143,843,628
Subordinate Voting Shares issued to Cresco Members and upon completion of the Business Combination	33,430,730
Shares to be issued in pending acquisitions ⁽⁴⁾	92,253,067
Basic Shares Outstanding (on an as-converted to Cresco Share basis)⁽³⁾	346,452,648
Cresco Options ⁽⁵⁾	23,343,073
Cresco Replacement Warrants ⁽⁶⁾	4,100,000
Existing Cresco Warrants ⁽⁷⁾	53,325
Broker Warrants from Cresco Subscription Receipt Financing ⁽⁸⁾	343,745
Fully-Diluted Outstanding	374,292,791

Notes

(1) Each carrying 2,000 votes. In the aggregate, the Cresco Super Voting Shares represent approximately 77.0% voting control upon closing of the Cresco RTO.

(2) As discussed in the prospectus, in order to maintain foreign private issuer status, certain U.S. resident members of Cresco hold Proportionate Voting Shares rather than Cresco Shares on a 1:200 basis. Cresco Proportionate Voting Shares carry voting and economic rights proportionate to Cresco Shares. Each Cresco Proportionate Voting Share is convertible into 200 Cresco Shares. This table presents the Cresco Proportionate Voting Shares on an as-converted basis.

(3) Cresco Redeemable Units are convertible to Cresco Proportionate Voting Shares on a 200:1 basis and such Cresco Proportionate Voting Shares are convertible into Cresco Shares on a 1:200 basis.

(4) Shares to be issued in pending acquisitions of Valley Ag, MedMar (closed April 2019), Origin House, and VidaCann, subject to any adjustments provided in the applicable definitive agreement.

(5) 20,029,500 options outstanding at a blended average exercise price of C\$3.11 per Cresco Shares. 3,313,573 options reserved for future grants.

(6) 4,000,000 warrants exercisable at C\$6.10 per Cresco Shares, issuable in connection with Valley Ag acquisition, 2,000,000 of which are contingent on the achievement of certain performance milestones. 100,000 warrants exercisable at C\$1.30 per Cresco Share.

(7) Each exercisable into one Cresco Share at a price of C\$7.53.

(8) Each exercisable into one Cresco Share at C\$8.50.

UNITED STATES REGULATORY ENVIRONMENT

The emergence of the legal cannabis sector in the United States, both for medical and adult-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 the research, published in 2015 in the *Journal of the American Medical Association*, found strong evidence that cannabis can treat pain and muscle spasms.² The pain component is particularly important because other studies have suggested that cannabis can replace pain patients' use of highly addictive, potentially deadly opiates — meaning marijuana legalization has the potential to save lives.³

Polls throughout the U.S. consistently show overwhelming support for the legalization of medical cannabis, together with strong majority support for the full legalization of recreational adult-use cannabis. It is estimated that 94% of the 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 represent large increases in public support over the past 40 years in favor of legal cannabis use.

Notwithstanding that more than half of the U.S. states have now legalized adult-use and/or medical marijuana, marijuana remains illegal under U.S. federal law with marijuana listed as a Schedule I drug under the United States Controlled Substances Act (the “CSA”). See “*Description of the Business*” and “*Risk Factors*” in the AIF for further information. The United States Department of Justice (“DOJ”) defines Schedule I drugs, substances or chemicals as **“drugs with no currently accepted medical use and a high potential for abuse.”** The U.S. Food and Drug Administration (“FDA”) has not approved marijuana as a safe and effective drug for any indication.

Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical marijuana under the *Cannabis Act* (Canada), marijuana is largely regulated at the state level in the United States.

State laws regulating cannabis are in direct conflict with the CSA, which makes cannabis use and possession federally illegal in the United States. Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. 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 U.S. federal law under any and all circumstances under the CSA. Although Cresco's and its subsidiaries activities are compliant with applicable United States state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve Cresco and its subsidiaries of liability under United States federal law, nor provide a defense to any U.S. federal proceeding that may be brought against Cresco or its subsidiaries.

The risk of U.S. federal enforcement and other risks associated with the Corporation's business are described in the “*Risk Factors*” section of the AIF.

Current U.S. Cannabis Market

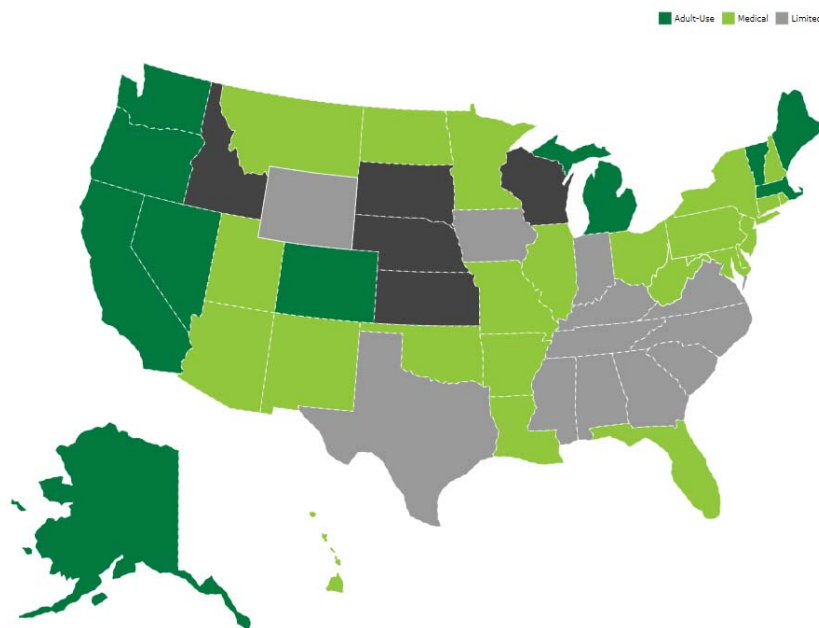
¹ Ripley, Eve. (2016 November 30). Nearly 60 percent of U.S. population now lives in states with marijuana legalization. Retrieved from <https://news.medicalmarijuanainc.com/nearly-60-percent-u-s-population-now-lives-states-marijuana-legalization/>.

² Grant, Igor MD (2015). *Medical Use of Cannabinoids*. *Journal of American Medical Association*, 314: 16, 1750-1751. doi: 10.1001/jama.2015.11429.

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>.



Source: <https://thecannabisindustry.org/ncia-news-resources/state-by-state-policies/>

Due to the support for legal access to marijuana at the state level, there has been rapid opportunity growth in the U.S. market. Sales of legal cannabis flower and cannabis-infused derivative and edible products totaled US\$6.1 billion in 2017, and are expected to reach US\$8.8 billion in 2018 with approximately 36% of sales for medical use and 64% for full adult use⁶. The U.S. market for direct legal cannabis sales alone is projected to grow to US\$17 billion by 2021⁷ and the total addressable market for direct cannabis sales in the U.S. today is estimated at US\$45-50 billion if every state legalized full adult recreational consumption.⁸ By 2030, the size of the U.S. cannabis market is projected to be approximately US\$63 billion.⁹ Going forward, the Corporation expects that the U.S. cannabis industry will continue to be subject to state legislation, with additional states regulating the medical and recreational use of cannabis.

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 1500-2000 medical dispensaries nationwide, a disproportionate number of those in California. It is currently estimated that each patient spends about US\$2,000 annually,¹⁰ and that the total number of medical cannabis patients nationwide is expected to grow to 2.5 million by 2021.¹¹

Currently the Corporation operates in the States of Illinois, Pennsylvania, Ohio, California, Nevada, Arizona, and Maryland and with firm plans to expand into New York, Massachusetts, Florida and Michigan. It intends to expand into other states within the U.S. that have legalized cannabis use either medicinally or recreationally.

On December 20, 2018, the 2018 Farm Bill (the “**Farm Bill**”) became law in the United States. Under the Farm Bill, industrial and commercial hemp is no longer be classified as a Schedule I controlled substance in the United States. Hemp includes the plant *Cannabis sativa L* and any part of that plant, including seeds, derivatives, extracts, cannabinoids and isomers. To qualify under the Farm Bill, hemp must contain no more than 0.3 percent of delta-9-tetrahydrocannabinol (“THC”). The Farm Bill explicitly allows interstate commerce of hemp which will enable the transportation and shipment of hemp. In February 2019, the Corporation announced the formation of a new wellness

⁶ Marijuana Business Daily. (2017). *Marijuana Business Factbook*, 2017. Available from <https://mjbizdaily.com/factbook/>.

⁷ Arcview Market Research & New Frontier Data. (2016). *The State of Legal Marijuana Markets* (4th ed.), pp. 11. Available from <https://www.arcviewmarketresearch.com/4th-edition-legal-marijuana-market/>.

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

⁹ Eight Capital. (2018). What’s Going on Down There? A \$63 B Market Cannot be Ignored.

