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

*The 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 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 prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Green Growth Brands Inc. at 4300 East Fifth Ave., Columbus, Ohio 43219, telephone (647) 495-8798, and are also available electronically at www.sedar.com.*

SHORT FORM PROSPECTUS

NEW ISSUE August 15, 2019

GREEN GROWTH BRANDS INC.

$50,225,000
20,500,000 Units

This short form prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of units (the "**Offered Units**") of Green Growth Brands Inc. (the "**Company**" or "**GGB**") at a price of $2.45 per Offered Unit (the "**Offering Price**") for aggregate gross proceeds of $50,225,000. Each Unit consists of one common share in the capital of the Company (a "**Unit Share**") and one half of one common share purchase warrant of the Company (each full warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire one common share of the Company (a "**Warrant Share**") at a price of $3.50 per Warrant Share, subject to adjustment in certain events, for a period of 3 years following the Closing Date (as hereinafter defined). The Warrants will be issued pursuant to, and governed by, a warrant indenture to be entered into on the Closing Date (the ''**Warrant Indenture**") between the Company and Capital Transfer Agency, ULC (the ''**Warrant Agent''**).

The Offered Units are being issued pursuant to an underwriting agreement dated July 29, 2019 (the "**Underwriting Agreement**") by and among the Company, Canaccord Genuity Corp. ("**Canaccord**"), as lead underwriter, Eight Capital, Cormark Securities Inc., GMP Securities L.P., Paradigm Capital Inc., Beacon Securities Limited and Haywood Securities Inc. (collectively with Canaccord, the "**Underwriters**").

Under certain circumstances, the Underwriters may offer the Offered Units at a lower price than the Offering Price. See *"Plan of Distribution".*

The Company's common shares (the "**Common Shares**") are traded on the Canadian Securities Exchange ("**CSE**") under the symbol "GGB" and are also listed on the US OTC Venture Market (the "**OTCQB**") under the symbol "GGBXF". On July 8, 2019, the last trading day prior to the announcement of the Moxie Business Combination (as defined herein), the closing price of the Common Shares on the CSE was $3.18 and the closing price of the Common Shares on the OTCQB was US$2.44. On July 23, 2019, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the CSE was $2.69 and the closing price of the Common Shares on the OTCQB was US$2.02. On August 14, 2019, the last trading day before the date of this Prospectus, the closing price of the Common Shares on the CSE was $1.97 and the closing price of the Common Shares on the OTCQB was US$1.48 The Company has given notice to list the Unit Shares, the Warrant Shares and the Warrants on the CSE. Listing will be subject to the Company fulfilling all the listing requirements of the CSE.

There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See "*Risk Factors*".

Each of All Js Greenspace LLC, Peter Horvath, Brian Logan, Jean Schottenstein, Steve Stoute and Marc Lehmann, is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, as the case may be, and has appointed the Company at its registered office set forth below as its agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the person has appointed an agent for service of process.

The registered office of the Company is c/o 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1B9 and the head office of the Company is 4300 East Fifth Ave., Columbus, Ohio 43219.

Price: $2.45 per Offered Unit

	Price to the Public (1)	**Underwriter's Fee (2)**	**Net Proceeds to the Company (3)**
Per Offered Unit	$2.45	$0.1715	$2.2785
Total Offering	$50,225,000	$3,515,750	$46,709,250

Notes:

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

(2) The Company has agreed to pay the Underwriters a cash fee (the "**Underwriters' Fee**") equal to 7% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option (as defined below)). See "*Plan of Distribution*".

(3) After deducting the Underwriters' Fee, but before deducting the expenses of the Offering (estimated to be approximately $1,000,000), which will be paid from the proceeds of the Offering.

(4) The Underwriters have been granted an over-allotment option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of thirty (30) days from and including the Closing Date (as defined herein), to purchase up to an additional 3,075,000 additional Offered Units (the "**Over-Allotment Units**") at the Offering Price to cover the Underwriters' over-allocation position, if any, and for market stabilization purposes (the "**Over-Allotment Option**"). The Over-Allotment Option may be exercised by the Underwriters to acquire: (i) up to an additional 3,075,000 Over-Allotment Units at the Offering Price; (ii) up to 3,075,000 additional Unit Shares (the "**Over-Allotment Shares**") at a price of $2.24 per Over-Allotment Share (the "**Over-Allotment Share Price**"); (iii) up to 1,537,500 additional Warrants (the "**Over-Allotment Warrants**") at a price of $0.42 per Over-Allotment Warrant (the "**Over-Allotment Warrant Price**"); or (iv) any combination of Over-Allotment Units at the Offering Price, Over-Allotment Shares at the Over-Allotment Share Price and Over-Allotment Warrants at the Over-Allotment Warrant Price, provided that the aggregate number of Over-Allotment Shares which may be issued under the Over-Allotment Option does not exceed 3,075,000 Over-Allotment Shares and the aggregate number of Over-Allotment Warrants which may be issued under the Over-Allotment Option does not exceed 1,537,500 Over-Allotment Warrants. The Over-Allotment Option is exercisable by the Underwriters giving notice to the Company in the time herein provided, which notice shall specify the number of Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants to be purchased. If the

Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriter's Fee" and "Net Proceeds to the Company" will be $57,758,750.00, $4,043,112.50 and $53,715,637.50, respectively. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants forming part of the Underwriters' over-allocation position acquires those Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

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

Underwriter's Position	Maximum Number of Securities	Exercise Period	Exercise Price
Over-Allotment Option (1)	3,075,000 Over-Allotment Units	For a period of 30 days from and including the Closing Date	$2.45 per Over-Allotment Unit $2.24 per Over-Allotment Share $0.42 per Over-Allotment Warrant

Note:
(1) This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of all securities issuable thereunder. See "*Plan of Distribution"*.

Unless the context otherwise requires, when used herein, all references to "Offered Units" include the Over-Allotment Units issuable upon exercise of the Over-Allotment Option, all references to "Unit Shares" include the Over-Allotment Shares issuable upon exercise of the Over-Allotment Option, all references to "Warrants" include the Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option and all references to "Warrant Shares" include the Common Shares issuable upon exercise of the Over-Allotment Option.

The Underwriters propose to offer the Offered Units initially at the Offering Price. After the Underwriters have made commercially reasonable efforts to sell all of the Offered Units at the Offering Price, the Offering Price may be decreased, and further changed from time to time, to an amount not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of Offered Units is less than the gross proceeds to be paid by the Underwriters to the Company. Subject to applicable laws and in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Offered Units at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

Canaccord and/or its affiliates from time to time have provided in the past, and may provide in the future, investment banking, financial advisory, broker-dealer and commercial banking services to the Company and its subsidiaries and affiliates in the ordinary course of business for which they have received, or may receive, customary fees and commissions, including in connection with Canaccord providing financial advisory services and a fairness opinion as part of the Moxie Business Combination. **Accordingly, the Company may be considered a "connected issuer", as such term is defined in National Instrument 33-105 – *Underwriting Conflicts*, of Canaccord for the purposes of applicable securities legislation in each of the provinces of Canada. See "*Plan of Distribution*". Other than the Underwriters Fee to be allocated to the Underwriters pursuant to the terms of the Underwriting Agreement (as defined herein), the proceeds of the Offering will not be allocated or applied, directly or indirectly, for the benefit of Canaccord. The decision to offer Offered Units was made solely by the Company and the terms upon which the Offered Units are being offered were determined by arm's length negotiations between the Company and the Underwriters.**

Investing in the Offered Units involves certain risks that should be considered by a prospective purchaser including those risks inherent to the industries in which the Company operates. The risk factors identified under the heading "*Risk Factors*" in this Prospectus and in other documents incorporated herein by reference, should be carefully reviewed and evaluated by prospective purchasers before purchasing the Offered Units being

offered hereunder.

The Underwriters, as principal, conditionally offer the Offered Units, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "*Plan of Distribution"*, and subject to the approval of certain legal matters on behalf of the Company by Stikeman Elliott LLP and on behalf of the Underwriters by DLA Piper (Canada) LLP.

Subscriptions for the Offered Units will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about August 21, 2019, or such other date as may be agreed upon by the Company and the Underwriters, but in any event not later than forty-two (42) days after the date of the receipt for the (final) short form prospectus (the "**Closing Date**").

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

This Prospectus qualifies the distribution of securities of an entity that currently derives, directly, a substantial portion of its current revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. Federal law and enforcement of relevant laws is a significant risk. The Company is directly involved (through its licensed subsidiaries) in the adult-use cannabis industry in the States of Nevada and Massachusetts which states have regulated such industries. Currently, the Company is directly engaged in, or pursuing operations regarding, the cultivation, possession, use, sale and distribution of medical and adult-use cannabis in such states. As a result of the recent closing of the Spring Oaks Acquisition (as defined herein), the Company is also directly engaged in the sale of medical cannabis in the State of Florida. The State of Florida has not legalized the adult-use of cannabis.

On July 9, 2019, the Company announced that it had entered into a securities acquisition and contribution agreement, dated July 8, 2019, with, among others, MXY Holdings LLC ("Moxie") under which a new Ontario limited partnership ("GGP LP"), of which GGB will be the general partner, will acquire the operating companies of GGB and the issued and outstanding units of Moxie, an arm's length third party, in an all-equity interest transaction (the "Moxie Business Combination"). As part of the Moxie Business Combination, GGB LP will also be directly or indirectly acquiring shares of MXY C, INC. and MXY D, INC., Delaware entities within the Moxie structure, and Moxie's equity interests in two entities, PurePenn LLC and Pure CA, LLC, with which Moxie has current contribution agreements (subject to regulatory approval). Moxie is a multistate operator with distribution (or future distribution), either directly or indirectly through affiliates or investees, in the California, Nevada, Arizona, Pennsylvania, New Jersey and Ohio markets and its products are distributed in over 250 dispensaries across the United States. Closing of the Moxie Business Combination is expected to occur prior to January 2020 and remains subject to the satisfaction of various closing conditions, including receipt of all necessary regulatory approvals for the transfer of the cannabis-related licenses of Moxie by local and state authorities in each of the markets where Moxie's assets and licenses are held. There are no assurances that the Moxie Business Combination will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus. Upon closing of the Moxie Business Combination, the Company will be directly or indirectly through affiliates or investees engaged, as applicable, in the wholesale and retail medical and adult-use markets in the States of California, Nevada, Arizona, Pennsylvania, New Jersey, Ohio, Florida and Massachusetts. See "*Recent Developments*", "*The Moxie Business Combination*" and "*Risk Factors*".

The United States federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811) (the "CSA"), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under

medical supervision. The United States Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication.

In the United States, marijuana is largely regulated at the State level. State laws regulating cannabis are in direct conflict with the federal CSA, which makes cannabis use and possession federally illegal. Although certain states authorize medical or adult-use 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 federal law. 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. Third party service providers could suspend or withdraw services as a result of the Company operating in an industry that is illegal under United States federal law.

On January 4, 2018, then United States Attorney General Sessions issued a memorandum (the "Sessions Memo") to all United States 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, and United States federal prosecutors having no further guidance relating to prosecution of cannabis-related violations of U.S. federal law, discretion on whether or not to prosecute such alleged violations has reverted to each respective U.S. Attorney to make such a determination. In the absence of such uniform federal guidance, as had been established by the Cole Memo, numerous United States Attorneys with state-legal marijuana programs within their jurisdictions have announced enforcement priorities for their respective offices. For instance, Andrew Lelling, United States Attorney for the District of Massachusetts, stated that while his office would not immunize any businesses from federal prosecution, he anticipated focusing the office's marijuana enforcement efforts on: (1) overproduction; (2) targeted sales to minors; and (3) organized crime and interstate transportation of drug proceeds. Other United States Attorneys provided less assurance, promising to enforce federal law, including the CSA in appropriate circumstances. United States Attorney General Sessions resigned on November 7, 2018. He was replaced by William Barr on February 14, 2019. It is unclear what specific impact this development will have on U.S. federal government enforcement policy as the Department of Justice under Mr. Barr has not taken a formal position on federal enforcement of laws relating to cannabis. However, during his confirmation, and in response to written inquiries by U.S. Senators, Mr. Barr stated that "[he does] not intend to go after parties who have complied with state law in reliance on the Cole Memorandum." Mr. Barr has also stated that, while his preference would be to have a uniform federal rule addressing cannabis; absent such a uniform position, his preference would be to permit the existing federal approach of allowing individual states or territories to determine cannabis policy and to trust the judgment of U.S. prosecutors on how to enforce U.S. federal law. If the Department of Justice policy under Attorney General Barr was to prosecute cannabis-related business, including but not limited to any investors, financiers, employees, officers and managers, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Company could face (i) seizure of its cash and other assets used to support or derived from its cannabis operations and (ii) the arrest of its employees, directors, officers and managers. 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. Unless and until the United States Congress amends U.S. federal law with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law. If the United States federal government begins to enforce United States federal laws relating to cannabis in states where the sale and use of cannabis is currently legal under state law, or if existing applicable state laws are repealed or curtailed, the Company's business, results of operations, financial condition and prospects would be materially adversely affected.

Although the Cole Memo has been rescinded, one legislative safeguard for the medical marijuana industry remains in place: Congress has passed a so-called "rider" provision in the FY 2015, 2016, 2017 and 2018 Consolidated Appropriations Acts to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. The rider is known as the "Rohrabacher-Farr" Amendment after its original lead sponsors (it is also sometimes referred to as the "Rohrabacher-Blumenauer" or "Joyce-Leahy" Amendment, but

it is referred to in this Prospectus as "Rohrabacher-Farr"). Most recently, the Rohrabacher-Farr Amendment (now known colloquially as the "Joyce-Leahy Amendment" after its most recent sponsors) was included in the Consolidated Appropriations Act of 2019, which was signed by President Trump on February 14, 2019 and funds the departments of the federal government through the fiscal year ending September 30, 2019. In signing the Act, President Trump issued a signing statement noting that the Act "provides that the Department of Justice may not use any funds to prevent implementation of medical marijuana laws by various States and territories," and further stating "I will treat this provision consistent with the President's constitutional responsibility to faithfully execute the laws of the United States." While the signing statement can fairly be read to mean that the executive branch intends to enforce the CSA and other federal laws prohibiting the sale and possession of medical marijuana, the President did issue a similar signing statement in 2017 and no major federal enforcement actions followed. The Rohrabacher-Farr Amendment expires on September 30, 2019. See "*Regulatory Overview – Federal Regulatory Environment*". The latest iteration of the Rohrabacher-Farr Amendment (referred to as the "Blumenauer-McClintock-Norton Amendment"), which was adopted by the U.S. House of Representatives on June 20, 2019, would extend the requirements of the Rohrabacher-Farr Amendment to all states and tribal lands with legal marijuana regulations, not only those where medical marijuana is legal.

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. Unless and until the United States Congress amends the CSA with respect to marijuana (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law. If the United States federal government begins to enforce United States federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company's business, results of operations, financial condition and prospects would be materially adversely affected.

Marijuana remains a Schedule I controlled substance at the federal level, and neither the Cole Memo nor its rescission nor the continued passage of the Rohrabacher-Farr Amendment has altered that fact. The federal government of the United States has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult-use marijuana, even if state law sanctions such sale and disbursement. If the United States federal government begins to enforce United States federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company's business, results of operations, financial condition and prospects would be materially adversely affected.

Additionally, under United States federal law, it may potentially be a violation of federal anti-money laundering statutes for financial institutions to take any proceeds from the sale of any Schedule I controlled substance. Due to the CSA categorization of marijuana as a Schedule I drug, federal law makes it illegal for financial institutions that depend on the Federal Reserve's money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses under the United States Currency and Foreign Transactions Reporting Act of 1970 (the "Bank Secrecy Act") as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001*. Therefore, under the Bank Secrecy Act, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be charged with money laundering or conspiracy. Despite the absence of express banking protections under U.S. federal law, the FinCEN Guidance (as described herein), which was adopted by the U.S. Department of the Treasury in 2014 and remains in place presently, advised prosecutors not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses so long as that business is legal in their state and none of the federal enforcement priorities referenced in the Cole Memo are being violated.

The Company'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 Company. Unless and until the U.S. Congress amends the CSA with

respect to adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, and the business of the Company 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.

In light of the political and regulatory uncertainty surrounding the treatment of United States cannabis related activities, on February 8, 2018, the Canadian Securities Administrators published CSA Staff Notice 51-352 – *(Revised) Issuers with U.S. Marijuana-Related Activities* (the "Staff Notice 51-352") setting out the Canadian Securities Administrator's disclosure expectations for specific risks facing issuers with cannabis related activities in the United States. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with United States cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the United States cannabis industry. The Company is directly involved in the cultivation and distribution of cannabis in the United States for purposes of Staff Notice 51-352.

For these reasons, the Company's involvement in the U.S. cannabis market may subject the Company to heightened scrutiny by regulators, stock exchanges, clearing agencies and other U.S. and Canadian authorities. There can be no assurances that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to operate in the United States or any other jurisdiction. There are a number of risks associated with the business of the Company. See the sections entitled "*Regulatory Overview*" and "*Risk Factors*" in this Prospectus, and the sections entitled "*Issuers with U.S. Cannabis-Related Assets*" and "*Risk Factors*" in the AIF (as defined herein).

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GENERAL MATTERS

Prospective investors should rely only on the information contained in, or incorporated by reference into, this Prospectus. Neither the Company nor any Underwriter has authorized anyone to provide prospective investors with information different from that contained in, or incorporated by reference into, this Prospectus. The Company is offering to sell, and seeking offers to buy, Offered Units only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted. The information contained in or incorporated by reference into this Prospectus is accurate only as of the date of this Prospectus or the date of the document incorporated by reference, as applicable, regardless of the time of delivery of this Prospectus or of any sale of Offered Units.

The securities of the Company should be regarded as highly speculative and an investment in the securities of the Company should only be made by persons who can afford a significant or total loss of their investment. The risks outlined in this Prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by prospective investors in connection with an investment in such securities. See "*Forward-Looking Statements*" and "*Risk Factors*".

In this Prospectus, references to "GGB" and the "Company" refer to Green Growth Brands Inc. and its subsidiaries, unless the context otherwise states.

All monetary amounts set forth in this Prospectus are stated in Canadian dollars, except where otherwise indicated. References to "$" are to Canadian dollars. All references to "US$" refer to United States dollars.

The following table sets forth (i) the rate of exchange for the U.S. dollar, expressed in Canadian dollars, in effect at the end of the periods indicated; (ii) the average exchange rates for the U.S. dollar, expressed in Canadian dollars, on the last day of each month during such periods; and (iii) the high and low exchange rates for the U.S. dollars, expressed in Canadian dollars, during such periods, each chased on the noon rate of exchange as reported by the Bank of Canada:

	Year Ended December 31,		
	2018	**2017**	**2016**
Rate at end of period	1.3642	1.2545	1.3427
Average rate during period	1.2957	1.2986	1.3245
Highest rate during period	1.3642	1.3743	1.4559
Lowest rate during period	1.2288	1.2128	1.2497

On August 14, 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 = $1.3311.

FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated herein by reference contain certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "**forward-looking statements**"). These statements relate to future events or to the future performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements are based upon the Company's internal expectations, estimates, projections, assumptions and beliefs as at the date the information is given and is based on information available to management at such time. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements in this Prospectus and the documents incorporated herein by reference speak only as of the date hereof or as of the date

specified in such statements. Forward-looking statements in this Prospectus and the documents incorporated by reference herein include, but are not limited to, statements with respect to:

- the completion of the Offering and the receipt of all regulatory and stock exchange approvals in connection therewith;
- the use of the net proceeds of the Offering;
- the realization of the strategic and operational benefits expected from the Moxie Business Combination and Spring Oaks Acquisition;
- the performance of the Company's business and operations;
- the intention to grow the business, operations and potential activities of the Company;
- the ongoing and proposed expansion of the Company's facilities;
- the expected growth in the number of individuals using the Company's cannabis, cannabis oil extracts and other cannabis related products;
- the expected growth in the number of individuals using the Company's cannabidiol ("**CBD**")-infused consumer products;
- the expected growth in the Company's capacity to grow and cultivate cannabis, cannabis oil extracts, and other cannabis-related products for both medical and adult-use;
- the anticipated addition of new retail locations;
- the expectation regarding the opening of additional retail locations in Nevada;
- the expansion of the existing relationship with Abercrombie & Fitch with the sale of certain CBD products to as many as 160 stores;
- the purchase order from American Eagle Outfitters representing potential sales of CBD infused personal care products in nearly 500 stores and online starting October 2019;
- the realization of the strategic and operational benefits expected from the Henderson Acquisition and the exercise of its warrants in Nevada;
- the intention to open additional mall-based CBD kiosk shops;
- the competitive conditions of the industry;
- the applicable laws, regulations and any amendments thereof;
- the competitive business strategies of the Company;
- the completion of the Proposed Debt Financing;
- the grant and impact of any licenses or supplemental license to conduct activities with cannabis and/or cannabis oil extracts or any amendments thereof;
- the anticipated future gross revenues and profit margins of the Company's operations;
- the proposed and anticipated changes to Canadian federal laws and provincial regulations regarding the adult-use market and the business impacts on the Company;
- the proposed and anticipated changes to U.S. federal, state and local laws regarding the adult-use market and the business impacts on the Company; and
- the proposed and anticipated changes to U.S. federal, state and local laws regarding the manufacturing, distribution and sale of CBD and CBD-infused consumer products.

Certain of the forward-looking statements contained in this Prospectus and incorporated by reference herein concerning the medical cannabis and cannabis oil extracts industry, the anticipated adult-use market, the anticipated CBD-infused consumer products industry, the general expectations of the Company related thereto, and the Company's business and operations are based on estimates prepared by the Company using data from publicly available governmental sources, as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, or in other documents incorporated herein by reference, the current medical cannabis and cannabis oil extracts industry, the current CBD-infused consumer products industry, and the future anticipated adult-use market in Canada and the U.S. involves risk and uncertainty and is subject to change based on various factors.

In particular, this Prospectus contains forward-looking statements in connection with the anticipated Closing Date, the anticipated CSE approval, the anticipated use of the net proceeds of the Offering and the anticipated closing of the Moxie Business Combination. Purchasers are cautioned that the above list of cautionary statements is not exhaustive. A number of factors could cause actual events, performance or results to differ materially from what is projected in

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

PRESENTATION OF FINANCIAL INFORMATION

The financial statements of the Company incorporated by reference into this Prospectus are reported in United States dollars. Unless otherwise indicated, all financial information of the Company included and incorporated by reference in this Prospectus has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements of Moxie included in this Prospectus are reported in United States dollars. Unless otherwise indicated, all financial information of Moxie included in this Prospectus has been prepared in accordance with United States generally accepted accounting principles.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Green Growth Brands Inc. at 4300 East Fifth Ave., Columbus, Ohio 43219, telephone (647) 495-8798, and are also available electronically at www.sedar.com.

Except to the extent that their contents are modified or superseded by a statement contained in this Prospectus or any subsequently filed document that is also incorporated by reference herein, the following documents of the Company, which have been filed with the securities commissions or similar authorities in the provinces of British Columbia, Alberta, Ontario, Quebec and Nova Scotia, are specifically incorporated by reference into and form an integral part of this Prospectus:

(a) the annual information form of the Company for the financial year ended June 30, 2018 (the "**AIF**");

(b) the management information circular of the Company dated October 12, 2018 prepared in connection with the Company's annual and special shareholders' meeting held on November 2, 2018 (the "**RTO Information Circular**") regarding, among other things, the business combination and the acquisition of all of the issued and outstanding securities of "Green Growth Brands Ltd." (the **"RTO Acquiror**"), a private company (the "**RTO Transaction**"), which includes the following contained therein:

i. the RTO Acquiror's audited financial statements for the period from commencement of operations on February 14, 2018 to July 31, 2018 and related notes thereto, together with the independent auditors' report thereon (the "**RTO Acquiror Financial Statements**");

ii. the RTO Acquiror's management's discussion and analysis for the period from commencement of operations on February 14, 2018 to July 31, 2018 (the "**RTO Acquiror MD&A**"); and

iii. the *pro forma* financial statements of the RTO Acquiror as at June 30, 2018;

(c) the Company's audited financial statements as at and for the financial year ended June 30, 2018, and related notes thereto, together with the independent auditors' report thereon (the "**Annual Company Financial Statements**");

(d) the Company's management discussion and analysis for the financial year ended June 30, 2018 (the "**Annual Company MD&A**");

(e) the Company's unaudited interim consolidated financial statements as at and for the three and nine months ended March 31, 2019 and for the period February 14, 2018 (date of incorporation) to March 31, 2018 and related notes thereto (the "**Interim Company Financial Statements**");

(f) the Company's management discussion and analysis for three and nine months ended March 31, 2019 and the period ended March 31, 2018 (the "**Interim Company MD&A**");

(g) the business acquisition report of the Company dated September 24, 2018 in respect of the Company's acquisition of Nevada Organic Remedies LLC;

(h) the material change report of the Company dated July 29, 2019 in respect of the Offering;

(i) the term sheet dated July 23, 2019, filed on SEDAR in connection with the Offering (the "**Marketing Materials**");

(j) the material change report of the Company dated July 18, 2019 in respect of the Company entering into a securities acquisition and contribution agreement with, among others, Moxie (as defined herein), under which a new Ontario limited partnership, GGB LP (as defined herein), of which the Company will be the general partner, will acquire the operating companies of the Company and the issued and outstanding units of Moxie, an arm's length third party, in an all-equity interest transaction (the "**Moxie Material Change Report**");

(k) the material change report of the Company dated April 25, 2019 in respect of the Company (i) entering into a definitive agreement with Aphria Inc. ("**Aphria**") to shorten the expiry time for acceptance of its formal offer to acquire all of the issued and outstanding common shares of Aphria and (ii) the Company entering into a definitive agreement with GA Opportunities Corp. ("**GAOP**") to repurchase for cancellation 27,300,000 common shares of the Company held by GAOP;

(l) the material change report of the Company dated January 31, 2019 in respect of the appointment of Peter Horvath as Chief Executive Officer;

(m) the material change report of the Company dated January 31, 2019 in respect of the appointment of Brian Logan as Chief Financial Officer;

(n) the material change report of the Company dated January 31, 2019, in respect of a commitment letter with All Js, pursuant to which All Js committed to subscribe for up to $150 million of common shares of the Company as a backstop to the Company's proposed $300 million equity financing of common shares;

(o) the material change report of the Company dated December 18, 2018, in respect of the Company's agreement to accept an irrevocable option to acquire, among other things, all of the membership interests of Henderson Organic Remedies, LLC;

(p) the material change report of the Company dated December 18, 2018, in respect of the Company's agreement to acquire a Pahrump, Nevada cultivation facility operated by Wellness Orchards of Nevada LLC and Panorama WON LLC;

(q) the material change report of the Company dated December 12, 2018, in respect of the Company's agreement to acquire all of the issued and outstanding membership interests of Just Healthy LLC;

(r) the material change report of the Company dated November 16, 2018 in respect of the completion of the RTO Transaction (as defined herein); and

(s) the material change report of the Company dated July 17, 2018 in respect of the Company entering into a business combination agreement with the RTO Acquiror in connection with the RTO Transaction and the Company's agreement to acquire all of the membership interests of Nevada Organic Remedies LLC.

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

Any statement contained in this Prospectus or a document incorporated or deemed to be incorporated by reference into this Prospectus 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 which is also, or is deemed to be, incorporated by reference into this Prospectus modifies, replaces or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed to constitute a part of this Prospectus, except as so modified or superseded.

MARKETING MATERIALS

The Marketing Materials are not part of this short form prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by any statement contained in this short form prospectus. Any "template version" of "marketing materials" (as such terms are defined in National Instrument 41-101 — *General Prospectus Requirements*), filed with the securities commission or similar authority in each of the provinces and territories of Canada in connection with the Offering after the date hereof but prior to the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) is be deemed to be incorporated into this short form prospectus.

THE COMPANY

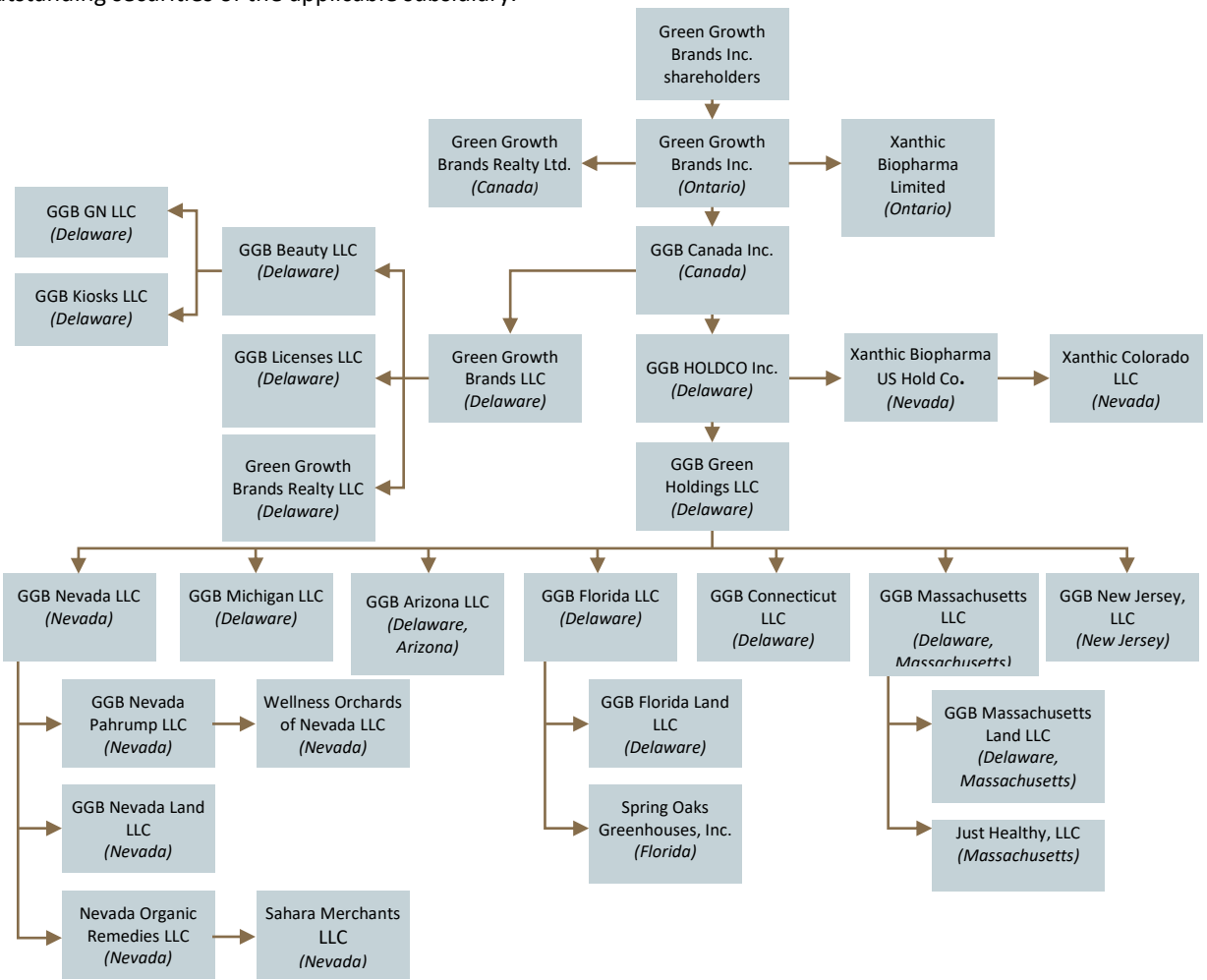
The Company is in the business of cultivating, processing, distributing, wholesaling, and retailing medical and adult-use cannabis, as well as the manufacture, marketing, wholesaling, and retailing of CBD-infused consumer products. The Company's business strategy is to continue to develop a premium cannabinoid brand offering, focusing on certain states in the United States where the sale of cannabis and CBD is not inconsistent with applicable law.