¹⁰ Marijuana Business Daily. (2017). *Marijuana Business Factbook*, 2017. Available from <https://mjbizdaily.com/factbook/>.

¹¹ New Frontier Financial. (2015). Modeling of State Patient Counts. *Cannabis Weekly*.

subsidiary, Well Beings, which will offer a full line of high-quality hemp-based CBD wellness products eligible for national distribution. The subsidiary, currently in early development stage, will have its own unique product line and produce CBD versions of Cresco Labs' house of branded products including Cresco, Remedi and Mindy's Edibles and provide the potential to expand its footprint to all 50 states and reach a new customer base outside of the licensed dispensary channel.

Illinois

The Compassionate Use of Medical Cannabis Pilot Program Act, which allows individuals diagnosed with a debilitating medical condition access to medical marijuana, became effective January 1, 2014 and is extended through July 1, 2020. There are over 41 qualifying conditions as part of the medical program, including epilepsy, traumatic brain injury, and post-traumatic stress disorder ("PTSD"). Illinois' retail market size for 2017 was over US\$86 million, representing an over 140% year-over-year increase. As of October 3, 2018, total retail sales were over US\$97 million representing an approximate 12% increase over 2017 retail sales (with 2 months remaining).¹² On August 28, 2018, the Alternatives to Opioids Act (Public Act 100-1114) was signed into law. The Alternative to Opioids Act significantly expands the Illinois' medical marijuana market by enabling patients to access medical marijuana in place of pharmaceutical opioid medications. The Illinois Department of Public Health reports that there were more than 5.3 million prescriptions for opioid-based painkillers filled last year. This paves the way for the single-largest expansion of the existing Illinois Medical Cannabis Pilot Program, which has about 42,000 authorized patients. Those patients have brought the state about US\$200 million in sales tax revenue since the program's inception in late 2015.¹³

The Opioid Alternative Pilot Program launched January 31, 2018 with registration open through the Illinois Department of Public Health. The pilot program is part of the Alternative to Opioids Act, which former Gov. Bruce Rauner signed into law in August 2018, with the aim of combating the opioid epidemic. The pilot program will allow patients that receive or are qualified to receive opioid prescriptions access to medical marijuana as an alternative to prescription opioid medications such as OxyContin, Percocet and Vicodin. Medical Cannabis Pilot Program patients with one of the 41 qualifying medical conditions designated by the state of Illinois, and a doctor recommendation can also receive a temporary medical cannabis card online and make immediate cannabis purchases without waiting for their permanent card to be processed. In January 2019, one of Cresco's Illinois dispensary locations launched its participation in this pilot program and made the first sale of medical cannabis thereunder.

In January 2019, JB Pritzker was sworn into office as Governor of Illinois. Cresco's CEO and co-founder, Charles Bachtell, has been appointed to the Cannabis Legalization Subcommittee of the governor's transition team. Cannabis Legalization is one of four subcommittees under the Governor's Restorative Justice and Safe Communities Transition Committee. The primary goals of the Cannabis Legalization Subcommittee are to evaluate and develop implementation recommendations for the Governor-elects platform on legalizing cannabis. As outlined during the Governor's campaign, these priorities include safely legalizing and decriminalizing cannabis, reviewing and commuting the sentences of people incarcerated for cannabis offenses in Illinois, as well as a focus on diversity and community outreach.

On June 25, 2019, Governor Pritzker signed into law the Cannabis Regulation and Tax Act, thereby legalizing the recreational use of cannabis. The establishment of a regulatory scheme and the grant of licenses to cultivate, distribute, and sell recreational cannabis in Illinois are in process. Currently, sales of recreational cannabis are expected to begin on or about January 1, 2020.

Pennsylvania

The Pennsylvania medical marijuana program was signed into law on April 17, 2016 under Act 16 and provided access to state residents with one of 17 qualifying conditions, including epilepsy, chronic pain, and PTSD. The state operates as a high-barrier market with very limited market participation. Retail sales opened in February 2018 to a limited number of retail locations across the state. Pennsylvania is the fifth-largest state in the country, home to nearly 13

¹² Illinois Medical Cannabis Pilot Program. (2018 October 3). Overall Medical Cannabis Pilot Program Data, as of 24/10/2018. Retrieved from <https://www2.illinois.gov/sites/mcpp/Pages/update10032018.aspx>

¹³ Illinois News Network (2018 August 28). New law expands access to medical marijuana in Illinois to curb opioid use https://www.ilnews.org/news/health/new-law-expands-access-to-medical-marijuana-in-illinois-to/article_4b2a156c-ab05-11e8-95a9-037d97496f1a.html

million people. Pennsylvania's medical marijuana market is expected to become one of the biggest markets in the U.S.¹⁴

Ohio

House Bill 523, effective on September 8, 2016, legalized medical marijuana in Ohio. The Ohio Medical Marijuana Control Program allows people with certain medical conditions, upon the recommendation of an Ohio-licensed physician certified by the State Medical Board, to purchase and use medical marijuana. Ohio's medical cannabis sales are projected to be between US\$200 and US\$400 million once the system is fully matured.¹⁵ According to industry experts, Ohio could become a national "powerhouse" for the medical marijuana industry, largely because of its population — it's the seventh largest state — and because the broad list of conditions eligible for treatment with medical marijuana includes "pain."¹⁶

California

The California marijuana market is expected to be one of the fastest growing industries in California over the next five years. Market analysts forecast a stabilized market to occur after 2025 where the California marijuana market is estimated to be valued at approximately US\$10 billion.¹⁷ In 2016, California recorded approximately US\$850 million in medical marijuana retail sales from operated dispensaries state wide; however, it is estimated approximately 85% of total transactions are unrecorded for revenue 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-use sales to increase to approximately 62%, and legal medical sales to decrease from approximately 15% to less than 10% as patients are provided with an alternative to obtaining medical marijuana physician recommendations for a fee.¹⁸

Nevada

Nevada is one of the most dynamic markets anticipated for the full development of the recreational market. By certain estimates, the recreational market in Nevada is projected to have a cumulative average growth rate of 25%.¹⁹ With most of the state population and tourism located in Las Vegas, the opportunity in Las Vegas is strengthened by the fact that Las Vegas has a limited number of licenses and the city of Las Vegas has placed a priority for current license holders to be preferred in obtaining other non-operating retail licenses. The City of Las Vegas has historically seen nearly forty million tourists in a year, making it one of the most visited cities in the United States. Industry estimates put the overall cannabis market size in Las Vegas to be over US\$800 million per year.²⁰

Arizona

In 2010, Arizona passed Ballot Proposition 203, which amended Title 36 to the Arizona Revised Statutes ("ARS"). This amendment added Chapter 28.1, titled the Arizona Medical Marijuana Act (the "AMMA"). The AMMA also appointed the Arizona Department of Health Services (the "ADHS") as the regulator for the program and authorized ADHS to promulgate, adopt and enforce regulations for the AMMA. The ADHS has established the Arizona Department of Health Services Medical Marijuana Program ("**MMJ Program**"), which includes a vertically integrated license, meaning if allocated a Medical Marijuana Dispensary Registration Certificate ("**AZ Dispensary License**"), entities are authorized to dispense and cultivate medical cannabis. Arizona's medical marijuana market is one of the largest in the nation as well as one of the hottest. The amount of medical marijuana sold has more than

¹⁴ <https://mjbizdaily.com/chart-pennsylvanias-medical-marijuana-market-set-become-one-countrys-biggest/>

¹⁵ <https://cannabusinessplans.com/ohios-medical-cannabis-market/>

¹⁶ <https://cannabusinessplans.com/ohios-medical-cannabis-market/>

¹⁷ Sources: Berke, Jeremy. (2017 December 8). The legal marijuana market is exploding – it'll hit almost \$10 billion sales this year. Retrieved from <http://www.businessinsider.com/legal-weed-market-to-hit-10-billion-in-sales-report-says-2017-12>; Morris, Chris. (2017 December 6). Legal Marijuana Sales Are Expected to Hit \$10 Billion This Year. Retrieved from <http://fortune.com/2017/12/06/legal-marijuana-sales-10-billion/>; The Arcview Group. (2017 December 6). NEW REPORT: Legal Marijuana Sales to Grow 33% to \$10 Billion in 2017. Retrieved from <https://globenewswire.com/news-release/2017/12/06/1234230/0/en/NEW-REPORT-Legal-Marijuana-Sales-to-Grow-33-to-10-Billion-in-2017.html>.

¹⁸ 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>.

¹⁹ Frontier Financial Group Inc. (2017). Change in Compensation: Working in Cannabis. Retrieved from <https://newfrontierdata.com/marijuana-insights/change-in-compensation-working-in-cannabis/>.

²⁰ Retrieved from <https://newfrontierdata.com/cannabits/>.

doubled from 5,012 pounds in August 2016 to 10,826 pounds in August 2018, according to the ADHS. The patient count during that period has surged from 105,076 to 178,257.²¹

New York

New York is one of the most promising medical cannabis markets that opened in 2016. The state population numbers near twenty million and New York City is among the most populous and visited cities in the U.S.²² The New York program, when initially implemented, allowed for only five fully vertically integrated licenses. The licenses allowed each license holder the opportunity to operate a cultivation facility, extraction and manufacturing, and four retail medical marijuana dispensaries. The State program was adjusted to increase the range of qualifying conditions which, as of the date hereof, includes chronic and severe pain. In August 2017, the State of New York also increased the number of licensed operators in the state to a total of ten. Each of the newly added licenses can carry out the same operations as the original license holders. The State has made progress towards the ability to increase the outreach to qualified patients through the ten licensed operators via the disbursement of retail locations across the state, the increase in range of qualifying conditions, and other various methods to support patient access. In July, the New York Department of Health filed emergency regulations to add any condition, for which an opioid could be prescribed, as a qualifying condition for medical marijuana. This legislation was signed into law on September 24, 2018. From July 10 to September 25, 2018, the number of certified patients in the system rose to 18%.²³

Massachusetts

In November 2015, Massachusetts, a medical cannabis market since January 2013, voted in favour of "Question 4", approving the legalization of adult use. Research firm Arcview Market Research projects that the Massachusetts market will grow to over US\$1 billion by 2020 at a compound annual growth rate of 113%. The Question 4 ballot initiative requiring the state legislature to authorize the adult use of cannabis in the state was approved by the Massachusetts electorate in November 2016. The first adult use dispensaries opened their doors on July 1, 2018. Located in the very populous North-Eastern region of the U.S., tourism is anticipated to be an important factor in driving market growth in a state that itself has a growing population of 6.8 million. The adjoining states represent an additional "tourist" market of 26 million, vastly exceeding the very successful industry in Colorado. The new legislation allows local control policy, allowing local government officials in towns that voted "no" on the 2016 ballot initiative to ban marijuana businesses until December 2019. For towns that voted "yes" in 2016, any bans must be placed on a local ballot for voters to approve. The maximum sales tax rate will increase from 12% to 20%. Under the bill, the state tax will be 17% and the local option will be 3%.

Maryland

Maryland adopted a comprehensive law legalizing medical cannabis in 2014. The Maryland program will result in a large medical marijuana market as a result of an expansive list of qualifying conditions, less restrictive provisions for obtaining cannabis certifications from doctors, and patient freedom to choose preferred methods of ingestions. The Maryland Medical Cannabis Commission began to sell through dispensaries on December 1, 2017. 14 growers, 12 processors and nine dispensaries have been licensed by the Maryland Medical Cannabis Commission, and on the day sales began, approximately 15,000 people had signed up to be prospective patients. Almost 550 healthcare providers have registered with Maryland to recommend Cannabis to their patients. Maryland has a population of over 6 million people.

Florida

In 2014, the Florida Legislature passed the Compassionate Use Act (the "CUA") which was a low-THC (CBD) law, allowing cannabis containing less than 0.8%THC to be sold to patients diagnosed with severe seizures or muscle spasms and cancer. The CUA created a competitive licensing structure and originally allowed for one vertically-

²¹ <https://mjbizdaily.com/arizonas-sizzling-medical-marijuana-market-entices-investors-despite-legal-uncertainties/>

²² United States Census Bureau. (2017). QuickFacts United States. Retrieved from <https://www.census.gov/quickfacts/NY>; see also NYC and Company. NYC Travel & Tourism Visitation Statistics. Retrieved from <http://www.nycandcompany.org/research/nyc-statistics-page>; see also World Atlas. (2017 November 9). The Most Visited Cities In The US. Retrieved from <https://www.worldatlas.com/articles/the-most-visited-cities-in-the-us.html>.

²³ <https://mjbizdaily.com/new-york-formalizes-medical-cannabis-as-alternative-to-opioids-market-boost-seen/>

integrated license to be awarded per five regions of the State. The CUA set forth the criteria for applicants as well as the minimum qualifying criteria, which included the requirement to hold a nursery certificate for a minimum of 400,000 plants and to be a registered nursery for at least 30 continuous years. The CUA also created a state registry to track dispensations.

In 2016, the Florida Legislature passed the Right to Try Act (the "**RTA**"), which expanded the State's medical cannabis program to allow for full potency THC products to be sold as "medical cannabis" to patients with a terminal condition that had been diagnosed by two physicians.

In November of 2016, the Florida Medical Marijuana Legalization ballot initiative (the "**Initiative**") to expand the medical cannabis program under the RTA was approved by 71.3% of voters, thereby amending the Florida constitution. The Initiative is now Article X, Section 29 of the Florida Constitution. The Initiative added 10 medical conditions to the list of conditions for which the use of medical cannabis is permitted in Florida. The Initiative also provided for the implementation of state-issued medical cannabis identification cards.

In 2017, the Florida Legislature passed legislation implementing the constitutional amendment and codifying the changes set forth in the constitution. The 2017 law provides for another four licenses to be issued for every 100,000 active qualified patients added to the registry and initially limited license holders to a maximum of 25 dispensary locations with the ability to purchase additional dispensary locations from one another and for an additional five locations to be allowed by the State for every 100,000 active qualified patients added to the registry. The 2017 legislation's cap on dispensing facilities expires on April 1, 2020.

Please see also "United States Regulatory Environment" and "State Regulatory Environment" in the AIF for a further description of the legal and regulatory landscape in respect of the states in which the Corporation currently operates.

Nonetheless, for the reasons referenced above and the risks further described under "Risk Factors" in the AIF, there are significant risks associated with the businesses of the Corporation. Readers are strongly encouraged to carefully read all of the risk factors contained in the AIF and other documents incorporated or deemed to be incorporated by reference herein, the applicable Prospectus Supplement and the documents incorporated or deemed to be incorporated by reference therein.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement may describe certain Canadian federal income tax considerations generally applicable to investors described therein of purchasing, holding and disposing of the applicable Securities, including, in the case of an investor who is not a resident of Canada, Canadian non-resident withholding tax considerations.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement may describe certain United States federal income tax considerations generally applicable to investors described therein of purchasing, holding and disposing of the applicable Securities.

RISK FACTORS

Before making an investment decision, prospective purchasers of Securities should carefully consider the information described in this Prospectus and the documents incorporated by reference herein (including subsequently filed documents incorporated by reference herein), including the applicable Prospectus Supplement. Additional risk factors relating to a specific offering of Securities may be described in the applicable Prospectus Supplement. Some of the risk factors described herein and in the documents incorporated by reference herein (including subsequently filed documents incorporated by reference herein), including the applicable Prospectus Supplement are interrelated and, consequently, investors should treat such risk factors as a whole. If any event arising from these risks occurs, the Corporation's business, prospects, financial condition, results of operations and cash flows, and an investment in the Securities, could be materially adversely affected. Additional risks and uncertainties of which the Corporation is currently unaware or that are unknown or that the Corporation currently deems to be immaterial could have a material

adverse effect on the Corporation's business, prospects, financial condition, results of operations and cash flows. The Corporation cannot provide any assurances that it will successfully address any or all of these risks.

Risks Associated with the Securities of the Corporation

Founder Voting Control

As a result of the Super Voting Shares, Charlie Bachtell, Joe Caltabiano, Robert Sampson, Dominic Sergi and Brian McCormack (the “**Founders**”) exercise approximately 89.70% of the voting power in respect of the Corporation's outstanding shares. The Subordinate Voting Shares are entitled to 1 vote per share, the Proportionate Voting Shares are entitled to 200 votes per share (subject to adjustment in accordance with the terms thereof) and the Super Voting Shares are entitled to 2,000 votes per share. As a result, the Founders (and any three of the Founders for certain actions not requiring a 2/3 majority) potentially have the ability to control the outcome of matters submitted to the Corporation's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Corporation. If the Founders' employment with the Corporation is terminated, or they resign from their positions with the Corporation, they will continue to have the ability to exercise the same significant voting power. Additionally, each Super Voting Share, may be so transferred to the holder's immediate family members, or in connection with estate or tax planning matters.

In addition, because the number of Super Voting Shares held by a holder thereof from time to time is dependent upon the number of Cresco Redeemable Units (and Cresco Corp Redeemable Shares, if and when issued) beneficially owned, directly or indirectly, or deemed to be so beneficially owned by such holder from time to time, should the Corporation cause Cresco to issue additional Cresco Redeemable Units or Cresco Redeemable Units in the future to a Founder in connection with employee equity incentive programs, it would prolong the Founder's voting control.

To supplement the rights, privileges, restrictions and conditions attached to the Super Voting Shares, the Corporation and the Founders, being the initial holders of Super Voting Shares, entered into an investment agreement effective as of the completion of the Business Combination which, among other things, provides that (i) each Super Voting Share will be transferable only to the holder's immediate family members or an affiliated entity or a transfer to the other Founder or an entity affiliated with the other Founder, and (ii) upon any sale of Super Voting Shares to a third party purchaser not listed in clause (i), such Super Voting Shares will immediately be redeemed by the Corporation for their issue price.