The Company intends to expand its retail and wholesale cannabis businesses as well as its CBD consumer products business through a combination of strategic partnerships, merger and acquisition activity, and organic license capture. The Company's objectives are to establish top-tier retail and medical cannabis locations, offer CBD-infused personal care products at retail via an expansive network of kiosks and brick-and-mortar locations, and distribute such CBD products at wholesale to larger national retailers. The Company has not received any commissions, incentives or other fees in connection with the operation of its medical cannabis business.

The Company's registered office is 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario M5L 1B9 and the head office of the Company is 4300 East Fifth Ave., Columbus, Ohio 43219. The Common Shares trade on the CSE under the symbol "GGB" and on the OTCQB under the symbol "GGBXF".

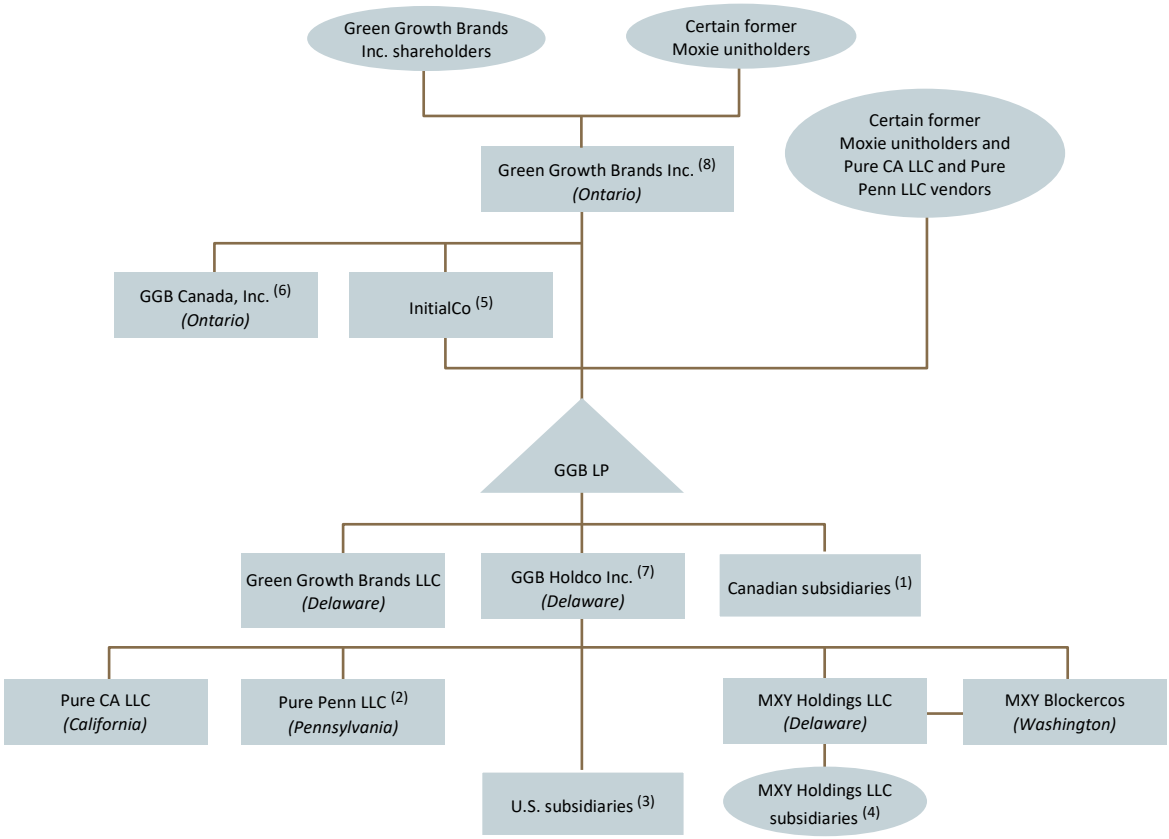
Corporate Structure Prior to Completion of Moxie Business Combination

The following chart illustrates the Company's corporate structure including details of the jurisdiction of formation of each subsidiary as of the date of this Prospectus. Unless otherwise noted all lines represent 100% ownership of outstanding securities of the applicable subsidiary.



Corporate Structure Following Completion of Moxie Business Combination

The following chart illustrates the Company's corporate structure including details of the jurisdiction of formation of each subsidiary following the completion of the Moxie Business Combination. Unless otherwise noted all lines represent 100% ownership of outstanding securities of the applicable subsidiary.



Notes:

(1) Canadian subsidiaries include Green Growth Brands Realty Ltd. and Xanthic Biopharma Ltd.

(2) GGB Holdco Inc. will own (subject to regulatory approval) a 17.18% interest in Pure Penn LLC. See "*Regulatory Overview*".

(3) U.S. subsidiaries include Xanthic Biopharma US Hold Co. (Timothy Moore serves as director), Xanthic Colorado LLC, GGB Green Holdings LLC, GGB Nevada LLC, GGB Michigan LLC, GGB Arizona LLC, GGB Florida LLC, GGB Connecticut LLC, GGB Massachusetts LLC, GGB New Jersey, LLC, GGB Nevada Pahrump LLC, Wellness Orchards of Nevada LLC, GGB Nevada Land LLC, Nevada Organic Remedies LLC (the board of managers consists of Andrew Jolley, Joseph Schottenstein, and Benton Kraner), Sahara Merchants LLC, GGB Florida Land LLC, Spring Oaks Greenhouses, Inc., GGB Massachusetts Land LLC and Just Healthy, LLC.

(4) MXY Holdings LLC subsidiaries include MXY License Holdings, LLC, MXY Universal LLC, MXY Ancillary Holdings, LLC, ANACAPA MD, LLC, ANACAPA AZ, LLC, ANACAPA CA, LLC, ANACAPA NV, LLC, ANACAPA PA, LLC, ANACAPA MI, LLC, ANACAPA NJ, LLC, MXY Property Holdings, LLC, MXY Equipment Holdings, LLC, and SEVEN TEN HOLDINGS, LLC.

(5) InitialCo will be incorporated in connection with the Moxie Business Combination. See "*Recent Developments*".

(6) The Board also serves as the board of directors for GGB Canada, Inc.

(7) The board of directors for GGB Holdco Inc. consists of Peter Horvath and Randy Whitaker.

(8) Unless otherwise indicated, the subsidiaries of the Company are member-managed entities and management of the Company is responsible for such subsidiaries.

Overview of the Company's Cannabis and CBD Businesses

Cannabis

The Company is the holder of the following state-issued licenses or certificates related to its cannabis operations, as further detailed under "*Regulatory Overview*". In Nevada, the Company, through its subsidiary Nevada Organic Remedies LLC ("**NOR**"), holds a medical cultivation, adult-use cultivation, medical production, adult-use production, medical dispensary, adult-use dispensary, and distribution license. Each of the NOR licenses are for operations in

Unincorporated Clark County in Nevada. NOR also holds seven provisional adult-use dispensary licenses following the award of such provisional licenses by the State of Nevada Department of Taxation on December 5th, 2018 in the City of Las Vegas, the City of North Las Vegas, Nye County, Unincorporated Clark County, the City of Reno, Carson City, and the City of Henderson, which the Company is in the process of perfecting. Moratoriums on additional adult-use dispensaries remain in place in City of North Las Vegas, Unincorporated Clark County, Carson City, and the City of Henderson, and there can be no assurance that such provisional licenses will receive final approval. See "*Regulatory Overview*" and "*Risk Factors*".

The Company is also the holder of medical cultivation and adult-use cultivation licenses through its subsidiary, Wellness Orchards of Nevada LLC ("**WON**"), which it operates in Nye County, Nevada. See "*Regulatory Overview*".

The Company further expects to complete the Henderson Acquisition (as defined herein) on or around August 28, 2019, at which time it will operate two separate The+Source locations in the Las Vegas metropolitan area. Henderson Organic (as defined herein) holds a medical dispensary and retail dispensary license in the City of Henderson. See "*Recent Developments*" and "*Regulatory Overview*".

The Company, through its subsidiary, Just Healthy LLC ("**Just Healthy**"), owns a provisional certificate of registration in the State of Massachusetts. This certificate enables Just Healthy to establish up to three medical dispensaries and a cultivation facility, with preferred treatment to be given for adult-use. The Company, as detailed below, anticipates opening an adult-use dispensary in Northampton, Massachusetts in early 2020. See "*Recent Developments*" and "*Regulatory Overview*".

The Company announced the completion of the Spring Oaks Acquisition (as defined herein) on August 1, 2019. Spring Oaks (as defined herein) is the holder of a vertically integrated Florida MMTC (as defined herein) license. Such license provides Spring Oaks with the ability to open up to 35 dispensary locations in the State of Florida. The State of Florida does not permit wholesale of cannabis between entities, however, sales in Florida are contingent upon the Company establishing a cultivation facility to supply its dispensary locations. See "*Recent Developments*" and "*Regulatory Overview*".

Cultivation

Nevada

The Company, through its subsidiaries, cultivates cannabis products at facilities located in (i) Las Vegas, featuring approximately 12,000 square feet, including approximately 5,000 square feet of canopy; and (ii) Nye County, featuring approximately 12,000 square feet, including approximately 5,000 square feet of canopy. See "*Regulatory Overview*".

Massachusetts

As part of its acquisition of Just Healthy, the Company purchased unimproved land in Northampton, Massachusetts upon which it may decide to erect a cultivation facility. See "*Recent Developments*" and "*Regulatory Overview*".

Florida

The Company, following the completion of the Spring Oaks Acquisition on August 1, 2019, is currently pursuing both leasing or purchasing opportunities related to a proposed cultivation facility to support the state-mandated verticality requirement applicable to MMTCs. See "*Recent Developments*", "*Regulatory Overview*" and "*Risk Factors*".

Production

Nevada

The Company utilizes approximately 1,700 square feet of 12,000 square feet available at the leased facility in Unincorporated Clark County for the purpose of manufacturing various marijuana infused and concentrated marijuana products. See "*Regulatory Overview*".

Massachusetts

The Company does not yet produce cannabis products in Massachusetts. As the state permits wholesale between processors for purposes of adult-use dispensary sales, the Company will continue to evaluate whether it will pursue a cultivation and processing location. See "*Regulatory Overview*".

Florida

The Company does not yet produce cannabis products in Florida. Following the completion of the Spring Oaks Acquisition on August 1, 2019, the Company will be pursuing production facilities as part of its proposed expansion in the Florida consistent with the verticality requirement imposed by the relevant state laws. See "*Recent Developments*" and "*Regulatory Overview*"

Dispensing

Nevada

The Company is currently dispensing products from its The+Source location in Unincorporated Clark County. The+Source features approximately 1,100 square feet of selling space and is regarded as one of the premier dispensaries in Las Vegas. The Company anticipates completing its acquisition of Henderson Organic on or about August 28, 2019, at which time it will own a second The+Source location in Henderson, Nevada, with approximately 1,100 feet of selling space. On December 5, 2018, the Company, through NOR, received seven additional provisional adult-use dispensary licenses from the State of Nevada Department of Taxation in the following locations: the City of Las Vegas, Unincorporated Clark County, the City of Reno, the City of Henderson, Nye County, Carson City, and the City of North Las Vegas. Subject to regulatory approvals, the Company anticipates opening its new dispensary in the City of Reno in August or September 2019, with its Nye County and City of Las Vegas locations expected to open in late 2019 and early 2020, respectively. See "*Regulatory Overview*" and "*Risk Factors*".

Massachusetts

The Company's subsidiary, Just Healthy, owns a provisional certificate of registration in the State of Massachusetts. This certificate provides for up to three medical dispensaries and a cultivation facility, with the ability to pursue adult-use dispensary locations as well. The Company is in the process of submitting its adult-use license application and anticipates opening its Northampton dispensary in early 2020. See "*Regulatory Overview*" and "*Risk Factors*".

Florida

The Company is in the process of securing real estate, by land lease or purchase, through which it will launch its Florida-based dispensaries. The Florida MMTC license, as of the closing of the Spring Oaks Acquisition on August 1, 2019, allows for up to 35 medical dispensary locations in Florida. Such locations, however, are subject to the Company establishing its cultivation facilities given the verticality requirement applicable in Florida. See "*Regulatory Overview*" and "*Risk Factors*".

CBD

The Company has developed a full line of CBD-infused consumer care products, including creams, lotions, sleep aids, skin care, and body care, available in over 100 different SKUs under its Seventh Sense Botanical Therapy ("**Seventh Sense**") brand. The Company, through its subsidiary, GGB Beauty LLC, has initiated the roll-out of these products following the passage of the Agriculture Improvement Act of 2018, which clarified the law regarding the sale of industrial hemp at the federal level. With CBD is no longer subject to the federal Controlled Substances Act, states were provided discretion to permit the sale of industrial hemp and its extracts. As of July 31, 2019, approximately 41 states had taken steps consistent with the federal change in law. The Company now sells its CBD products via its e-commerce website in approximately 41 states under its Seventh Sense brand.

In addition to e-commerce, the Company has actively pursued premium shopping mall locations through which it will operate its kiosk shop locations. Leveraging relationships with established entities such as Simon Properties and

Brookfield Properties Group, the Company has gained access to consumers in some of the best malls in the United States. The Company has opened more than 100 Seventh Sense shops and anticipates opening up to 100 more by the end of 2019.

The Company has further leveraged its retail experience and relationships to forge partnerships with American Eagle Outfitters, Inc. ("**AEO**"), DSW, Inc. ("**DSW**"), and Abercrombie & Fitch ("**A&F**"). Through these relationships, the Company has gained access to more than 160 A&F stores, more than 150 DSW locations, and, beginning in September 2019, access to nearly 500 AEO locations.

Additionally, the Company has an exclusive right to use the Greg Norman Shark brand related to CBD products in the United States, and it anticipates a test launch of this brand in late 2019, with a more robust rollout planned for 2020.

Objectives

The Company's objective as it relates to its cannabis business is to establish a leading presence in several pivotal states, and to expand strategically through acquisitions and organic license capture, to other states as such states permit medical and/or adult-use cultivation, production, and sale of cannabis. See "*Regulatory Overview*".

The Company believes that it is well-positioned to take advantage of the nascent cannabis industry, in part because of its strong leadership team, which has strong retail experience in other industries. The cannabis industry remains in its infancy, and such status presents both increased opportunity and increased risk. The Company intends to navigate the complex legal and regulatory framework applicable to the cannabis industry through retention of legal counsel in the various states where it seeks to operate, and through adherence to legal requirements and industry best practice. See "*Regulatory Overview" and* "*Risk Factors*".

The Company's objective as it relates to CBD is to develop top-quality beauty and skin care products and to capitalize on the legal and growing CBD market. The deep retail experience of the Company's leadership team positions the Company well to execute on its objectives. Consistent with its participation in the cannabis space, the Company intends to comply with applicable law related to the sale of CBD-infused products, with such sales occurring (and e-commerce deliveries made) only in states where not prohibited by law.

RECENT DEVELOPMENTS

Backstop Commitments

On August 14, 2019, the Company announced that it had entered into commitment letters with each of All Js Greenspace LLC, Park Lane Capital Limited, and Chiron Ventures Inc. (collectively, the "**Backstop Parties**"), pursuant to which the Backstop Parties have committed to subscribe for and purchase up to US$77,325,000 (in the aggregate) of convertible debentures (the "**Backstop Convertible Debentures**") of the Company to support the Company's operations and capital needs (the "**Commitment Letters**"). In accordance with the terms of the Commitment Letters, the Company is entitled to require each of the Backstop Parties to fulfill their respective commitments for a period of 12 months following completion of the Offering (the "**Backstop Term**") as follows: (i) as to up to US$52,325,000, in the event that the Debentures (as defined herein) cannot be extended or refinanced prior to the Maturity Date (as defined herein) (the "**Debentures Backstop Commitment**") and (ii) as to up to US$25,000,000, in the event the Company requires capital to fund operations during the Backstop Term (the "**Additional Backstop Commitment**"). The Backstop Convertible Debentures, if issued, will have a maturity date of 12 months from the date of issuance (the "**Backstop Maturity Date**") and will be convertible upon the election of the applicable Backstop Party at any time up to and including the Backstop Maturity Date into, in respect of the commitments from non-U.S. resident Backstop Parties, Common Shares at a conversion price equal to C$2.45 per Common Share and, in respect of the commitment from the U.S. resident Backstop Party, Proportionate Voting Shares at a conversion price per Proportionate Voting Share equal to $1,225 (being equivalent to C$2.45 per common share) divided by the Canadian-US exchange rate on the business day prior to conversion. Interest on the Backstop Convertible Debentures will accrue daily and will be payable on the Maturity Date. On the Backstop Maturity Date or upon the election of the applicable Backstop Party, the principal amount of the Backstop Convertible Debentures shall be payable by the Company in cash (together with all accrued interest payable thereon) or, at the option of the applicable Backstop Party, into Common Shares or Proportionate

Voting Shares, as the case may be, at the applicable conversion price, without adjustment for interest accrued on the Backstop Convertible Debentures or for dividends or distributions on the Common Shares or Proportionate Voting Shares, as the case may be, issuable upon conversion, all subject to the terms and conditions to be set forth in the definitive form of Backstop Convertible Debenture to be issued by the Company in form an substance satisfactory to the Backstop Parties and the Company, each acting reasonably. The obligations of the Company under the Backstop Convertible Debentures are will be secured by a general security agreement over all of the Company's applicable present and after-acquired personal property and will be subordinate to the Company's existing secured convertible debt. In connection with the Commitment Letters, and following the completion of the Offering, the Company will pay the Backstop Parties a fee in the aggregate of US$3,866,250, payable through the issuance of (i) Common Shares at a price equal to the closing market price of the Common Shares on the trading day immediately prior to such issuance, in the case of non-U.S. resident Backstop Parties and (ii) Proportionate Voting Shares, at a price equal to the closing market price of the Common Shares on the trading day immediately prior to such issuance, multiplied by 500 and divided by the Canadian-U.S. exchange rate on such date, in the case of U.S. resident Backstop Parties (the "**Backstop Fee**"). See "*Risk Factors".*

American Eagle Purchase Order

On July 11, 2019, the Company announced that it had received a purchase order from AEO, through which it will sell hemp-derived CBD-infused personal care products in nearly 500 of its AEO stores and online. The purchase order contemplates a wide-assortment of personal care products, to include lotions, muscle balms, and aromatherapy, with sales expected to begin in October 2019.

The Moxie Business Combination

On July 9, 2019, the Company announced that it had entered into a securities acquisition and contribution agreement, dated July 8, 2019, with, among others, MXY Holdings LLC ("**Moxie**") under which a new Ontario limited partnership ("**GGP LP**"), of which GGB will be the general partner, will acquire the operating companies of GGB and the issued and outstanding units of Moxie, an arm's length third party, in an all-equity interest transaction (the "**Moxie Business Combination**"). As part of the Moxie Business Combination, GGB LP will also be directly or indirectly acquiring shares of MXY C, Inc. and MXY D, Inc., Delaware entities within the Moxie structure, and Moxie's equity interests in two entities, PurePenn LLC and Pure CA, LLC, with which Moxie has current contribution agreements (subject to regulatory approval). The equity purchase price of the Moxie Business Combination is US$310,000,000 and will be satisfied through the issuance of either Common Shares and/or exchangeable limited partnership units in GGB LP. Closing of the Moxie Business Combination is expected to occur prior to January 2020 and remains subject to the satisfaction of various closing conditions, including receipt of all necessary regulatory approvals for the transfer of the cannabis-related licenses of Moxie by local and state authorities in each of the markets where Moxie's assets and licenses are held; approval from the CSE for the listing of Common Shares issuable in connection with the Moxie Business Combination (including the Common Shares issuable upon the exchange of the exchangeable limited partnership units in GGB LP); that all required securityholder approval for Moxie, MXY C, Inc. and MXY D, Inc. is received and certain pre-closing transactions have been effected; that certain lock-up agreements have been entered into; there has been no material adverse effect in respect of either Moxie or the Company; and, that all documents required in connection with the transfer of Moxie, MXY C, Inc. and MXY D, Inc. securities have been delivered to the Company. There are no assurances that the Moxie Business Combination will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus. See "*The Moxie Business Combination*" and "*Risk Factors*".

Abercrombie & Fitch Expansion

On June 27, 2019, the Company announced the expansion of its existing relationship with Abercrombie & Fitch, a division of A&F, through which the Company will sell to A&F certain of its CBD-infused personal care products under the Seventh Sense brand. The announcement represented A&F's decision to expand its 10-store test of the Company's products to as many as 160 A&F stores.

Brookfield Properties Leases

On June 10, 2019, the Company announced that it had entered into an arrangement through which the Company gained access to up to 70 prime shop locations in U.S. malls owned and operated by Brookfield Properties. Pursuant to the arrangement, the Company expects to further expand its chain of CBD-infused personal care product shops under the Seventh Sense brand and other Company brands.

Spring Oaks Greenhouses Inc. Acquisition

On June 4, 2019, the Company announced that on June 3, 2019, it had entered into an arm's length definitive agreement (the "**Spring Oaks Acquisition**") to acquire all of the issued and outstanding shares of capital stock of Spring Oaks Greenhouses, Inc. ("**Spring Oaks**"). Spring Oaks holds a medical marijuana dispensary license and authorization to operate as a Medical Marijuana Treatment Center in the State of Florida. The purchase price for the shares of capital stock of Spring Oaks was approximately $72,532,110 (US$54,650,000), subject to certain post-closing purchase price adjustments, which was to be satisfied by GGB through a combination of: (i) $34,470,930 (US$26,150,000) in cash, (ii) the issuance of Common Shares to Spring Oaks in the aggregate amount of $23,033,700 (US$17,100,000), with a price of $3.16 (US$2.35) per Common Share, and (iii) a convertible secured promissory note in the aggregate amount of $15,027,480 (US$11,400,000).

On July 29, 2019, the Company announced that it executed an amendment (the "**Spring Oaks Amendment**") to the Spring Oaks definitive agreement dated June 3, 2019. Pursuant to the Spring Oaks Amendment, the purchase price for the shares of capital stock of Spring Oaks of approximately $72,532,110 (US$54,650,000), subject to certain post-closing purchase price adjustments, shall be satisfied by the Company through a combination of: (i) a previously paid deposit of $1,779,570 (US$1,350,000) (the "**Deposit**"); (ii) a cash payment at closing of $2,636,400 (US$2,000,000), subject to certain post-closing purchase price adjustments (the "**Closing Cash Consideration**"); (iii) a cash payment of $3,954,600 (US$3,000,000) on or before August 31, 2019 (the "**Deferred Cash Consideration**"); (iv) the issuance of 7,289,145 Common Shares (the "**Consideration Shares**") to the owners of Spring Oaks representing an aggregate amount of $23,033,700 (US$17,100,000), at a price of $3.16 (US$2.35) per Consideration Share; (v) the issuance of 8,094,210 Common Shares (the "**Additional Consideration Shares**") to the owners of Spring Oaks representing an aggregate amount of $18,454,800 (US$14,000,000), at a price of $2.28 (US$1.72) per Additional Consideration Share; (vi) the issuance of a two-year convertible secured promissory note in the aggregate principal amount of $15,027,480 (US$11,400,000) (the "**Two-Year Note**"); and (vii) the issuance of a one-year convertible secured promissory note in the aggregate principal amount of $7,645,560 (US$5,800,000) (the "**One-Year Note**").

The Two-Year Note bears interest at a simple rate of 15%, payable after the first year, and has a maturity date of 24 months following the date of closing the Spring Oaks Acquisition. The Two-Year Note is convertible, on the maturity date, at the option of Spring Oaks, into Common Shares at a conversion rate equal to $3.16 (US$2.39) and is secured by the Spring Oaks assets. The One-Year Note bears interest at a simple rate of 15% per annum and has a maturity date of 12 months following the date of closing of the Spring Oaks Acquisition. The One-Year Note is convertible, on the maturity date, at the option of Spring Oaks, into Common Shares at a conversion rate of $2.28 (US$1.72), representing the closing market price of a Common Share on the CSE on the trading day immediately prior to the date of closing the Spring Oaks Acquisition. The One-Year Note is secured by the Spring Oaks assets. Both the Consideration Shares and the Additional Consideration Shares are subject to a lock-up agreement for 20 months following the date of closing the Spring Oaks Acquisition, to be released in increments of 1/20th over that time period.

The Company announced the completion of the Spring Oaks Acquisition on August 1, 2019.

In connection with the closing of the Spring Oaks Acquisition, the Company will pay a fee of $659,100 (US$500,000) to Jeremy Giles in full satisfaction and settlement of certain finder services performed on the Company's behalf (the "**Giles Fee**"). The Giles Fee will be paid through (i) a cash payment in the amount of $329,550 (US$250,00) and (ii) the issuance of Common Shares in the aggregate amount of $329,550 (US$250,00), at a price of $2.28 (US$1.72) per Common Share, representing the closing market price of a Common Share on the CSE on the trading day immediately prior to the date of the Spring Oaks Announcement. On closing of the Spring Oaks Acquisition, the Company has also entered into a consulting services agreement with Jeremy Giles for governmental relations services.

Award of Restricted Stock Units

On May 24, 2019, the Company announced the award of an aggregate of 595,000 restricted share units (the "**RSUs**") under the Company's equity incentive plan (the "**Plan**") to certain of its employees (the "**RSU Recipients**"). The RSUs will be granted to the RSU Recipients as compensation for their services to the Company and as an incentive mechanism to foster the interest of such persons in the long-term success of the Company.

Each RSU will carry the right to receive one Common Share upon vesting. All of the RSUs will vest in equal parts each year for a period of three years. All other terms and conditions of the RSUs are in accordance with the terms of the Plan.

ARC Ltd. Advisory Services Agreement

On May 22, 2019, the Company entered into an arm's length advisory services agreement with Authentic Retail Concepts, LTD ("**ARC**") for a variety of ongoing consulting services related to retail distribution strategies, including facilitating introductions to certain real estate owners and operators. As compensation for the services under the agreement, GGB issued to ARC 500,000 Common Shares valued at US$1,555,000 ($2,130,000) at the issue date thereof and 500,000 common share purchase warrants of GGB, reflecting the GGB share price of US$3.11 ($4.26) as of the close of trading on May 21, 2019. The shares are subject to a lock up agreement for a period of 12 months ending on January 8, 2020.

Award of Deferred Share Units

On May 22, 2019, the Company announced the grant of an aggregate of 212,636 deferred share units (the "**DSUs**") under the Plan to certain of its non-executive directors (the "**DSU Recipients**"). The DSUs will be granted to the DSU Recipients as a compensation for their services to the Company.

Each DSU will carry the right to receive one Common Share upon vesting. All of the DSUs will vest as of the date of award. All other terms and conditions of the DSUs are in accordance with the terms of the Plan.

Debenture Financing

On May 17, 2019, the Company announced that it had raised gross proceeds of $61,200,000 pursuant to a private placement of convertible debt in the form of 15% secured convertible debentures (the "**Debentures**") at a price of $1,000 per Debenture and with a conversion price equivalent to $7.00 per Common Share (the "**Debenture Financing**"). The net proceeds of the Debenture financing will be used for general corporate and working capital purposes. Each Debenture has a maturity date of May 17, 2020 (the "**Maturity Date**") and is convertible, in certain circumstances, into proportionate voting shares of the Company (the "**Proportionate Voting Shares**") at a conversion price per Proportionate Voting Share equal to $3,500.00 (being equivalent to $7.00 per Common Share) divided by the Canadian-US exchange rate on the business day prior to conversion (the "**Conversion Price**"). Interest on the Debentures accrues daily and is payable to the holders thereof initially on November 17, 2019 and the balance on the Maturity Date. On the Maturity Date, the principal amount of the Debentures shall be payable by the Company in cash (together with all accrued but unpaid interest thereon) or, at the option of the holder thereof, in Proportionate Voting Shares at the Conversion Price, without adjustment for interest accrued on the Debentures or for dividends or distributions on the Proportionate Voting Shares issuable upon conversion, all subject to the terms and conditions and in the manner set forth in the convertible debenture indenture dated May 17, 2019 between the Company and Capital Transfer Agency ULC. The obligations of the Company under the Debentures are secured by a general security agreement over all of the Company's applicable present and after-acquired personal property.

Award of Restricted Stock Units

On February 13, 2019, the Company announced the award of an aggregate of 2,120,000 RSUs under the Plan to certain RSU Recipients. The RSUs were granted to the RSU Recipients as compensation for their services to the Company and as an incentive mechanism to foster the interest of such persons in the long-term success of the Company.

Each RSU will carry the right to receive one Common Share of the Company upon vesting. All of the RSUs will vest in equal parts each year for a period of three years. All other terms and conditions of the RSUs are in accordance with the terms of the Plan.

Simon Property Group Leases

On February 11, 2019, the Company announced that it had entered into an arrangement through which the Company gained access to up to 108 prime shop locations in U.S. malls owned and operated by the Simon Property Group, Inc. ("**Simon**"). Pursuant to the arrangement, the Company expects to further expand its chain of CBD-infused personal care product shops under the Seventh Sense brand and other brands of the Company. In conjunction with the Simon transaction, the Company, through its wholly owned subsidiary, GGB Kiosks LLC, has entered into a consulting agreement for services rendered with Simon Canada Management Ltd. ("**Simon Canada**"). In exchange for the services rendered under this consulting agreement, which relate to GGB's shop expansion strategy, the Company issued to Simon Canada 500,000 Common Shares and 1,000,000 Common Share warrants with an exercise price of $5.85 per Common Share, with both the Common Shares and the Common Share warrants reflecting the Common Shares price as of close of trading on February 7, 2019. The Common Shares issued to Simon Canada are subject to a lock up agreement for a period of 12 months from the issue date ending on January 8, 2020.

The Company also entered into an advisory services agreement (the "**Advisory Agreement**") with J. Salter Ltd., d.b.a. Authentic Retail Concepts, Ltd. ("**ARC**"), for a variety of consulting services that leverage a network of strategic relationships, including Simon Property Group. As compensation for the services under the Advisory Agreement, the Company issued 500,000 Common Shares to ARC at a price of $5.85 per Common Share. The Common Shares issued to ARC are subject to a lock up agreement for a period of 12 months from the issue date ending January 8, 2020.

Authentic Brands Group and Greg Norman Licensing Agreement

On February 7, 2019, GGB Beauty LLC, a subsidiary of the Company, announced it executed a licensing agreement with Authentic Brands Group ("**ABG**") and the Greg Norman brand to develop a line of CBD-infused personal care products designed for active men and women. ABG is a brand development and marketing company. The agreement is for a five-year term with certain guaranteed annual minimum royalties. The Company has discretion to terminate the agreement at any time subject to a US$8,000,000 termination fee.

Senior Management Appointments

In late January 2019, the Company announced the appointment of Peter Horvath as Chief Executive Officer, Ed Kistner as Chief Administrative Officer and Brian Logan as Chief Financial Officer. On February 26, 2019, the Company announced the appointment of Randy Whitaker as Chief Operating Officer. On June 25, 2019, the Company announced the appointment of Jann Parish as Chief Marketing Officer.

ZLJT LLC & Arizona Natural Pain Solutions Inc. Acquisition

On January 31, 2019, the Company entered into an arm's length definitive agreement to acquire control of ZLJT LLC & Arizona Natural Pain Solutions Inc. (collectively, "**Desert Rose**"). Desert Rose holds a license for a vertically integrated operation in Arizona, including retail, cultivation & infusion (kitchen). As consideration for the membership interests, the Company would pay an aggregate purchase price of US$12,350,000 in cash. On June 4, 2019, the Company announced that it mutually agreed with Desert Rose to terminate the definitive agreement entered into between the parties and announced on January 31, 2019. Under the terms of the definitive agreement, neither the Company nor Desert Rose is responsible for any payments to the other party as a result of the termination of the definitive agreement.