The concentrated control through the Super Voting Shares could delay, defer, or prevent a change of control of the Corporation, arrangement involving the Corporation or sale of all or substantially all of the assets of the Corporation that it's other shareholders support. Conversely, this concentrated control could allow the Founders to consummate such a transaction that the Corporation's other shareholders do not support. In addition, the Founders may make long-term strategic investment decisions and take risks that may not be successful and may seriously harm the Corporation's business.

As directors and officers of the Corporation, the Founders have control over the day-to-day management and the implementation of major strategic decisions of the Corporation, subject to authorization and oversight by the Corporation Board. As board members and officers, the Founders owe a fiduciary duty to the Corporation's shareholders and are obligated to act honestly and in good faith with a view to the best interests of the Corporation. As shareholders, even controlling shareholders, the Founders are entitled to vote their shares, and shares over which they have voting control, in their own interests, which may not always be in the interests of the Corporation or the other shareholders of the Corporation.

Unpredictability Caused by the Capital Structure and Founder Voting Control

Although other Canadian-based companies have dual class or multiple voting share structures, given the concentration of voting control that is held by the Founders and given the other unique features of the capital structure of the Corporation, including the existence of a significant amount of redeemable equity securities that have been issued by, and are issuable pursuant to the exercise, conversion or exchange of the applicable convertible securities of, Cresco Labs, LLC, which equity securities are redeemable from time to time for Proportionate Voting Shares, in accordance with their terms, the Corporation is not able to predict whether this structure and control will result in a lower trading

price for or greater fluctuations in the trading price of the Subordinate Voting Shares or will result in adverse publicity to the Corporation or other adverse consequences.

Additional Issuance of Subordinate Voting Shares and Subsidiary Securities May Result in Dilution

The Corporation may issue additional securities in the future, which may dilute a shareholder's holdings in the Corporation. The Corporation's articles permit the issuance of an unlimited number of Subordinate Voting Shares, and existing shareholders will have no pre-emptive rights in connection with such further issuance. The Corporation's Board has discretion to determine the price and the terms of further issuances. Moreover, additional Subordinate Voting Shares will be issued by the Corporation on the conversion of the Proportionate Voting Shares in accordance with their terms. The Corporation may also issue Subordinate Voting Shares to finance future acquisitions. The Corporation cannot predict the size of future issuances of Subordinate Voting Shares or the effect that future issuances and sales of Subordinate Voting Shares will have on the market price of the Subordinate Voting Shares. Issuances of a substantial number of additional Subordinate Voting Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Subordinate Voting Shares. With any additional issuance of Subordinate Voting Shares, investors will suffer dilution to their voting power and the Corporation may experience dilution in its revenue per share.

Additionally, the subsidiaries of the Corporation, such as Cresco U.S. Corp. and Cresco Labs, LLC, may issue additional securities, including Cresco Corp Redeemable Shares, Cresco Redeemable Units and LTIP Units to new or existing shareholders, members or securityholders, including in exchange for services performed or to be performed on behalf of such entities or to finance future acquisitions. Any such issuances could result in substantial dilution to the indirect equity interest of the holders of Subordinate Voting Shares in Cresco Labs, LLC.

Additional Financing

The Corporation expects to require substantial additional capital in the near future to fund its acquisition strategy and to continue operations at its cultivation and production facilities, dispensaries, expansion of its product lines, development of its intellectual property base, increasing production capabilities and expanding its operations in states where it currently operates and states where it currently does not have operations. The Corporation may not be able to obtain additional financing on terms acceptable to it, or at all. If the Corporation fail to raise additional capital, as needed, its ability to implement its business model and strategy could be compromised.

Even if the Corporation obtains financing for its near-term operations, it expects that it will require additional capital thereafter. The capital needs of the Corporation will depend on numerous factors including: (i) profitability; (ii) the release of competitive products by competitors; (iii) the level of investment in research and development; and (iv) the amount of our capital expenditures, including acquisitions. There can be no assurance that the Corporation will be able to obtain capital in the future to meet its needs.

The Corporation is continually assessing a range of public and private financing options, including secured and unsecured debt, equity, convertible debt and real estate sale/leaseback transaction. Although the Corporation has accessed private financing in the past, there is neither a broad nor deep pool of institutional capital that is available to companies in the U.S. cannabis industry. There can be no assurance that additional financing, if raised privately, will be available to the Corporation when needed or on terms which are acceptable.

Volatile Market Price of the Subordinate Voting Shares and Other Listed Securities

The market price of the Subordinate Voting Shares and other listed securities of the Corporation from time to time, cannot be predicted and has been and may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control. This volatility may affect the ability of holders of Subordinate Voting Shares or such other securities to sell their securities at an advantageous price. Market price fluctuations in the Subordinate Voting Shares or such other securities may be due to the Corporation's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or competitive, regulatory or economic trends, adverse changes in the economic performance or market valuations of companies in the industry in which the Corporation operates, acquisitions, dispositions, strategic partnerships, joint ventures, capital commitments or other material public

announcements by the Corporation or its competitors or government and regulatory authorities, operating and share price performance of the companies that investors deem comparable to the Corporation, addition or departure of the Corporation's executive officers and other key personnel, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Subordinate Voting Shares or such other securities.

Financial markets have at times historically experienced significant price and volume fluctuations that have particularly affected the market prices of equity and convertible 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 Subordinate Voting Shares and other listed securities of the Corporation, from time to time, may decline even if the Corporation'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 may 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 or arise, the Corporation's operations may be adversely impacted and the trading price of the Subordinate Voting Shares and such other securities may be materially adversely affected.

Outstanding Securities are Restricted from Immediate Resale by May be Sold in the Near Future

Certain unitholders of Cresco and shareholders of the Corporation agreed in connection with the SR Offering not to sell their securities of Cresco or the Corporation (including Subordinate Voting Shares), for a period of 180 days from December 3, 2018, unless one of the following occurs: (i) the consent of the joint bookrunners in respect of the SR Offering, such consent not to be unreasonably withheld or delayed; (ii) take-over bid or similar transaction involving a change of control of the Corporation, Cresco, Cresco Corp or any of its subsidiaries; or (iii) transfers to affiliates for tax or similar planning purposes, provided that the transferee(s) sign a similar lock-up agreement. The sale of a substantial number of such securities, or the perception in the market that holders of a large number of securities intend to sell securities, could reduce the market price of the Subordinate Voting Shares and could impair the Corporation's ability to raise capital through the sale of additional equity securities. The effect of any such sales on the prevailing market price of the Subordinate Voting Shares is not predictable. See "Securities Subject to Contractual Restriction on Transfer" for further details.

Negative Cash Flow from Operating Activities

The Corporation has incurred operating losses in recent periods. The Corporation may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Corporation expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Corporation's revenues do not increase to offset its costs and operating expenses or if the Corporation is unable to raise financing to fund capital or operating expenditures or acquisitions, it could limit its growth and may have a material adverse effect upon the Corporation's business, financial condition, cash flows, results of operations or prospects.

Risks Associated with the Business of the Corporation

U.S. Federal Regulation

The Corporation could be found to be violating laws related to medical cannabis.

Currently, there are 33 states plus the District of Columbia, Puerto Rico and Guam that have laws and/or regulations that recognize, in one form or another, legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. Other states are considering similar legislation. Conversely, under the CSA, the policies and regulations of the federal government and its agencies are that cannabis has no proven medical benefit and a range of activities including cultivation and the personal use of cannabis is prohibited. Unless and until Congress amends the CSA with respect to medical cannabis, as to the timing or scope of any such amendments there can be no assurance, there is a risk that federal authorities may enforce current U.S. federal law. The risk of strict enforcement of the CSA in light of Congressional activity, judicial holdings, and stated federal policy remains uncertain. This would cause a direct and adverse effect on the Corporation's subsidiaries' businesses, or intended businesses, and on its revenue and prospective profits.

Marijuana is a Schedule-I controlled substance and is illegal under U.S. federal law. Even in those States in which the use of marijuana has been legalized, its use remains a violation of U.S. federal law. Since U.S. federal law criminalizing the use of marijuana pre-empts State laws that legalize its use, strict enforcement of U.S. federal law regarding marijuana would likely result in the Corporation's inability to proceed with its business plan.

Laws and regulations affecting the medical marijuana industry are constantly changing, which could detrimentally affect the proposed operations of the Corporation.