Just Healthy LLC Acquisition

On January 30, 2019, the Company acquired 100% of the membership interests of Just Healthy LLC. Just Healthy holds provisional certificates of registration for a registered marijuana dispensary, as well as a cultivation and processing site, in Northampton, Massachusetts. The license allows for a total of up to three medical dispensaries with preferred treatment for future adult-use. Pursuant to the terms of the Just Healthy membership interest purchase agreement, the

Company issued 1,741,244 Common Shares to Just Healthy. The fair value of Common Shares on January 30, 2019 was $5.04. The Company also assumed and satisfied US$455,000 of Just Healthy corporate debt. In connection with the acquisition of Just Healthy, the Company elected to exercise an option to purchase land in the Northampton, Massachusetts area for a total purchase price of US$709,306.

As Just Healthy did not meet the definition of a business under *IFRS 3 – Business Combinations*, the acquisition was accounted for as a purchase of Just Healthy's assets. The consideration paid was determined as equity-settled share-based payments under IFRS 2, at the fair value of the equity of the Company issued to the shareholders of Just Healthy on the date of closing as noted above. IFRS 2 requires the shares issued for the acquisition of the net assets of Just Healthy be measured at the fair value of the net assets, unless the fair value cannot be reliably estimated. The Company is still in the process of finalizing the estimate of the net assets acquired and as such, it is possible that the measurement of the net assets and related shares issued may change. Management of the Company does not expect a material adjustment to this measurement.

The following represents the assets acquired:

	Total
Cash and cash equivalents	1,936
Deposits and other assets	50,000
Property and equipment	156,119
Intangible assets	6,925,712
Accounts payable and accrued liabilities	(117,020)
Note payable	(455,030)
	6,561,717

Fair value of consideration paid:	
Common shares	6,561,717
	6,561,717

The intangible assets relate to the cultivation, processing and dispensary provisional licenses awarded to Just Healthy in the State of Massachusetts. The provisional licenses entitle the Company to develop its presence in the State of Massachusetts. The Company has assessed these licenses with an indefinite useful life due to the nature of their indefinite life, provided the Company remains in good standing. See "*Regulatory Overview*" and "*Risk Factors*". As required under IAS 36, the Company tests annually, or more frequently if events or changes in circumstances indicate that they might be impaired. For testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (each a cash generating unit, or "**CGU**"). The Company tests the recoverability of its indefinite intangible license assets based on the higher of fair value less costs to sell and the value in use model (being the present value of expected future cashflows of the asset or CGU).

Aphria Takeover Bid

On January 23, 2019, the Company announced that it had filed its offer to purchase (the "**Aphria Offer**") all of the issued and outstanding common shares of Aphria (the "**Aphria Shares**") including any Aphria Shares that may become issued and outstanding after the date of the Aphria Offer but prior to 5:00 p.m. (Toronto time) on May 9, 2019 upon the conversion, exchange or exercise of any convertible securities, in accordance with the terms and subject to the conditions contained in the Aphria Offer. On April 15, 2019, the Company announced that it had reached an agreement with Aphria to shorten the expiry time for acceptance of the Aphria Offer from May 9, 2019, to April 25, 2019 and on April 25, 2019, the Company announced the Aphria Offer had expired. The Company did not take up any Aphria Shares as the conditions of the Aphria Offer had not been met.

Repurchase of Common Shares from GA Opportunities Corp.

On May 16, 2019, the Company announced that it had completed the previously announced repurchase of 27,300,000 Common Shares held by GA Opportunities Corp. ("**GAOC**") for aggregate consideration of $89,000,000, or at a discounted price of approximately $3.26 per Common Share (the "**GAOC Repurchase**"), representing approximately 13% of the outstanding Common Shares. The aggregate consideration was satisfied by delivery of a secured promissory note ("**GAOC Note**") in the principal amount of $39,000,000 and cash in the amount of $50,000,000. The GAOC Note is

payable on November 15, 2019 and bears interest at 3% per annum. GAOC or its permitted transferee will continue to hold 200,000 Common Shares following the completion of the GAOC Repurchase, which shares are subject to a 12-month lock up agreement on customary terms with 16,666 Common Shares released per month. As GAOC will hold less than 5% of the Common Shares on closing of the GAOC Repurchase (on a non-diluted basis), it no longer has rights under a certain nomination rights agreement entered into with the Company.

DSW Distribution

On January 10, 2019, the Company announced an agreement with DSW to sell hemp-derived CBD-infused personal care products under the Seventh Sense at up to 96 DSW store locations throughout the United States.

Henderson Organic Remedies Irrevocable Option

On December 14, 2018, the Company agreed to an irrevocable option (the "**Henderson Option**") to acquire all of the membership interests of Henderson Organic Remedies LLC ("**Henderson Organic**") together with the right to all of Henderson Organic's free cash flow until exercise of the Henderson Option in consideration of the issuance of (i) a secured loan in the principal amount of US$15,485,000 (the "**Loan**") and (ii) a common share purchase warrant (the "**Henderson Warrant**") exercisable to acquire an aggregate of 7,609,746 Common Shares. Henderson Organic operates a 2,693 square foot medical and retail marijuana dispensary facility located in Henderson, Nevada. In connection with these transactions, HOR Holdings LLC ("**HOR Holdings**") is expected to acquire (the "**Henderson Acquisition**") all of the membership interests of Henderson Organic.

The completion of the Henderson Acquisition and the exercise of the Henderson Warrant (which is intended to be satisfied by the issuance of the Henderson Option to the Company) is expected to occur on or around August 28, 2019. The proposed transactions have been structured to comply with both local and state laws and, following a change to local laws in Henderson, Nevada in February 2019 that permitted ownership by foreign, public entities, HOR Holdings assigned its interest in the Henderson Acquisition to GGB. The Loan, which was issued on December 13, 2018, to certain members of Henderson Organic, had an original maturity date of May 4, 2019, bears interest at an annual rate of 6% and is secured against (i) a portion of the payment obligation of NOR, in favor of the borrowers under the Loan (which portion is equal to the principal amount and accrued interest under the Loan) and (ii) all membership interests of Henderson Organic held by the borrowers under the Loan. The Henderson Warrant, which was issued to HOR Holdings on December 13, 2018, expires on December 31, 2019, and vests only upon completion of Henderson Acquisition. Once vested, the Henderson Warrant is exercisable to acquire an aggregate of 7,609,746 Common Shares at an exercise price of $3.16 per Common Share (reflecting the price per Common Share as of the close of trading on December 12, 2018).

An amendment was agreed on May 4, 2019 with the members of Henderson Organic to extend the due date of the Loan from May 4, 2019, to June 28, 2019. As a condition of the Loan extension, the Company agreed to return the licensing fees earned up to May 8, 2019. Therefore, the Company expects to incur a net charge of US$1,043,000 in the fourth quarter of 2019 in connection with the return of licensing fees earned to May 8, 2019.

A second amendment was entered into on June 24, 2019 with the members of Henderson Organic, pursuant to which the Henderson Warrant exercisable to acquire an aggregate of 7,609,746 Common Shares at an exercise price of $3.16 per Common Share was cancelled and replaced with a new common share purchase warrant, exercisable to acquire an aggregate of 3,973,230 Common Shares, at an exercise price of $3.03 per Common Share (the "**Revised Henderson Warrant**"), with the difference to be satisfied via a cash payment in the amount of US$8,979,500 (the "**HOR Cash Payment**"). The parties also amended the Loan to provide a maturity date of August 28, 2019. In consideration of the amendment to the maturity date of the Loan, the Company agreed to pay US$1,000,000 to the members of Henderson Organic as a non-refundable advance on the HOR Cash Payment. A portion of the net proceeds of this Offering will be used to pay the HOR Cash Payment. See "*Use of Proceeds*".

Wellness Orchards of Nevada LLC Acquisition

On December 12, 2018, the Company entered into definitive agreements to acquire a Pahrump, Nevada cultivation facility operated by WON and Panorama WON LLC ("**Panorama**") for a total purchase price of US$13,372,162. On May 17, 2019, the Company announced it had closed on this acquisition. Through this acquisition, the Company expects to

expand its current Nevada footprint to two cultivation facilities in 2019. WON currently operates a 12,000 square foot cannabis cultivation facility in Pahrump, Nevada while Panorama owns the real property and assets upon which the cultivation facility operates. The transaction closed on May 16, 2019.

Seven Additional Retail Licenses Awarded

On December 5, 2018, the Company was awarded seven additional retail cannabis dispensary licenses by the Nevada Department of Taxation to operate in the state of Nevada. The Company expects to have the first four locations operating by the end of calendar 2019, with the remainder opening in 2020, subject to the favorable resolution of regulations and permitting with local authorities.

Nevada Organic Remedies LLC Acquisition

On September 4, 2018, the Company through GGB Nevada LLC ("**GGB Nevada**"), a wholly owned subsidiary, completed the purchase of NOR from its members ("**NOR Members**") pursuant to which GGB Nevada acquired (the "**NOR Acquisition**") 95% of the outstanding membership interests of NOR for aggregate consideration of US$56,750,000 payable by a combination of cash, stock, and a promissory note in the original principal amount of US$21,565,000 ("**Purchase Note**"). The balance of the 5% or US$2,837,500 to the NOR Members was satisfied by the issuance of common shares of the resulting issuer following completion of the RTO Transaction, which was completed on November 9, 2018. However, under the NOR agreement, the remaining 5% is retained by the NOR Members as security until the Purchase Note is settled. Following an amendment that extended the maturity date of the Purchase Note from March 4, 2019, to May 4, 2019, the Company repaid US$6,080,000 of the Purchase Note on March 4, 2019, resulting in a principal amount of US$15,485,000 outstanding ("**Amended Purchase Note**"). Following a second amendment dated May 8, 2019, the maturity date of the Amended Purchase Note was extended to June 28, 2019. In conjunction with the June 24, 2019 amendments to the Henderson Acquisition, the maturity date of the Amended Purchase Note was extended to August 28, 2019. The Company intends to repay the balance of the Amended Purchase Note from the proceeds of the Offering. See *"Use of Proceeds".*

In connection with the NOR Acquisition, the Company recognized intangible assets of US$32,235,000, which included a fair value assessment of US$28,180,712 assigned to the indefinite license rights acquired. NOR has a total of 12 licenses in the State of Nevada. These licenses include medical and adult-use cultivation, production and dispensary licenses. The Company has assessed these licenses with an indefinite useful life due to the nature of their indefinite life, provided the Company remains in good standing. See "*Regulatory Overview*" and "*Risk Factors*". In addition, following the completion of the RTO Transaction, the Company recognized goodwill of a total US$26,332,480. Goodwill represents the excess of the purchase price paid by the Company in connection with the NOR Acquisition over the fair value of the net tangible and intangible assets acquired. Through the RTO Transaction and the NOR Acquisition, the Company had immediate access to one of the largest U.S. medical and recreational marketplaces, being the State of Nevada. The Company identified NOR as a fundamental cornerstone to its business plan to be a leading cannabis multistate operator. See "*Regulatory Overview*" and "*Risk Factors*".

As required under IAS 36 the Company tests annually, or more frequently if events or changes in circumstances indicate that they might be impaired. For testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Goodwill is allocated to the CGU that is expected to benefit from synergies of a related business combination and represent the lowest level within the Company at which management monitors goodwill.

The Company tests the recoverability of its indefinite assets including goodwill based on the higher of fair value less costs to sell and the value in use model (being the present value of expected future cashflows of the asset or CGU).

THE MOXIE BUSINESS COMBINATION

On July 8, 2019 GGB entered into a securities acquisition and contribution agreement (the "**Moxie Agreement**") with, among others, Moxie, under which GGB LP, of which GGB will be the general partner, will acquire the operating companies of GGB and the issued and outstanding units of Moxie, an arm's length third party, in an all-equity interest transaction. As part of the Moxie Business Combination, GGB LP will also be directly or indirectly acquiring shares of

MXY C, INC. ("**MXY C**") and MXY D, INC. ("**MXY D**"), Delaware entities within the Moxie structure, and Moxie's equity interests in two entities, PurePenn LLC and Pure CA, LLC (collectively, the "**Pure Entities**"), with which Moxie has current contribution agreements (subject to regulatory approval).

The Moxie Business Combination is structured to include the formation of GGB LP, a new Ontario limited partnership of which GGB will be the general partner, with the operating companies of GGB being placed under the partnership (the "**Reorganization**"). The equity consideration of the Moxie Business Combination is US$310,000,000 (the "**Equity Consideration**"). Payment of the Equity Consideration will be satisfied through the issuance of Common Shares and/or exchangeable limited partnership units in GGB LP ("**Exchangeable LP Units**") as follows: (i) through the issuance of Common Shares to the shareholders of MXY C and MXY D; (ii) through the issuance of either Common Shares and/or Exchangeable LP Units to the unitholders of Moxie; and (iii) through the issuance of Exchangeable LP Units to the holders of the Pure Entities (or, in the alternative, Moxie may acquire the interest in the Pure Entities for units in the capital of Moxie, prior to the closing of the Moxie Business Combination). The Exchangeable LP Units are exchangeable into Common Shares on a one-for-one basis for no additional consideration; however, the Exchangeable LP Units may not be exchanged for Common Shares for the first year following the closing of the Moxie Business Combination. The issuance of such Common Shares in connection with the Moxie Business Combination will have a dilutive effect in respect of the Company's existing securityholders and those who may purchase Common Shares in connection with this Offering.

The total number of securities issuable as payment under the Moxie Business Combination is equal to that number determined by dividing the Equity Consideration by the 30-day volume-weighted average price ("**VWAP**") of Common Shares ending on the third trading day prior to the closing (the "**Closing VWAP**") (but in no case will the Closing VWAP be less than US$2.07 or greater than US$3.45 (being the equivalent to $2.71 and $4.52, based on the Bank of Canada exchange rate as of July 5, 2019)), such that following the issuance of the Common Shares and Exchangeable LP Units, the former Moxie members, the shareholders of MXY C and MXY D and the holders of the Pure Entities will hold between approximately 11.9% and 26.4% of the fully-diluted equity of GGB (using the treasury method, and assuming no other issuances of GGB securities, other than pursuant to this Offering (excluding the securities issuable pursuant to the exercise of the Over-Allotment Option)) with the majority of such Common Shares to be subject to lock up agreements for a period of twelve (12) months from the closing of the Moxie Business Combination with staggered releases.

Closing of the Moxie Business Combination is expected to occur prior to January 2020 and remains subject to the satisfaction of various closing conditions, including receipt of all necessary regulatory approvals for the transfer of the cannabis-related licenses of Moxie by local and state authorities in each of the markets where Moxie's assets and licenses are held; approval from the CSE for the listing of Common Shares issuable in connection with the Moxie Business Combination (including the Common Shares issuable upon the exchange of the exchangeable limited partnership units in GGB LP); that all required securityholder approval for Moxie, MXY C, Inc. and MXY D, Inc. is received and certain pre-closing transactions have been effected; that the lock-up agreements have been entered into; there has been no material adverse effect in respect of either Moxie or the Company; and, that all documents required in connection with the transfer of Moxie, MXY C, Inc. and MXY D, Inc. securities have been delivered to the Company. There are no assurances that the Moxie Business Combination will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus.