Local, state, and U.S. federal medical marijuana laws and regulations are broad in scope and subject to evolving interpretations, which could require the Corporation to incur substantial costs associated with compliance or alter certain aspects of its business plan. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Corporation's business plan and result in a material adverse effect on certain aspects of its planned operations. In addition, it is possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Corporation's business. No prediction can be made as to the nature of any future laws, regulations, interpretations or applications, nor can it be determined what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

Notwithstanding the permissive regulatory environment of medical marijuana at the state level, marijuana continues to be categorized as a controlled substance under the CSA. Under the CSA, the policies and regulations of the U.S. federal government and its agencies are that cannabis has no "**proven**" medical benefits. Unless and until Congress amends the CSA with respect to medical marijuana, as to the timing or scope of any such potential amendments there can be no assurance, there is a risk that U.S. federal authorities may enforce current U.S. federal law, and we may be deemed to be producing, cultivating, or dispensing marijuana in violation of U.S. federal law with respect to the Corporation's current or proposed business operations, or the Corporation may be deemed to be facilitating the sale or distribution of drug paraphernalia in violation of U.S. federal law. A change in the U.S. federal government's approach to begin more active enforcement of cannabis may adversely affect our revenues and profits. The risk of strict enforcement of the CSA in light of Congressional activity, judicial holdings, and stated U.S. federal policy remains uncertain.

Risk of U.S. Federal Law Proceedings Against the Corporation

Potential proceedings under U.S. federal law could involve significant restrictions being imposed upon the Corporation or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Corporation's business, revenues, operating results and financial condition as well as the Corporation's reputation, even if such proceedings were concluded successfully in favour of the Corporation. In the extreme case, such proceedings could ultimately involve the prosecution of key executives of the Corporation or the seizure of corporate assets. However, as of the date hereof, the Corporation has obtained legal advice in respect thereof that proceedings of this nature have historically been sufficiently uncommon to be characterized as remote absent a shift by federal authorities to a more aggressive enforcement approach. The Corporation has also received advice from its legal counsel regarding the potential exposure and implications arising from U.S. federal law generally. As the legal landscape at both the U.S. federal level and the state level is evolving, all such legal advice is historical in nature, and is only effective up to the date such advice was received.

Following the issuance of the Sessions Memo and the Barr Comments, the Corporation continues to look to the guidelines of the Cole Memo as an industry best practice and continues to do the following to ensure compliance with the Cole Memo:

- ensuring the operations of its subsidiaries are compliant with all licensing requirements that are set forth with regards to cannabis operation by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions. To this end, the Corporation retains appropriately experienced legal counsel and other professionals to conduct the necessary due diligence to ensure compliance of such operations with all applicable;
- the activities relating to the cannabis business adhere to the scope of the licensing obtained. Accordingly, in the states where only medical cannabis is permitted, the products are only sold to patients who hold the necessary documentation to permit the possession of the cannabis; and in the states where cannabis

is permitted for adult recreational use, the products are only sold to individuals who meet the requisite age requirements;

- the Corporation only works through licensed operators, which must pass a range of requirements, adhere to strict business practice standards and be subjected to strict regulatory oversight whereby sufficient checks and balances ensure that no revenue is distributed to criminal enterprises, gangs and cartels; and
- the Corporation conducts reviews of products and product packaging to ensure that the products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

The Corporation will continue to monitor compliance on an ongoing basis in accordance with its compliance program and standard operating procedures. While the Corporation's operations are in full compliance with all applicable state laws, regulations and licensing requirements, such activities remain illegal under U.S. federal law. For the reasons described above and the risks further described below, there are significant risks associated with the business of the Corporation.

Risks Associated with the Arrangement

The Corporation Could Fail to Complete the Arrangement or the Arrangement May Be Completed On Different Terms

There can be no assurance that the Arrangement will be completed, or if completed, that it will be completed on the same or similar terms to those set out in the arrangement agreement. The completion of the Arrangement is subject to the satisfaction of a number of conditions which include, among others: (i) obtaining necessary approvals; and (ii) performance by the Corporation and Origin House of their respective obligations and covenants in the arrangement agreement.

In addition, if the Arrangement is not completed, the ongoing business of the Corporation may be adversely affected as a result of the costs (including opportunity costs) incurred in respect of pursuing the Arrangement, and the Corporation could experience negative reactions from the financial markets, which could cause a decrease in the market price of the Corporation's securities, particularly if the market price reflects market assumptions that the Arrangement will be completed or completed on certain terms. The Corporation may also experience negative reactions from its customers and employees and there could be a negative impact on the Corporation's ability to attract future acquisition opportunities. Failure to complete the Arrangement or a change in the terms of the Arrangement could each have a material adverse effect on the Corporation's business, financial condition and results of operations.

Regulatory Approvals May Have Material Adverse Effects on the Arrangement, the Corporation and/or Origin House

The Arrangement is conditional upon, among other things, the receipt of certain regulatory approvals. A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms, covenants or conditions on such approvals, could have a material adverse effect on each of Origin House and the Corporation's ability to complete the Arrangement and on their business, financial condition, operations, assets or future prospects. Delays in receiving the regulatory approvals may substantially hinder and delay the consummation of the Arrangement and give rise to Origin House and the Corporation's right to terminate the arrangement agreement. More specifically, in order to obtain the regulatory approvals, it may be necessary for Origin House and/or the Corporation to provide certain other covenants or agreements to the regulatory authorities and there can be no assurance as to which such covenants or agreements that may be required.

Anticipated Benefits May Not Occur

The combined company may fail to realize growth opportunities and synergies currently anticipated due to, among other things, challenges associated with integrating the operations and personnel of the Corporation and Origin House and the ability of the combined company to attract capital.

Risks Associated with the Corporation's Acquisition Strategy

The Corporation Could Fail to Complete its Proposed or Contemplated Acquisitions or They May Be Completed On Different Terms

There can be no assurances that any of the Corporation's proposed or contemplated acquisitions will be completed or that they will be completed on the same or similar terms currently contemplated by the Corporation. In addition, if the proposed or contemplated acquisitions are not completed, the ongoing business of the Corporation may be adversely affected as a result of the costs (including opportunity costs) incurred in respect of pursuing potential acquisitions. Failure to complete the Corporation's proposed or contemplated acquisitions could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Anticipated Benefits of Acquisition Strategy May Not Occur

The Corporation's acquisition strategy may result in the Corporation failing to realize the growth opportunities and synergies currently anticipated due to, among other things, challenges associated with integrating the operations and personnel of the Corporation with potential acquisition targets and the ability of the combined company to attract capital.

EXEMPTION

Pursuant to a decision of the Autorité des marchés financiers dated June 20, 2019, the Corporation was granted a permanent exemption from the requirement to translate into French this Prospectus as well as the documents incorporated by reference therein and any Prospectus Supplement to be filed in relation to any future "at-the-market" distribution. This exemption is granted on the condition that this Prospectus and any Prospectus Supplement (other than in relation to an "at-the-market" distribution) be translated into French if the Corporation offers Securities to Québec purchasers in connection with an offering other than in relation to an "at-the-market" distribution.

LEGAL MATTERS

Unless otherwise specified in the Prospectus Supplement relating to an offering of Securities, certain legal matters relating to the offering of Securities will be passed upon on behalf of the Corporation by Bennett Jones LLP with respect to matters of Canadian law. As of the date hereof, Bennett Jones LLP, and its partners and associates, beneficially own, directly or indirectly, as a group, less than 1% of any class of outstanding securities of the Corporation, Cresco Corp. and the LLC.

AUDITORS, TRANSFER AGENT AND REGISTRAR

MNP LLP is the auditor of the Corporation and has confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations. MNP LLP and FG MK LLC have performed the audits in respect of certain financial statements incorporated by reference herein or attached hereto. As of the date hereof, MNP LLP, and its partners and associates, and FG MK LLC, and its partners and associates, beneficially own, directly or indirectly, in their respective groups, less than 1% of any class of outstanding securities of the Corporation, Cresco Corp. and the LLC.

The transfer agent and registrar for the Subordinate Voting Shares is Odyssey Trust Company at its principal offices in Calgary, Alberta.

UNDERTAKING

As a condition to the issuance of a receipt of the British Columbia Securities Commission, as principal regulator of the Corporation, for this Prospectus, the Corporation will file with the applicable securities commissions or similar regulatory authorities in Canada an undertaking that it shall file with the applicable securities commissions or similar regulatory authorities in Canada, during the currency of this Prospectus and so long as the certifications therein are able to be made, at least every 90 days after the date of such receipt for this Prospectus a certificate certifying among other things the following matters and that it shall not distribute any securities under this Prospectus if such a certificate

has not been so filed on or after the day that is 90 days prior to the date of the applicable Prospectus Supplement. Each such periodic certificate shall certify among other things that since the date of this Prospectus or the last such certificate, as applicable: (i) no material adverse changes have occurred to the United States federal laws and regulations respecting cannabis nor to the existing published statements of the United States federal government or any agency thereof regarding the approach to the enforcement of United States federal laws and regulations respecting cannabis which would reasonably be expected to result in a material adverse change in the business, operations or affairs of the Corporation; and (ii) the Corporation has not been made aware and does not have any knowledge of any enforcement of United States federal laws and regulations respecting cannabis in the states where the Corporation has cannabis operations that is inconsistent with existing published statements of the United States federal government and its agencies regarding the approach to the enforcement of United States federal laws and regulations respecting cannabis which would reasonably be expected to result in a material adverse change in the business, operations or affairs of the Corporation.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

Original purchasers of Securities that are convertible, exchangeable or exercisable for other securities of the Corporation will have a contractual right of rescission against the Corporation in respect of the conversion, exchange or exercise of such Securities. The contractual right of rescission will be further described in any applicable Prospectus Supplement, but will, in general, entitle such original purchasers to receive, upon surrender of the underlying securities, the amount paid for the applicable convertible, exchangeable or exercisable Securities in the event that this Prospectus, the relevant Prospectus Supplement or an amendment thereto contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of such Securities under this Prospectus and the applicable Prospectus Supplement; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of such Securities under this Prospectus and the applicable Prospectus Supplement.