The Moxie Agreement may be terminated in certain circumstances including by mutual agreement of the parties; by either party for a significant breach by the other party that would cause the closing conditions not to be met; by either party if the Moxie Business Combination has not been effected by June 30, 2020; by Moxie, if it does not receive a legal opinion from counsel regarding the United States federal income tax consequences of the exchange of certain units of Moxie for Exchangeable LP Units (the "**Opinion Termination**"); or, by GGB, if GGB enters into an agreement regarding an acquisition transaction (the "**Acquisition Termination"**). Subject to the terms and conditions set out in the Moxie Agreement, if either party terminates as a result of a significant breach by the other party, the breaching party will pay a termination fee of US$10,000,000 or if the Moxie Agreement is terminated by Moxie in the event of an Opinion Termination, under certain circumstances, it will pay GGB a termination fee of US$10,000,000. If the Moxie Agreement is terminated by GGB in the event of an Acquisition Termination, GGB will pay to Moxie a termination fee of US$17,500,000. GGB will satisfy payment of its termination fee, in either case, in Common Shares, and Moxie will

satisfy payment of its termination fee, in either case, through forgiveness of the Moxie Loan (as defined herein) and a cash payment.

On closing of the Moxie Business Combination, the Controlling Members of Moxie will be entitled to nominate two directors of GGB and, in connection with the foregoing, Moxie and certain shareholders of GGB, will enter into a nomination rights and voting agreement with respect to matters relating to the nomination and election of such nominees (the "**Voting Agreement**").[1] While none of the Controlling Members are expected to become "significant shareholders" (as such term is defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*) on an individual basis, their holdings, if aggregated, may exceed 10% of the issued and outstanding voting securities of the Company if, for example, any Controlling Member was considered to be acting joint or in concert with one or more other Controlling Members. The Exchangeable LP Units held by a Controlling Member are exchangeable, at the discretion and election of each Controlling Member, into Common Shares on a one-for-one basis for no additional consideration; however, the Exchangeable LP Units may not be exchanged for Common Shares for the first year following the closing of the Moxie Business Combination. Pursuant to the terms of the Voting Agreement, certain shareholders of GGB will covenant and agree to vote in favour of Moxie's nominees and the agreement will terminate on the earlier of: (i) the date after the first continuous 180-day period during which the Controlling Members interest is less than 20% of the Moxie Controlling Members interest immediately following the closing of the Moxie Business Combination; (ii) the date on which the Voting Agreement is terminated by mutual consent of the parties; and (iii) the dissolution or liquidation of GGB. Management of Moxie will continue to lead Moxie's business as part of the Moxie Business Combination, with key Moxie management joining the Company's management team.

As part of the Moxie Business Combination, Moxie has loaned US$5,000,000 to GGB (the "**Moxie Loan**") in order to fund certain pending acquisitions and the parties have agreed to enter into a distribution agreement (the "**Distribution Agreement**"). The Moxie Loan bears interest at 6% and, if the Moxie Business Combination is terminated, will be due and payable upon such termination, subject to certain set-off provisions provided for therein. The Distribution Agreement provides that GGB will distribute Moxie CBD products through its kiosk and dispensary network for a period of up to thirty (30) months.

The Moxie Business Combination Rationale

The Moxie Business Combination is a part of GGB's focused growth strategy. GGB is rapidly building its CBD business, including recently securing additional distribution through A&F and AEO, and is expanding its footprint of Seventh Sense shops from the current 61 to an expected 200+ by the end of calendar year 2019. GGB is also building its multistate operator ("**MSO**") network, which now includes the potential for up to 47 dispensary licenses in three key states.

The combination of Moxie and GGB would create one of the first cannabis companies to provide consumers a comprehensive product offering, including both CBD and tetrahydrocannabinol ("**THC**") product lines and distribution that runs from mainstream retail to cannabis dispensaries, all led by management with decades of expertise and credibility.

Each of the Company's and Moxie's board of directors has determined that the Moxie Business Combination is in the best interests of its respective company. Canaccord delivered a fairness opinion to the board of directors of GGB (the "**Board**"), and Eight Capital delivered a fairness opinion to the board of managers of Moxie.

Business of Moxie

Moxie produces cannabis concentrates and related products across multiple markets. Moxie is an MSO with distribution (or future distribution), either directly or indirectly through affiliates or investees, in California, Arizona, Nevada, Pennsylvania, New Jersey, and Ohio markets and its products are distributed in over 250 dispensaries across the United States. Moxie is recognized by its peers in cannabis, winning close to 100 industry awards over the years, including Brand of the Year at the 2018 California Cannabis Awards. Moxie's newest product, the DART vaporizer, won first place at the recent 2019 High Times SoCal Cannabis Cup with its Piña Colada flavor.

[1] Controlling Members, as defined in the Moxie Agreement means Lams Holdings, LLC, KPM84 LLC, and D18 Anacapa LLC.

By using FDA grade standard operating procedures and strict safety standards in their facilities and with a genetics library consisting of hundreds of strains, Moxie provides customers with high-quality adult-use and medical cannabis products. Moxie offers live resin vape cartridges, CBD vape cartridges, liquid Moxie vape cartridges and pre-rolled joints. As Moxie builds out its capacity, it will be employing its know-how and genetic library to continue to strive to be a leading product innovator.

Terms of the Moxie Agreement

For a summary of certain material provisions of the Moxie Agreement, please see the Moxie Material Change Report which is incorporated by reference in this Prospectus. The summary in the Moxie Material Change Report does not purport to be complete. The Moxie Agreement, a copy of which has been filed with Canadian securities regulatory authorities on SEDAR at www.sedar.com, should be consulted for the complete provisions, including those summarized in the Moxie Material Change Report. The Moxie Agreement may subsequently be amended or amended and restated and the summary below may no longer accurately reflect the material terms thereof. Any material amendments to the Moxie Agreement will be filed with Canadian securities regulatory authorities on SEDAR at www.sedar.com. The summary of the Moxie Agreement in the Moxie Material Change Report is not intended to be, and should not be relied upon as, disclosure of any facts and circumstances relating to GGB or Moxie.

REGULATORY OVERVIEW

In accordance with Staff Notice 51-352, below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where the Company is currently directly involved and through its subsidiaries, in the cannabis industry. Pursuant to Staff Notice 51-352, issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents, such as this Prospectus. As the Company, its subsidiaries and proposed acquisition targets are directly engaged in the cultivation, processing, sale and distribution of cannabis in the cannabis marketplace in the U.S., the Company is subject to Staff Notice 51-352. Although the Company's business activities are compliant with applicable U.S. state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under U.S. federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company. In accordance with the Staff Notice 51-352, below is a table of concordance that is intended to assist readers in identifying those parts of this Prospectus that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Cross Reference (Prospectus or Documents Incorporated by Reference)
All issuers with U.S. Marijuana-Related Activities	Describe the nature of the Company's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	• *Under the heading "The Company" in this Prospectus* • *Under the heading "Recent Developments" in this Prospectus* • *Under the heading "The Moxie Business Combination" in this Prospectus* • *Under the heading "General Development of the Business" in the AIF* • *Under the heading "Description of the Business" in the AIF*

	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	• *Bold boxed cover page disclosure* • *Under the heading "Regulatory Overview" of this Prospectus* • *Under the heading "Risk Factors" of this Prospectus* • *Under the heading "Issuers with U.S. Cannabis-Related Assets" in the AIF* • *Under the heading "Risk Factors" in the AIF*
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the Company conducts U.S. marijuana-related activities.	• *Bold boxed cover page disclosure* • *Under the heading "Regulatory Overview" of this Prospectus* • *Under the heading "Risk Factors" of this Prospectus* • *Under the heading "Risk Factors" in the AIF*
	Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the Company's ability to operate in the U.S.	• *Under the heading "Risk Factors" of this Prospectus* • *Under the heading "Risk Factors" in the AIF*
	Given the illegality of marijuana under U.S. federal law, discuss the Company's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	• *Under the heading "Issuers with U.S. Cannabis-Related Assets" in the AIF* • *Under the heading "Regulatory Overview" of this Prospectus* • *Under the heading "Risk Factors" in the AIF*
	Quantify the Company's balance sheet and operating statement exposure to U.S. marijuana related activities.	• *Under the heading "Regulatory Overview" of this Prospectus*
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and	*The Company has received and continues to receive legal input regarding (a) compliance with applicable state regulatory frameworks and (b) potential*

	implications arising from U.S. federal law.	*exposure and implications arising from U.S. federal law in certain respects. The Company has received such advice in verbal and written form (but not in the form of a legal opinion).*
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the Company operates and confirm how the Company complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	• *Under the heading "Regulatory Overview" of this Prospectus*
	Discuss the Company's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the Company is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the Company's license, business activities or operations.	• *Under the heading "Regulatory Overview" of this Prospectus* • *Under the heading "Issuers with U.S. Cannabis-Related Assets" in the AIF*
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the Company's investee(s) operate.	• *Under the heading "Regulatory Overview – Ohio" of this Prospectus*
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the Company is aware, that may have an impact on the investee's license, business activities or operations.	• *Under the heading "Regulatory Overview" of this Prospectus*
U.S. Marijuana Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	• *Under the heading "Regulatory Overview" of this Prospectus*

Federal Regulatory Environment

Under U.S. federal law, marijuana is currently classified as a Schedule I drug. The CSA classifies drugs in five different schedules. As a Schedule I drug, the federal Drug Enforcement Agency ("**DEA**") considers marijuana to have a high potential for abuse; no currently accepted medical use in treatment in the United States; and a lack of accepted safety for use of the drug under medical supervision.[2] The scheduling of marijuana as a Schedule I drug is inconsistent with what the Company believes to be the many valuable medical uses for marijuana accepted by physicians, researchers,

[2] 21 U.S.C. 812(b)(1).

patients, and others. As evidence of this, the federal Food and Drug Administration ("**FDA**") on June 25, 2018 approved Epidiolex (cannabidiol) ("**CBD**") oral solution for the treatment of seizures associated with two rare and severe forms of epilepsy, Lennox-Gastaut syndrome and Dravet syndrome, in patients two years of age and older. This is the first FDA-approved drug that contains a purified drug substance derived from marijuana. In this case, the substance is CBD, a chemical component of marijuana that does not contain the intoxication properties of THC, the primary psychoactive component of marijuana. The Company believes the CSA categorization as a Schedule I drug is not reflective of the medicinal properties of marijuana or the public perception thereof, and numerous studies show cannabis is not able to be abused in the same way as other Schedule I drugs, has medicinal properties, and can be safely administered. Moreover, while certain published studies show that marijuana may be less harmful than alcohol,[3] alcohol is not classified under the CSA. This disparity may reflect the comparative stigma associated with marijuana that factors into scheduling decisions by the DEA.

The federal position is also not necessarily consistent with democratic approval of marijuana at the state government level in the United States. As of July 26, 2019 thirty-three (33) states and the District of Columbia have passed laws legalizing marijuana for medicinal use by eligible patients.[4] In the District of Columbia, Puerto Rico, the U.S. Virgin Islands, the Northern Mariana Islands, and Guam and eleven (11) of these states – Alaska, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont and Washington – marijuana is legal for adult-use regardless of medical condition, although Washington D.C. has not legalized commercial sale of cannabis. The large increase in recent statewide referenda and legislation that liberalizes marijuana laws is consistent with public opinion. Public polling routinely shows large majorities of Americans in favor of the legalization of marijuana. For instance, a Gallup Organization survey in October of 2018 found that 66% of respondents in the United States support the legalization of marijuana.[5]

As more and more states legalized medical and/or adult-use marijuana, the federal government attempted to provide clarity on the incongruity between federal prohibition under the CSA and these state-legal regulatory frameworks. Until 2018, the federal government provided guidance to federal law enforcement agencies and banking institutions through a series of United States Department of Justice ("**DOJ**") memoranda. The most recent such memorandum was drafted by former Deputy Attorney General James Cole in 2013 (the "**Cole Memo**").[6]

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

1. Preventing the distribution of marijuana to minors;
2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;
3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;

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[3] See Lachenmeier, DW & Rehm, J. (2015). Comparative risk assessment of alcohol, tobacco, cannabis and other illicit drugs using the margin of exposure approach. *Scientific Reports*, 5, 8126. doi: 10.1038/srep08126; Thomas, G & Davis, C. (2009). Cannabis, Tobacco and Alcohol Use in Canada: Comparing risks of harm and costs to society. *Visions Journal*, 5. Retrieved from http://www.heretohelp.bc.ca/sites/default/files/visions_cannabis.pdf; Jacobus et al. (2009). White matter integrity in adolescents with histories of marijuana use and binge drinking. *Neurotoxicology and Teratology*, 31, 349-355. https://doi.org/10.1016/j.ntt.2009.07.006; Could smoking pot cut risk of head, neck cancer? (August 25, 2009). Retrieved from https://www.reuters.com/article/us-smoking-pot/could-smoking-pot-cut-risk-of-head-neck-cancer-idUSTRE57O5DC20090825; Watson, SJ, Benson JA Jr. & Joy, JE. (2000). Marijuana and medicine: assessing the science base: a summary of the 1999 Institute of Medicine report. Arch Gen Psychiatry Review, 57, 547-552. Retrieved from https://www.ncbi.nlm.nih.gov/pubmed/10839332; Hoaken, Peter N.S. & Stewart, Sherry H. (2003). Drugs of abuse and the elicitation of human aggressive behavior. *Addictive Behaviours*, 28, 1533-1554. Retrieved from http://www.ukcia.org/research/AgressiveBehavior.pdf; and Fals-Steward, W.,Golden, J. & Schumacher, JA. (2003). Intimate partner violence and substance use: a longitudinal day-to-day examination. *Addictive Behaviors*, 28, 1555-1574. Retrieved from https://www.ncbi.nlm.nih.gov/pubmed/14656545.

[4] *Governing Magazine*, State Marijuana Laws in 2018 Map, *available at* http://www.governing.com/gov-data/safety-justice/state-marijuana-laws-map-medical-recreational.html (visited August 14, 2019).

[5] Justin McCarthy, *Two in Three Americans Now Support Legalizing Marijuana*, GALLUP (October 22, 2018), *available at* https://news.gallup.com/poll/243908/two-three-americans-support-legalizing-marijuana.aspx.

[6] U.S. Dept. of Justice. (2013). Memorandum for all *United States Attorneys re: Guidance Regarding Marijuana Enforcement*. Washington, DC: US Government Printing Office, *available at* https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf (visited August 14, 2019). Prior to the Cole Memo, the DOJ issued other memoranda, including *Investigations and Prosecutions in States Authorizing the Medical Use of Marijuana* (Oct. 19, 2009) and *Guidance Regarding the Ogden Memo in Jurisdictions Seeking to Authorize Marijuana for Medical Use* (June 29, 2011).

4. Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
5. Preventing the violence and the use of firearms in the cultivation and distribution of marijuana;
6. Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
8. Preventing marijuana possession or use on federal property.

On January 4, 2018, then United States Attorney General Jefferson Sessions rescinded the Cole Memo by issuing a new memorandum to all United States Attorneys (the "**Sessions Memo**").[7] Rather than establish national enforcement priorities particular to marijuana-related crimes in jurisdictions where certain marijuana activity was legal under state law, the Sessions Memo instructs that "[i]n deciding which marijuana activities to prosecute... with the [DOJ's] finite resources, prosecutors should follow the well-established principles that govern all federal prosecutions." Namely, these include the seriousness of the offense, history of criminal activity, deterrent effect of prosecution, the interests of victims, and other principles.

Then U.S. Attorney General Jeff Sessions resigned on November 7, 2018 and was replaced by Matthew Whitaker as interim Attorney General. On February 14, 2019, William Barr was sworn in as Attorney General. It is unclear what position the new Attorney General will take on the enforcement of federal laws with regard to the U.S. cannabis industry. However, in a written response to questions from U.S. Senator Cory Booker made as a nominee, Attorney General Barr stated "I do not intend to go after parties who have complied with state law in reliance on the Cole Memorandum."

In the absence of a uniform federal policy, as had been established by the Cole Memo, numerous United States Attorneys with state-legal marijuana programs within their jurisdictions have announced enforcement priorities for their respective offices. For instance, Andrew Lelling, United States Attorney for the District of Massachusetts, stated that while his office would not immunize any businesses from federal prosecution, he anticipated focusing the office's marijuana enforcement efforts on: (1) overproduction; (2) targeted sales to minors; and (3) organized crime and interstate transportation of drug proceeds.[8] Other United States Attorneys provided less assurance, promising to enforce federal law, including the CSA in appropriate circumstances.

Due to the CSA categorization of marijuana as a Schedule I drug, federal law also makes it illegal for financial institutions that depend on the Federal Reserve's money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses under the United States Currency and Foreign Transactions Reporting Act of 1970 as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* (the "**Bank Secrecy Act**"). Therefore, under the Bank Secrecy Act, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be charged with money laundering or conspiracy.

While there has been no change in U.S. federal banking laws to accommodate businesses in the large and increasing number of U.S. states that have legalized medical and/or adult-use marijuana, the Department of the Treasury Financial Crimes Enforcement Network ("**FinCEN**"), in 2014, issued guidance to prosecutors of money laundering and other financial crimes (the "**FinCEN Guidance**"). The FinCEN Guidance advised prosecutors not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses so long as that business is legal in their state and none of the federal enforcement priorities referenced in the Cole Memo are being violated (such as

[7] U.S. Dept. of Justice. (2018). *Memorandum for all United States Attorneys re: Marijuana Enforcement*. Washington, DC: US Government Printing Office, *available at* https://www.justice.gov/opa/press-release/file/1022196/download.
[8] U.S Attorney's Office District of Massachusetts (2018). *Statement of U.S. Attorney Andrew Lelling Regarding the Legalization of Recreational Marijuana in Massachusetts*, *available at* https://www.justice.gov/usao-ma/pr/statement-us-attorney-andrew-lelling-regarding-legalization-recreational-marijuana.

keeping marijuana away from children and out of the hands of organized crime). The FinCEN Guidance also clarifies how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations, including thorough customer due diligence, but makes it clear that they are doing so at their own risk. The customer due diligence steps include:

1. Verifying with the appropriate state authorities whether the business is duly licensed and registered;
2. Reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;
3. Requesting from state licensing and enforcement authorities available information about the business and related parties;
4. Developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus adult-use customers);
5. Ongoing monitoring of publicly available sources for adverse information about the business and related parties;
6. Ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and
7. Refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk.

With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

Because most banks and other financial institutions are unwilling to provide any banking or financial services to marijuana businesses, these businesses can be forced into becoming "cash-only" businesses. While the FinCEN Guidance decreased some risk for banks and financial institutions considering serving the industry, in practice it has not increased banks' willingness to provide services to marijuana businesses. This is because, as described above, the current law does not guarantee banks immunity from prosecution, and it also requires banks and other financial institutions to undertake time-consuming and costly due diligence on each marijuana business they accept as a customer. In fact, some banks that had been servicing marijuana businesses have been closing the marijuana businesses' accounts and are now refusing to open accounts for new marijuana businesses due to cost, risk, or both.

The few state-chartered banks and/or credit unions that have agreed to work with marijuana businesses are limiting those accounts to small percentages of their total deposits to avoid creating a liquidity risk. Since, theoretically, the federal government could change the banking laws as it relates to marijuana businesses at any time and without notice, these credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from marijuana businesses in a single day, while also keeping sufficient liquid capital on hand to serve their other customers. Those state-chartered banks and credit unions that do have customers in the marijuana industry charge marijuana businesses high fees to pass on the added cost of ensuring compliance with the FinCEN Guidance.

Unlike the Cole Memo, however, the FinCEN Guidance from 2014 has not been rescinded. The Secretary of the U.S. Department of the Treasury, Stephen Mnuchin, has publicly stated that the Department was not informed of any plans to rescind the Cole Memo. Secretary Mnuchin stated that he does not have a desire to rescind the FinCEN Guidance.[9]

Despite the recent rescission of the Cole Memo, the Company continues to do the following towards ensuring compliance with the guidance provided by the Cole Memo, the FinCEN Guidance, and other best industry practices:

- The Company and its subsidiaries operate in compliance with 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.

[9] Angell, Tom. (February 6, 2018). Trump Treasury Secretary Wants Marijuana Money In Banks, *available at* https://www.forbes.com/sites/tomangell/2018/02/06/trump-treasury-secretary-wants-marijuana-money-in-banks/#2848046a3a53; *see also* Mnuchin: Treasury is reviewing cannabis policies. (2018 February 7), *available at* http://www.scotsmanguide.com/News/2018/02/Mnuchin--Treasury-is-reviewing-cannabis-policies/.

- The Company's cannabis-related activities adhere to the scope of the licensing obtained – for example, in the states where only medical cannabis is permitted, products are sold only to patients who hold the necessary documentation to permit the possession of the cannabis.
- The Company performs due diligence on contractors or anyone provided access to secure areas of its facilities to prevent products from being distributed to minors.
- The Company works to ensure that the licensed operators have an adequate inventory tracking system and adequate procedures in place so that their compliance system can track inventory effectively. This is done so that there is no diversion of cannabis or cannabis products into states where cannabis is not permitted by state law, or across state lines in general.
- The Company conducts background checks as required by applicable state law.
- The Company conducts reviews of activities of the cannabis businesses, the premises on which they operate, and the policies and procedures that are related to possession of cannabis or cannabis products outside of its licensed premises (including the cases where such possession is permitted by regulation – e.g. transfer of products between licensed premises). These reviews are completed to ensure that licensed operators do not possess or use cannabis on federal property or engage in manufacturing or cultivation of cannabis on federal lands.
- The Company's product packaging complies with applicable regulations and contains necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

In recent years, certain temporary federal legislative enactments that protect the medical marijuana and hemp industries have also been in effect. For instance, certain marijuana businesses receive a measure of protection from federal prosecution by operation of temporary appropriations measures that have been enacted into law as amendments (or "riders") to federal spending bills passed by Congress and signed by both Presidents Obama and Trump. For instance, in the Appropriations Act of 2015, Congress included a budget "rider" that prohibits the DOJ from expending any funds to enforce any law that interferes with a state's implementation of its own medical marijuana laws.[10] The rider is known as the "Rohrbacher-Farr" Amendment after its original lead sponsors (it is also sometimes referred to as the "Rohrbacher-Blumenauer" Amendment, but it is referred to in this Prospectus as "**Rohrbacher-Farr**").

Originally, a Republican-controlled House and Democratic-controlled Senate passed the Rohrbacher-Farr Amendment. The bill was "a bipartisan appropriations measure that looks to prohibit the DEA from spending funds to arrest state-licensed medical marijuana patients and providers."[11] Subsequently, the amendment has been included in multiple budgets passed by a Republican-controlled Congress. While the Rohrbacher-Farr Amendment has been included in successive appropriations legislation or resolutions since 2015, its inclusion or non-inclusion is subject to political change.

The Rohrbacher-Farr Amendment (now known colloquially as the "Joyce/Leahy Amendment" after its most recent sponsors) was included in the Consolidated Appropriations Act of 2019, which was signed by President Trump on February 14, 2019 and funds the departments of the federal government through the fiscal year ending September 30, 2019. In signing the Act, President Trump issued a signing statement noting that the Act "provides that the Department of Justice may not use any funds to prevent implementation of medical marijuana laws by various States and territories," and further stating "I will treat this provision consistent with the President's constitutional responsibility to faithfully execute the laws of the United States." While the signing statement can fairly be read to mean that the executive branch intends to enforce the Controlled Substances Act and other federal laws prohibiting the sale and possession of medical marijuana, the president did issue a similar signing statement in 2017 and no federal enforcement actions followed.

CBD is a product that often is derived from hemp, which contains only trace amounts of THC, the psychoactive substance found in marijuana. On December 20, 2018, President Trump signed the Agriculture Improvement Act of

[10] 2015 Appropriations Act, Public Law No. 113-235 § 538.17.
[11] Statement of Rep. Alcee Hastings, 160 Cong. Rec. 82, H4914, H4984 (daily ed. May 29, 2014).

2018 (popularly known as the 2018 Farm Bill) into law.[12] Until the 2018 Farm Bill became law, hemp and products derived from it, such as CBD, fell within the definition of "marijuana" under the CSA and the DEA classified hemp as a Schedule I controlled substance because hemp is part of the cannabis plant.[13]

The 2018 Farm Bill defines hemp as the plant Cannabis sativa L. and any part of the plant with a delta-9 THC concentration of not more than 0.3 percent by dry weight and removes hemp from the CSA. The 2018 Farm Bill also allows states to create regulatory programs allowing for the licensed cultivation of hemp and production of hemp-derived products. Hemp and products derived from it, such as CBD, may then be sold into commerce and transported across state lines provided that the hemp from which any product is derived was cultivated under a license issued by an authorized state program and otherwise meets the definition of hemp removed from the CSA. Notwithstanding the 2018 Farm Bill, the FDA has maintained that infusion of CBD into food products and beverages remains unlawful when introduced into interstate commerce pursuant to the U.S. federal Food, Drug and Cosmetic Act.

An additional challenge to marijuana-related businesses is that the provisions of the Internal Revenue Code, Section 280E, are being applied by the IRS to businesses operating in the medical and adult-use marijuana industry. Section 280E of the Internal Revenue Code prohibits marijuana businesses from deducting their ordinary and necessary business expenses, forcing them to pay higher effective federal tax rates than similar companies in other industries. The effective tax rate on a marijuana business depends on how large its ratio of non-deductible expenses is to its total revenues. Therefore, businesses in the legal cannabis industry may be less profitable than they would otherwise be.

State Regulatory Environment

The following sections describe the legal and regulatory landscape in the states in which the Company (Massachusetts, Nevada and Florida), Henderson Organic (Nevada) and Moxie (Arizona, California, Nevada, New Jersey, Ohio and Pennsylvania) may operate or distribute products. While the Company, and to the knowledge of the Company, Moxie, work to ensure that their operations comply with applicable state laws, regulations, and licensing requirements, for the reasons described above and the risks further described under the heading "*Risk Factors*", there are significant risks associated with the business of the Company. Readers are strongly encouraged to carefully read and consider all of the risk factors contained under the heading "*Risk Factors*" below and in the documents incorporated by reference in this Prospectus, including those risks identified and discussed under the heading "*Risk Factors*" in the RTO Information Circular, the AIF and the Interim Company MD&A, all of which are incorporated by reference into this Prospectus.

The Company, through its subsidiaries holds licenses that are in good standing to cultivate, produce, dispense and distribute marijuana in Nevada, and a provisional certificate of registration ("**PCR**") in Massachusetts. The PCR provides the ability to open up to three medical dispensaries, a cultivation facility, with preferential treatment given for adult-use. The Company's adult-use application in Massachusetts remains pending before the Massachusetts Cannabis Control Commission. The Company also holds licenses that are in good standing to cultivate, produce, dispense and distribute marijuana in Florida. Henderson Organic operates a medical and retail dispensary in Nevada. Moxie, through a subsidiary, will hold licenses that are in good standing to cultivate, produce, dispense and distribute marijuana in California. Moxie is a party to a product advisory agreement with a third party (the "**Arizona Partner**") in the State of Arizona, who has a right to manage medical marijuana operations pursuant to a management services agreement with an Arizona license holder for medical marijuana. Moxie is a party to a product advisory agreement with a third party (the "**New Jersey Partner**") in the State of New Jersey, who is a New Jersey license holder for medical marijuana. Moxie is a party to an advisory services agreement and brand license agreement with a third party (the "**Nevada Partner**") in the State of Nevada, who is a Nevada license holder for marijuana. Moxie also holds a 7% equity interest in Pura Ohio Processing, LLC, an Ohio based operation holding licenses that, to the knowledge of Moxie, are in good standing to process marijuana in the state of Ohio. A subsidiary of Moxie will own (subject to regulatory approval) a 17.18% equity interest in PurePenn LLC, a Pennsylvania based operation holding licenses that, to the knowledge of Moxie, are in good standing to grow and process marijuana in the Commonwealth of Pennsylvania. The Company, and to the Company's knowledge, Moxie, are fully in compliance with respect to their respective cannabis-related activities and have not

[12] H.R.2 - 115th Congress (2017-2018): Agriculture Improvement Act of 2018, Congress.gov (2018), https://www.congress.gov/bill/115th-congress/house-bill/2/text.
[13] *See, e.g.,* 21 C.F.R. § 1308.35.

received any uncorrected notices of violations with respect to any of their cannabis-related activities by any regulatory authority. The Company will promptly disclose any non-compliance, citations or notices of violation which may have an impact on its licenses, business activities or operations.

While the Company's, and to the Company's knowledge, Henderson Organic's and Moxie's, business activities are compliant with applicable state and local law, such activities remain illegal under United States federal law. See "*Risk Factors*" for more details.

The Company and Moxie each maintain a rigorous compliance program to ensure that each complies with all laws, regulations, and local rules applicable in the cannabis industry. The General Counsel of the Company, and with respect to Moxie, the SVP of Finance and VP of Operations, oversee, maintain, and implement their respective compliance programs and personnel in order to ensure that operations do not endanger the health, safety, or welfare of the community and that of each of the Company and Moxie is compliant with state laws and regulations. In addition, the Company and Moxie each retain regulatory and compliance counsel proficient (and in the case of Moxie, a third-party quality assurance auditor) in those jurisdictions in which each operates or is actively pursuing operations. The Company and Moxie each utilize security employees and contractors to ensure that their respective operations comply at all times with formal security procedures and policies.

Compliance begins with the proper training of employees. The Company has and will continue to offer robust employee training plan for those individuals involved in the cultivation, production, dispensing, or distribution of cannabis. The Company is committed to providing employees and customers with training and up-to-date information that will help them better understand the legal and operational issues regarding the use of cannabis and cannabis-infused products pursuant to applicable law. Employees and volunteers are trained before working in a facility and are required to complete mandatory on-going training and performance evaluations.

The compliance program of Henderson Organic is substantially similar to the process described above for the Company.

The following table sets forth a summary of the operations of the Company and its subsidiaries in the U.S., detailing (i) the applicable state(s) of operations; (ii) whether such operations relate to medical or adult-use cannabis; (iii) whether the activities of the Company or its subsidiaries are direct, indirect or ancillary in nature (as defined in Staff Notice 51-352); (iv) the number and type of licenses held by the Company or its subsidiaries; and (v) whether such licensed facilities are operational.

U.S. Operations Chart[14]

Entity	U.S. State of Operation	Medical or Adult-Use Cannabis	Direct / Indirect / Ancillary	Number of Licenses	Operational
GGB HoldCo Inc.[15]	Delaware	N/A	Direct	None	N/A
Green Growth Brands LLC	Delaware Florida Ohio	N/A	Ancillary[16]	None	N/A
GGB Beauty LLC	Alabama Arizona Arkansas	N/A	Ancillary[17]	None	N/A

[14] This table identifies all U.S. operations of the Company and its subsidiaries and excludes the following entities, which do not have any U.S. operations or are inactive: Green Growth Brands Inc. (no U.S. operations), GGB Canada Inc. (no U.S. operations), Green Growth Brands Realty Ltd. (no U.S operations), Xanthic Biopharma Ltd. (inactive), Green Growth Brands Realty LLC (inactive), GGB GN LLC (inactive), GGB Kiosks LLC (inactive), GGB New Jersey LLC (inactive), GGB Arizona LLC (inactive), GGB Michigan LLC (inactive), GGB Connecticut LLC (inactive), Xanthic Biopharma US Hold Co. (inactive) and Xanthic Colorado LLC (inactive).

[15] GGB HoldCo Inc. is incorporated in Delaware and is directly operational in the U.S. cannabis industry in other jurisdictions through its subsidiaries.

[16] The Company provides goods and/or services including, but not limited to, financing, management, consulting and/or administrative services to these license holders to assist in the operations of their cannabis businesses.

[17] See footnote 16.