In an offering of Debt Securities, Subscription Receipts, Warrants and Units which are convertible, exchangeable or exercisable for other securities of the Corporation, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in this Prospectus, the relevant Prospectus Supplement or an amendment thereto is limited, in certain provincial and territorial securities legislation, to the price at which the Debt Securities, Subscription Receipts, Warrants and Units which are convertible, exchangeable or exercisable for other securities of the Corporation are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon conversion, exchange or exercise of the Security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of this right of action for damages, or consult with a legal adviser.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

The directors, chief executive officer and chief financial officer of the Corporation, being Charles Bachtell, Joe Caltabiano, Ken Amann, Dominic A. Sergi, Brian McCormack, Robert M. Sampson, John R. Walter, Gerald Corcoran, Thomas Manning and Randy Podolsky reside outside of Canada and each has appointed Bennett Jones LLP, Suite 3400, One First Canadian Place, P.O. Box 130, Toronto, Ontario M5X 1A4, as his or her agent for service of process in Canada. FGMK, LLC, the auditor in respect of the audited financial statements of Cresco Labs LLC for

the years ended January 31, 2018 and 2017, is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada or is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, even if the party has appointed an agent for service of process.

APPENDIX A
UNAUDITED *PRO FORMA* FINANCIAL STATEMENTS OF CRESCO LABS
GIVING EFFECT TO THE ORIGIN HOUSE ACQUISITION

See attached.

Pro Forma Consolidated Statement of Financial Position

As at March 31, 2019 - Unaudited

	Cresco Labs Inc.	Origin House	NY	Hope Heal Health	VidaCann	Pro Forma Adjustments	Notes	Pro Forma Consolidated
<i>Expressed in Canadian Dollars</i>								
Assets								
Current assets								
Cash and cash equivalents	141,768,102	39,252,543	4,399,923	3,992,696	2,563,840	(143,919,510)	5 (a)	48,057,594
Accounts receivable	7,128,172	4,954,184	-	11,773	6,927	-		12,101,056
Biological assets	20,350,280	760,711	-	-	-	-		21,110,991
Inventory	47,961,060	13,600,581	-	-	1,739,464	-		63,301,105
Other current assets	27,823,142	10,089,610	933,702	750,399	6,617,509	-		46,214,363
	245,030,756	68,657,629	5,333,625	4,754,868	10,927,740	(143,919,510)		190,785,108
Property and equipment	67,914,665	16,600,797	6,128,429	11,131,538	4,886,387	-		106,661,817
Intangible assets and goodwill	101,698,637	141,245,741	-	-	2,826,184	1,194,275,461	5 (b)	1,440,046,023
Investments	588,417	20,581,294	-	-	-	-		21,169,711
Other non-current assets	69,321,446	22,326,864	-	-	1,458,020	-		93,106,330
Other Deposits	-	-	311,803	-	48,282	-		360,085
Security deposits	1,916,540	-	107,007	3,585	78,640	-		2,105,772
	486,470,462	269,412,325	11,880,864	15,889,991	20,225,253	1,050,355,951		1,854,234,846
Liabilities								
Current liabilities								
Accounts payable	18,628,802	13,532,698	28,026	-	-	-		32,189,527
Warrant liability	-	-	-	-	-	9,380,826	5 (c)	9,380,826
Loans and advances	-	-	-	-	-	-		-
Purchase consideration payable - current	18,196,938	692,553	-	-	-	-		18,889,491
Contingent consideration - current	-	-	-	-	-	-		-
Other liabilities	8,050,026	17,624,548	4,844,142	5,581,613	344,585	-		36,444,914
Convertible debt - current	-	136,637	-	-	-	-		136,637
Lease obligation - current	-	1,739,791	-	-	-	-		1,739,791
Current tax liability	4,605,829	507,199	-	-	-	-		5,113,028
Notes payable	-	-	-	10,515,778	110,393	-		10,626,171
Due to related parties	-	-	-	-	1,593,186	-		1,593,186
	49,481,596	34,233,426	4,872,169	16,097,391	2,048,164	9,380,826		116,113,572
Contingent consideration	4,193,657	-	-	-	-	-		4,193,657
Non-Current Liabilities	62,205,080	35,590,160	-	-	-	(5,110,973)	5 (d)	92,684,267
	115,880,333	69,823,586	4,872,169	16,097,391	2,048,164	4,269,853		212,991,496
Shareholders' Equity								
Capital stock	216,350,494	202,011,284	7,008,696	2,216,588	20,864,130	1,067,687,822	5 (e)	1,516,139,014
Share subscription and contingent shares	-	35,121,444	-	-	-	(35,121,444)	5 (f)	-
Reserves	-	21,790	-	-	-	(21,790)	5 (g)	-
Contributed surplus	20,602,278	12,253,573	-	-	-	(3,491,547)	5 (h)	29,364,304
Accumulated other comprehensive income (lc	1,920,479	2,638,482	-	-	-	(2,638,482)	5 (i)	1,920,479
Deficit	(79,711,125)	(52,479,370)	-	(2,423,988)	(2,687,041)	19,671,539	5 (j)	(117,629,985)
Non-controlling interest	211,428,002	21,536	-	-	-	-		211,449,538
	370,590,128	199,588,739	7,008,696	(207,400)	18,177,089	1,046,086,098		1,641,243,350
	486,470,462	269,412,325	11,880,864	15,889,991	20,225,253	1,050,355,951		1,854,234,846

See accompanying notes to the unaudited pro forma consolidated financial statements

Cresco Labs Inc.

Pro Forma Consolidated Statement of Loss

For the 3 months ended March 31, 2019 - Unaudited

<i>Expressed in Canadian Dollars</i>	Origin House	Cresco Labs Inc.	NY	Hope Heal Health	VidaCann	Pro Forma Adjustments	Notes	Pro Forma Consolidated
Revenue	11,161,161	27,992,898	299,574	150,022	1,042,808	-		40,646,463
Cost of sales	(9,644,386)	(19,564,669)	(183,491)	(7,143)	(344,540)	-		(29,744,229)
Operational Gross Margin, excluding fair value items	1,516,775	8,428,229	116,083	142,879	698,268	-		10,902,234
GM%, excluding fair value items	13.6%	30.1%	38.7%	95.2%	67.0%			26.8%
Realized fair value amounts of inventory sold	(971,143)	(21,131,468)	-	-	-	-		(22,102,611)
Unrealized fair value gain on growth of biological assets	1,107,095	26,863,877	-	-	-	-		27,970,972
Gross margin	1,652,727	14,160,638	116,083	142,879	698,268	-		16,770,595
GM%	14.8%	50.6%	38.7%	95.2%	67.0%			41.3%
Operating Expenses	18,230,434	23,593,134	1,109,068	1,398,545	2,919,363	37,918,860	5 (j)	85,169,404
Operating Income (Loss)	(16,577,707)	(9,432,496)	(992,985)	(1,255,666)	(2,221,095)	(37,918,860)		(68,398,809)
Other Income (Loss) and Provision for Income Taxes	(856,573)	(688,228)	(50,641)	-	1,576,764	-		(18,678)
Net loss for the period	(17,434,280)	(10,120,724)	(1,043,626)	(1,255,666)	(644,331)	(37,918,860)		(68,417,487)
Number of shares (Note 6)								361,990,880
Pro forma loss per share								(0.19)

See accompanying notes to the unaudited pro forma consolidated financial statements

Cresco Labs Inc.

Notes to the Pro Forma Consolidated Financial Statements for March 31, 2019

(Unaudited - expressed in Canadian dollars)

1. Basis of Presentation

The unaudited pro forma consolidated statement of financial position and pro forma consolidated statement of loss of Cresco Labs Inc. (the "Company") at March 31, 2019 (the "Pro Forma Financial Statements") has been prepared by management based on historical financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), for illustrative purposes only, after giving effect to the proposed Transaction Agreement's between the Company and CannaRoyalty Corp. d/b/a Origin House ("Origin House"), Valley Agriceuticals ("NY"), Hope Heal Health, Inc. ("HHH"), VidaCann Ltd ("VidaCann"). The effects of the proposed Transaction Agreement's have been prepared based on the assumptions, estimations and adjustments described in notes 2, 3, 4, and 5.

The unaudited pro forma consolidated statement of financial position has been prepared to give the effect that the Transaction's had taken place on March 31, 2019. This unaudited pro forma consolidated statement of financial position has been derived from:

- a) the unaudited consolidated statement of financial position of the Company as at March 31, 2019;
- b) the unaudited consolidated statement of financial position of Origin House as at March 31, 2019;
- c) the unaudited consolidated statement of financial position of NY as at March 31, 2019;
- d) the unaudited consolidated statement of financial position of HHH as at March 31, 2019;
- e) the unaudited consolidated statement of financial position of VidaCann as at March 31, 2019;

The unaudited pro forma consolidated statement of loss has been prepared to give the effect that the Transaction's had taken place at the beginning of the financial period ended March 31, 2019. This unaudited pro forma consolidated statement of loss has been derived from:

- a) the unaudited consolidated statement of loss of the Company for the period ended March 31, 2019;
- b) the unaudited consolidated statement of loss of Origin House for the period ended March 31, 2019;
- c) the unaudited consolidated statement of loss of NY for the period ended March 31, 2019;
- d) the unaudited consolidated statement of loss of HHH for the period ended March 31, 2019;
- e) the unaudited consolidated statement of loss of VidaCann for the period ended March 31, 2019;

Unless otherwise noted, the unaudited pro forma consolidated statements of financial position and unaudited pro forma consolidated statements of loss and the accompanying notes are presented in Canadian dollars.

It is management's opinion that the unaudited Pro Forma Financial Statements, include all adjustments necessary for the fair presentation, in all material respects, of the transactions described in notes 3 and 4 in accordance with IFRS, applied on a basis consistent with the Company's accounting policies, except as otherwise noted. The unaudited Pro Forma Financial Statements are not necessarily indicative of the financial position that would have resulted if the combinations had actually occurred on March 31, 2019 and are not necessarily indicative of the financial performance that would have resulted if the combinations had actually occurred during the period. The unaudited Pro Forma Financial Statements should be read in conjunction with the historical statements and notes thereto of the Company, Origin House, NY, HHH, VidaCann.

2. Significant accounting policies

The unaudited Pro Forma Financial Statements have been compiled using the significant accounting policies, as set out in the unaudited consolidated financial statements of the Company as at and for the period ended March 31, 2019. Management has determined that no material pro forma adjustments are necessary to conform Origin House, NY, HHH, VidaCann, to the accounting policies used by the Company in the preparation of its Pro Forma Financial Statements.

3. The Transactions

a) Origin House

On April 1, 2019, the Company and Origin House entered into a Transaction Agreement pursuant to which the Company will acquire all of the issued and outstanding shares of Origin House.

Under the terms of the Agreement, holders of common shares of Origin House will receive 0.8428 subordinate voting shares of the Company for each Origin House Share. As of the date of the Agreement, the Origin House shareholders will receive 73,285,816 in Company shares valued at \$1.103B, 782,961 replacement options of the Company will be issued valued at \$8.8M. After removing the effect of post-acquisition compensation of \$4.5M, the total consideration is expected to be \$1.107B.

3. The Transactions (Continued)

b) NY

On October 24, 2018, the Company and NY entered into a Transaction Agreement pursuant to which the Company will acquire all of the ownership interests or assets of NY.

Under the terms of the Agreement, NY shareholders will receive \$43.4M cash consideration, 4,312,022 in Company shares valued at \$67.5M and 4,000,000 share purchase warrants valued at \$9.4M.

c) HHH

On December 6, 2018, the Company and HHH entered into a Transaction Agreement to acquire all of the outstanding shares and membership interests of HHH.

Under the terms of the Agreement, HHH shareholders will receive \$36.1M in cash consideration.

d) VidaCann

On March 18, 2019, the Company and VidaCann entered into a Transaction Agreement pursuant to which the Company will acquire all of the ownership interests or assets of VidaCann.

Under the terms of the Agreement, VidaCann shareholders will receive \$133.6M in cash consideration and 1,707,732 in Company shares valued at \$26.7M.

4. Estimated Preliminary Purchase Price Allocation

The unaudited pro forma consolidated financial information includes various assumptions, including those related to the preliminary purchase price allocation of the assets acquired and liabilities assumed of Origin House, NY, HHH, VidaCann, and ("Acquired Companies") based on management's best estimates of fair value. The final purchase price allocation may vary based on final appraisals, valuations and analyses of the fair value of the acquired assets and assumed liabilities. Accordingly, the unaudited pro forma adjustments are preliminary and have been made solely for illustrative purposes.

The Acquisitions will be accounted for as a business combination under *IFRS 3 Business Combinations* ("IFRS 3"). The pro forma consolidated financial information represents the effect of purchase accounting based on a preliminary assessment and allocation of the purchase price for the Acquired Companies business to the acquired identifiable assets, liabilities assumed and pro forma goodwill.

Biological assets are measured at fair value less cost to sell while investments are measured at fair value through profit and loss. Inventory is measured at the lower of cost and fair value less cost to sell. As such, the carrying value of these assets is an approximation of the fair value at the balance sheet date. Purchase consideration payable and convertible debt are measured at fair value on initial recognition and subsequently measured at amortized cost accreting to the face value. Contingent consideration is measured at fair value through profit and loss.

The fair value of cash and cash equivalents, accounts receivable, other current assets, other non-current assets, other deposits, security deposits, accounts payable, loans and advances, other liabilities, convertible debt, notes payable, due to related parties, and non-current liabilities was presumed by management to materially approximate their respective carrying book values as of March 31, 2019, in order to prepare the unaudited pro forma consolidated financial data.

There has been no determination as to the fair value of property and equipment and intangible assets to be acquired on the unaudited pro forma consolidated statement of financial position of the Company based on information received to date. As such, the historical carrying value has been used in the preliminary purchase price allocation reflected in the unaudited pro forma consolidated statement of financial position. This assertion remains contingent upon receiving additional information and performing procedures to calculate the fair value of property and equipment and intangible assets. No adjustment was made to the unaudited pro forma consolidated statements of loss, but any difference between the fair value and the historical carrying value would have a direct impact to future net loss through an increase or a decrease in depreciation or amortization expense depending on whether a fair value gain or loss is determined.

The pro forma purchase price is subject to change based on the finalization of purchase price adjustments and completion of management's assessment of the fair values of the assets and liabilities acquired. Due to the timing of the announcements of the Acquisitions, the Company has not yet obtained sufficient information to accurately determine the fair market value of Acquired Companies net assets by category and has therefore allocated the March 31, 2019 book values of the net assets acquired as a proxy of fair value. Goodwill represents the amount by which the purchase price exceeds the book value, being a proxy of fair value of the assets acquired and liabilities assumed. The final calculation and allocation of the purchase price will be based on the net assets purchased as of the closing date of the Acquisition and other information available at that time. There may be material differences from this pro forma purchase price allocation as a result of finalizing the valuation. Based on management's preliminary estimates, the goodwill may be allocated to other items such as certain identified intangible assets.

4. Estimated Preliminary Purchase Price Allocation (Continued)

<i>Expressed in Canadian Dollars</i>	Origin House	NY	HHH	VidaCann	Total
<i>Purchase Consideration</i>					
Cash Consideration	-	43,429,750	36,080,100	133,630,000	213,139,850
Share Consideration	1,107,202,195	67,483,150	-	26,726,000	1,201,411,345
Other consideration	-	9,380,826	-	-	9,380,826
Settlement of pre-existing amounts	-	-	-	-	-
Total Purchase Consideration	1,107,202,195	120,293,726	36,080,100	160,356,000	1,423,932,021
Net assets acquired	204,678,176	7,008,696	(207,400)	18,177,089	229,656,561
Goodwill	902,524,019	113,285,030	36,287,500	142,178,911	1,194,275,461
Total purchase price	1,107,202,195	120,293,726	36,080,100	160,356,000	1,423,932,021
The fair value of the identifiable net assets acquired include the following breakdown:					
<i>Current assets</i>					
Cash and cash equivalents	39,252,543	4,399,923	3,992,696	2,563,840	50,209,002
Accounts receivable	4,954,184	-	11,773	6,927	4,972,884
Biological assets	760,711	-	-	-	760,711
Inventory	13,600,581	-	-	1,739,464	15,340,045
Other current assets	10,089,610	933,702	750,399	6,617,509	18,391,220
	68,657,629	5,333,625	4,754,868	10,927,740	89,673,862
Property and equipment	16,600,797	6,128,429	11,131,538	4,886,387	38,747,151
Intangible assets and goodwill	141,245,741	-	-	2,826,184	144,071,925
Investments	20,581,294	-	-	-	20,581,294
Other non-current assets	22,326,864	-	-	1,458,020	23,784,884
Other Deposits	-	311,803	-	48,282	360,085
Security deposits	-	107,007	3,585	78,640	189,232
Total assets acquired	269,412,325	11,880,864	15,889,991	20,225,253	317,408,433
<i>Current liabilities</i>					
Accounts payable	13,532,698	28,026	-	-	13,560,724
Purchase consideration payable	692,553	-	-	-	692,553
Contingent consideration	(5,110,973)	-	-	-	(5,110,973)
Other liabilities	17,624,548	4,844,142	5,581,613	344,585	28,394,888
Convertible debt - current	136,637	-	-	-	136,637
Lease obligation - current	1,739,791	-	-	-	1,739,791
Current tax liability	507,199	-	-	-	507,199
Notes payable	-	-	10,515,778	110,393	10,626,171
Due to related parties	-	-	-	1,593,186	1,593,186
	29,122,453	4,872,169	16,097,391	2,048,164	52,140,177
Non-Current Liabilities	35,590,160	-	-	-	35,590,160
Total liabilities assumed	64,712,613	4,872,169	16,097,391	2,048,164	87,730,337
Non-controlling interest	(21,536)				
Net assets acquired	204,678,176	7,008,696	(207,400)	18,177,089	229,678,097

In accordance with IFRS 3, equity securities issued as the consideration transferred will be measured on the closing date of the Acquisition at fair value reflecting the then-current market price. Accordingly, it is reasonable to expect that the Company share price on closing of the Acquisitions may differ from the common share price used in these pro forma financial statements. A change in the Company share price of 10% will result in an increase or decrease to the estimate of purchase consideration totaling approximately \$120.0M with a corresponding increase or decrease to goodwill.

5. Pro Forma Adjustments

The following adjustments and assumptions have been reflected in the unaudited pro forma Consolidated Financial Statements:

a) Cash and cash equivalents:

The pro forma net adjustment of \$(143.9M) consists of the following:

- Increase in cash of \$102.6M for concurrent financing and a corresponding increase in share capital for the same amount representing expected net proceeds following the issuance of 12,624,054 Subordinate Voting Shares of the Company. Net cash proceeds include agent commissions of \$9.6M which have been allocated against share capital as the transaction costs directly relate to the issuance of equity instruments.
- Decrease in cash of \$43.4M for cash consideration paid on acquisition of NY (Note 4)
- Decrease in cash of \$36.1M for cash consideration paid on acquisition of HHH (Note 4)
- Decrease in cash of \$133.6M for cash consideration paid on acquisition of VidaCann (Note 4)
- Decrease in cash of \$33.4M for transaction costs relating to the acquisitions of Origin House, NY, HHH, and VidaCann

b) Intangibles and goodwill:

The pro forma adjustment reflects the preliminary estimate of intangibles and goodwill, which represents the excess of the purchase price over the fair value of Acquisitions' identifiable assets acquired and liabilities assumed as shown in Note 4.

c) Warrant liability:

The pro forma adjustment reflects the estimated fair value of warrants issued as consideration on NY acquisition (Note 4).

d) Non-Current Liabilities

The pro forma net adjustment of \$5.1M for 180 Smoke (a wholly owned subsidiary of Origin House) contingent consideration, payment for which accelerates upon a change of control and is therefore not assumed by the Company upon acquisition of Origin House.

The pro forma adjustment reflects the estimated fair value of warrants issued as consideration on NY acquisition (Note 4).

e) Capital stock

The pro forma net adjustment of \$1.07B consists of the following:

- A reduction of \$232.1M to eliminate, Origin House, NY, HHH, and VidaCann's share capital.
- An increase of \$102.6M for concurrent financing representing expected net proceeds following the issuance of 12,624,054 Subordinate Voting Shares of the Company (Note 5(a)).
- An increase of \$1.1B for share consideration paid by the Company on acquisition of Origin House (Note 4, Note 6)
- An increase of \$67.5M for share consideration paid by the Company on acquisition of NY (Note 4, Note 6)
- An increase of \$26.7M for share consideration paid by the Company on acquisition of VidaCann (Note 4, Note 6)

f) Share subscription and contingent shares:

The pro forma adjustment \$35.1M reflects the elimination of Origin House Share subscription and contingent shares. Unissued subscription and contingent shares are fair valued and are classified as contingent consideration in liabilities on acquisition (Note 5(e)).

g) Reserves

The pro forma adjustment reflects the elimination of Origin House warrant reserve.

h) Contributed surplus:

The pro forma net adjustment of \$3.5M consists of elimination of Origin House contributed surplus of \$12.3M and \$8.8M increase for issuance by the Company of 782,961 Replacement Options on acquisition of Origin House.

5. Pro Forma Adjustments (Continued)

In accordance with the Transaction Agreement, the consideration for the Origin House acquisition includes all of Origin House's outstanding options and will be exchanged for Replacement Options exercisable at the same exercise price for the Company options. The 782,961 Replacement Options have been revalued at \$8.8M. The Black-Scholes option pricing model was used to determine the fair value of Replacement Options as of the date of the Transaction Agreement. In re-valuing the Replacement Options, there is a resulting impact on deficit of \$2.8M, which is considered to be post-acquisition compensation.

In accordance with the Transaction Agreement, the consideration for the Origin House acquisition includes the Restricted Share Units (RSUs) accelerate upon the close of the transaction, and accordingly the units are eliminated upon acquisition and are Company shares are issued instead. In re-valuing the RSUs, there is a resulting impact on deficit of \$1.7M, which is considered to be post-acquisition compensation.

- i) Accumulated other comprehensive income (loss)

An adjustment of \$2.6M to eliminate Origin House.

- j) Accumulated Deficit

	Amount
The Company's deficit	\$ 79,711,125
Origin House's deficit (Pro forma financial statements)	52,479,370
NY's deficit (Pro forma financial statements)	-
HHH's deficit (Pro forma financial statements)	2,423,988
VidaCann's deficit (Pro forma financial statements)	2,687,041
Elimination of OH's, NY's, HHH's, and VidaCann's net deficit	(57,590,399)
Transaction costs (Note 5(a))	33,407,500
Issuance of stock options (Note 5(h))	2,806,294
Expedited vesting of restricted share units (Note 5(h))	1,705,066
Pro forma deficit - December 31, 2018	\$ 117,629,985

	Amount
Elimination of OH's, NY's, HHH's, and VidaCann's net deficit	(57,590,399)
Transaction costs (Note 5(a))	33,407,500
Issuance of stock options (Note 5(h))	2,806,294
Expedited vesting of restricted share units (Note 5(h))	1,705,066
Adjustment to pro forma deficit	\$ (19,671,539)

Where an adjustment presented above has required the use of the current share price, the closing share price as at the date of Transaction Agreement has been assumed. Where an adjustment has required conversion from foreign currency to CAD the applicable historical exchange rate as published by the Bank of Canada website has been used.

6. Pro Forma share capital

	Number	Amount
The Company's common shares outstanding - March 31, 2019	270,061,256	\$ 216,350,494
Consideration transferred to shareholders of Origin House (note 3(a))	73,285,816	\$ 1,102,951,530
Consideration transferred to shareholders of NY (note 3(b))	4,312,022	\$ 67,483,150
Consideration transferred to shareholders of VidaCann (note 3(d))	1,707,732	\$ 26,726,000
Shares to be issued pursuant to the concurrent financing in (note 5(a))	12,624,054	\$ 102,627,840
Pro forma share capital - March 31, 2019	361,990,880	\$ 1,516,139,014

7. Pro Forma stock options

	Weighted average remaining life (years)	Number outstanding	Number vested	Exercise price (CAD\$)
The Company's options	8.7	20,029,500	4,423,767	\$ 2.04
Company options issued (note 4(i))	8.6	782,961	358,822	\$ 4.19
Pro forma stock options - March 31, 2019		20,812,461	4,782,589	

CERTIFICATE OF THE CORPORATION

Dated: July 25, 2019

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

(signed) "*Charles Bachtell*"

Charles Bachtell
Chief Executive Officer

(signed) "*Ken Amann*"

Ken Amann
Chief Financial Officer

On behalf of the Board of Directors

(signed) "*Joseph Caltabiano*"

Joseph Caltabiano
President and Director

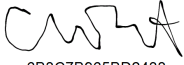
(signed) "*Dominic Sergi*"

Dominic Sergi
Director

CERTIFICATE OF THE CORPORATION

Dated: , 2019

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, as of the date of a particular distribution of securities offered by the prospectus, will, as of that date, constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this prospectus supplement, as required by the securities legislation of each of the provinces of Canada.

DocuSigned by:

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Charles Bachtell
Chief Executive Officer

DocuSigned by:

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Ken Amann
Chief Financial Officer

On behalf of the
Board of Directors

DocuSigned by:

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Joseph Caltabiano
President and Director

DocuSigned by:

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Dominic Sergi
Director