	California Colorado Connecticut Delaware Florida Georgia Hawaii Illinois Indiana Kansas Kentucky Maine Maryland Massachusetts Michigan Minnesota Missouri Nevada New Hampshire New Jersey New York North Carolina Ohio Oklahoma Oregon Pennsylvania Rhode Island South Carolina Tennessee Texas Utah Wisconsin				
GGB Licenses LLC	Delaware Florida Ohio	N/A	Ancillary[18]	None	N/A
GGB Green Holdings LLC	Delaware Ohio	Medical and Adult-Use	Direct	None	N/A
GGB Massachusetts LLC	Delaware Massachusetts	Adult-Use	Direct	None	No
GGB Massachusetts Land	Delaware Massachusetts	Adult-Use	Ancillary[19]	None	No
Just Healthy LLC	Massachusetts	Adult-Use	Direct	1 provisional certificate of registration	No
GGB Nevada LLC	Nevada	Medical and Adult-Use	Direct	None	No
GGB Nevada Pahrump LLC	Nevada	Medical and Adult-Use	Direct	None	No
GGB Nevada Land LLC	Nevada	Medical and Adult-Use	Ancillary[20]	None	No

[18] See footnote 16.
[19] See footnote 16.
[20] See footnote 16.

Nevada Organic Remedies LLC	Nevada	Medical and Adult-Use	Direct	7 licenses, including: 2 cultivation (medical and adult-use, 2 dispensary (medical and adult-use), 2 production (medical and adult-use) and 1 distribution; 7 additional provisional adult-use dispensary licenses	Yes
Wellness Orchards of Nevada LLC	Nevada	Medical and Adult-Use	Direct	2 cultivation licenses (medical and adult-use)	Yes
Sahara Merchants LLC	Nevada	Medical and Adult-Use	Ancillary[21]	None	N/A
GGB Florida LLC	Delaware Florida	Medical	Direct	None	N/A
GGB Florida Land LLC	Delaware Florida	Medical	Ancillary[22]	None	N/A
Spring Oaks Greenhouses Inc.	Florida	Medical	Direct	1 vertical license	No

The following sections describe the legal and regulatory landscape in the states in which the Company, and in the case of Nevada, Henderson Organic and Moxie, operate, namely Massachusetts, Nevada and Florida:

Massachusetts (Medical)

The Commonwealth of Massachusetts has authorized the cultivation, possession and distribution of marijuana for medical purposes by certain licensed Massachusetts marijuana businesses. The Medical Use of Marijuana Program (the "**MUMP**") registers qualifying patients, personal caregivers, Registered Marijuana Dispensaries ("**RMDs**"), and RMD agents. The MUMP was established by Chapter 369 of the Acts of 2012, "An Act for the Humanitarian Medical Use of Marijuana", following the passage of the Massachusetts Medical Marijuana Initiative, Ballot Question 3, in the 2012 general election. Additional statutory requirements governing the MUMP were enacted by the Legislature in 2017 and codified at G.L. c. 94I, et. seq. (the "**Massachusetts Medical Act**"). RMD Certificates of Registration are vertically integrated licenses in that each RMD Certificate of Registration entitles a license holder to one cultivation facility, one processing facility and one dispensary locations. There is a limit of three (3) RMD licenses per person/entity.

The Commonwealth of Massachusetts Cannabis Control Commission ("**CCC**") regulations, 935 CMR 501.000 et seq. ("**Massachusetts Medical Regulations**"), provide a regulatory framework that requires RMDs to cultivate, process, transport and dispense medical cannabis in a vertically integrated marketplace. Patients with debilitating medical conditions qualify to participate in the program, including conditions such as cancer, glaucoma, positive status for human immunodeficiency virus (HIV), acquired immune deficiency virus (AIDS), hepatitis C, amyotrophic lateral sclerosis (ALS), Crohn's disease, Parkinson's disease, and multiple sclerosis (MS) when such diseases are debilitating,

[21] See footnote 16.
[22] See footnote 16.

and other debilitating conditions as determined in writing by a qualifying patient's healthcare provider. The CCC assumed control of the MUMP from the Department of Public Health on December 23, 2018.

The Company (through its subsidiaries in the Commonwealth of Massachusetts) is in compliance with applicable licensing requirements and the regulatory framework enacted by the Commonwealth of Massachusetts.

Massachusetts Licensing Requirements (Medical)

The Massachusetts Medical Regulations delineate the licensing requirements for RMDs in Massachusetts. Licensed entities must demonstrate the following: (i) they are licensed and in good standing with the Secretary of the Commonwealth of Massachusetts; (ii) no executive, member or any entity owned or controlled by such executive or member directly or indirectly controls more than three RMD licenses; (iii) vaporizers must be made available for sale; (iv) an RMD may not cultivate and dispense medical cannabis from more than two locations statewide; (v) dispensary agents must be registered with the Massachusetts Department; (vi) an RMD must have a program to provide reduced cost or free marijuana to patients with documented verifiable financial hardships; (vii) one executive of an RMD must register with the Massachusetts Department of Criminal Justice Information Services on behalf of the entity as an organization user of the Criminal Offender Record Information (iCORI) system; (viii) the RMD applicant has at least $500,000 in its control as evidenced by bank statements, lines of credit or equivalent; and (ix) payment of the required application fee.

In an RMD application, an applicant must also demonstrate or include: (i) name, address date of birth and resumes of each executive of the applicant and of the members of the entity; (ii) proof of liability insurance coverage in compliance with statutes; (iii) detailed summary of the business plan for the RMD; (iv) an operational plan for the cultivation of marijuana including a detailed summary of policies and procedures; and (v) a detailed summary of the operating policies and procedures for the operations of the RMD including security, prevention of diversion, storage of marijuana, transportation of marijuana, inventory procedures, procedures for quality control and testing of product for potential contaminants, procedures for maintaining confidentiality as required by law, personnel policies, dispensing procedures, record keeping procedures, plans for patient education and any plans for patient or personal caregiver home delivery. An RMD applicant must also demonstrate that it has (i) a successful track record of running a business; (ii) a history of providing healthcare services or services providing marijuana for medical purposes in or outside of Massachusetts; (iii) proof of compliance with the laws of the Commonwealth of Massachusetts; (iv) complied with the laws and orders of the Commonwealth of Massachusetts; and (v) a satisfactory criminal and civil background.

Upon the determination by the Massachusetts Department that an RMD applicant has responded to the application requirements in a satisfactory fashion, the RMD applicant is required to pay the applicable registration fee and shall be issued a provisional certificate of registration. Thereafter, the Massachusetts Department shall review architectural plans for the building of the RMD's cultivation facility and/or dispensing facilities, and shall either approve, modify or deny the same. Once approved, the RMD provisional license holder shall construct its facilities in conformance with the requirements of the Massachusetts Regulations. Once the Massachusetts Department completes its inspections and issues approval for an RMD of its facilities, the Massachusetts Department shall issue a final certificate of registration to the RMD applicant. RMD final certificates of registration are valid for one year, and shall be renewed by filing the required renewal application no later than sixty days prior to the expiration of the certificate of registration.

Massachusetts Licenses (Medical)

The table below describes the cannabis-related licenses held by the Company and its subsidiaries in the State of Massachusetts:

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable)	Description
Just Healthy LLC	Provisional Certificate of Registration	Northampton, MA	N/A	Dispensary, cultivation and processing site, and up to three medical dispensaries with

				preferred treatment for future adult-use

The licenses in Massachusetts are renewed annually. Before expiry, licensees are required to submit a renewal application. While renewals are granted annually, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, Just Healthy LLC would expect to receive the applicable renewed license in the ordinary course of business.

Massachusetts Dispensary Requirements (Medical)

A RMD shall follow its written and approved operation procedures in the operation of its dispensary locations. Operating procedures shall include (i) security measures in compliance with the Massachusetts Regulations; (ii) employee security policies including personal safety and crime prevention techniques; (iii) hours of operation and after-hours contact information; (iv) a price list for marijuana; (v) storage protocols in compliance with state law; (vi) a description of the various strains of marijuana that will be cultivated and dispensed, and the forms that will be dispensed; (vii) procedures to ensure accurate recordkeeping including inventory protocols; (viii) plans for quality control; (ix) a staffing plan and staffing records; (x) diversion identification and reporting protocols; and (xi) policies and procedures for the handling of cash on RMD premises including storage, collection frequency and transport to financial institutions. The siting of dispensary locations is expressly subject to local/municipal approvals pursuant to state law, and municipalities control the permitting application process that a RMD must comply with. More specifically, a RMD shall comply with all local requirements regarding siting, provided however that if no local requirements exist, a RMD shall not be sited within a radius of five hundred feet of a school, daycare center, or any facility in which children commonly congregate. The 500-foot distance under this section is measured in a straight line from the nearest point of the facility in question to the nearest point of the proposed RMD. The Massachusetts Regulations require that RMDs limit their inventory of seeds, plants, and useable marijuana to reflect the projected needs of registered qualifying patients. A RMD shall only dispense to a registered qualifying patient who has a current valid certification.

Massachusetts Security Requirements (Medical)

A RMD shall implement sufficient security measures to deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at the RMD. These measures must include: (i) allowing only registered qualifying patients, caregivers, dispensary agents, authorized persons, or approved outside contractors access to the RMD facility; (ii) preventing individuals from remaining on the premises of a RMD if they are not engaging in activities that are permitted; (iii) disposing of marijuana or byproducts in compliance with law; (iv) establishing limited access areas accessible only to authorized personnel; (v) storing finished marijuana in a secure locked safe or vault; (vi) keeping equipment, safes, vaults or secured areas securely locked; (vii) ensuring that the outside perimeter of the RMD is sufficiently lit to facilitate surveillance; and (viii) ensuring that landscaping or foliage outside of the RMD does not allow a person to conceal themselves. A RMD shall also utilize a security/alarm system that: (i) monitors entry and exit points and windows and doors, (ii) includes a panic/duress alarm, (iii) includes system failure notifications, (iv) includes 24 hour video surveillance of safes, vaults, sales areas, areas where marijuana is cultivated, processed or dispensed, and (v) includes date and time stamping of all records and the ability to produce a clear, color still photo. The video surveillance system shall have the capacity to remain operational during a power outage. The RMD shall also maintain a backup alarm system with the capabilities of the primary system, and both systems shall be maintained in good working order and shall be inspected and tested on regular intervals.

Massachusetts Transportation (Medical)

Marijuana or marijuana-infused products ("**MIPs**") may only be transported by dispensary agents on behalf of a RMD: (i) between separately-owned RMDs in compliance with 725.105(B)(2) of the Massachusetts Regulations; (ii) between RMD sites owned by the same non-profit entity; (iii) between a RMD and a testing laboratory; (iv) from the RMD to the destruction or disposal site; or (v) from a RMD to the primary residences of registered qualifying patients. A RMD shall staff transport vehicles with a minimum of two dispensary agents. At least one dispensary agent shall remain with the

vehicle when the vehicle contains marijuana or MIPs. Prior to leaving the origination location, a RMD must weigh, inventory, and account for, on video, the marijuana to be transported.

Marijuana must be packaged in sealed, labeled, and tamper-proof packaging prior to and during transportation. In the case of an emergency stop, a log must be maintained describing the reason for the stop, the duration, the location, and any activities of personnel exiting the vehicle. A RMD shall ensure that delivery times and routes are randomized. Each dispensary agent shall carry his or her Massachusetts Department-issued MUMP ID Card when transporting marijuana or MIPs and shall produce it to Massachusetts Department representatives or law enforcement officials upon request. Where videotaping is required when weighing, inventorying, and accounting of marijuana before transportation or after receipt, the video must show each product being weighed, the weight, and the manifest. A RMD must document and report any unusual discrepancy in weight or inventory to the Massachusetts Department and local law enforcement within 24 hours. A RMD shall report to the Massachusetts Department and local law enforcement any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport, within 24 hours. A RMD shall retain transportation manifests for no less than one year and make them available to the Massachusetts Department upon request. Any cash received from a qualifying patient or personal caregiver must be transported to a RMD immediately upon completion of the scheduled deliveries. Vehicles used in transportation must be owned, leased or rented by the RMD, be properly registered, and contain a GPS system that is monitored by the RMD during transport of marijuana and said vehicle must be inspected and approved by the Massachusetts Department prior to use.

During transit, a RMD shall ensure that: (i) marijuana or MIPs are transported in a secure, locked storage compartment that is part of the vehicle transporting the marijuana or MIPs; (ii) the storage compartment cannot be easily removed (for example, bolts, fittings, straps or other types of fasteners may not be easily accessible and not capable of being manipulated with commonly available tools); (iii) marijuana or MIPs are not visible from outside the vehicle; and (iv) product is transported in a vehicle that bears no markings indicating that the vehicle is being used to transport marijuana or MIPs and does not indicate the name of the RMD. Each dispensary agent transporting marijuana or MIPs shall have access to a secure form of communication with personnel at the origination location when the vehicle contains marijuana or MIPs.

Massachusetts Department Inspections (Medical)

The Massachusetts Department or its agents may inspect a RMD and affiliated vehicles at any time without prior notice. A RMD shall immediately upon request make available to the Massachusetts Department information that may be relevant to a Massachusetts Department inspection, and the Massachusetts Department may direct a RMD to test marijuana for contaminants. Any violations found will be noted in a deficiency statement that will be provided to the RMD, and the RMD shall thereafter submit a Plan of Correction to the Massachusetts Department outlining with particularity each deficiency and the timetable and steps to remediate the same. The Massachusetts Department shall have the authority to suspend or revoke a certificate of registration in accordance with 105 CMR 725.405 of the Regulation of adult-use cannabis in Massachusetts.

Massachusetts (Adult-Use)

Adult-use marijuana has been legal in Massachusetts since December 15, 2016, following a ballot initiative in November of that year. The Cannabis Control Commission, a regulatory body created in 2018, licenses adult-use cultivation, processing and dispensary facilities (collectively, "**Marijuana Establishments**") pursuant to 935 CMR 500.000 et seq. The first adult-use marijuana facilities in Massachusetts began operating in November 2018.

The Company (through its subsidiaries in the Commonwealth of Massachusetts) is in compliance with applicable licensing requirements and the regulatory framework enacted by the Commonwealth of Massachusetts.

Massachusetts Licensing Requirements (Adult-Use)

Pursuant to section 500.101(2), RMDs that have received a provisional or final certificate of registration are authorized to apply for a vertically integrated Marijuana Establishment license on a priority basis over new applicants without a RMD certification. The same application requirements exist for a Marijuana Establishment license as a RMD application, and each owner, officer or member must undergo background checks and fingerprinting with the Cannabis Control

Commission. Applicants must submit the location and identification of each site, and must establish a property interest in the same, and the applicant and the local municipality must have entered into a host agreement authorizing the location of the adult-use Marijuana Establishment within the municipality, and said agreement must be included in the application. Applicants must include disclosure of any regulatory actions against it by the Commonwealth of Massachusetts, as well as the civil and criminal history of the applicant and its owners, officers, principals or members. The application must include the RMD applicant's plans for separating medical and adult-use operations, proposed timeline for achieving operations, liability insurance, business plan, and a detailed summary describing and/or updating or modifying the RMD's existing medical marijuana operating policies and procedures for adult-use including security, prevention of diversion, storage, transportation, inventory procedures, quality control, dispensing procedures, personnel policies, record keeping, maintenance of financial records and employee training protocols.

The adult-use license application process commenced on April 1, 2018 for existing RMD license holders, and on July 1, 2018 for all non-RMD license holders. Existing RMD license holders that timely applied for an adult-use license on or before April 1, 2018 are eligible to receive three adult-use licenses per medical RMD license. Namely, one integrated RMD medical license is eligible, if awarded by the Cannabis Control Commission, to receive three adult-use licenses as follows: one for cultivation, one for processing, and one for dispensary.

No person or entity may own more than 10% or "control" more than three licenses in each Marijuana Establishment class (i.e., marijuana retailer, marijuana cultivator, marijuana product manufacturer). Additionally, there is a 100,000 square foot cultivation canopy for adult-use licenses; however, there is no canopy restriction for RMD license holders relative to their cultivation facility.

Massachusetts Dispensary Requirements (Adult-Use)

Marijuana retailers are subject to certain operational requirements in addition to those imposed on Marijuana Establishments generally. Dispensaries must immediately inspect patrons' identification to ensure that everyone who enters is at least twenty-one years of age. Dispensaries may not dispense more than one ounce of marijuana or five grams of marijuana concentrate per transaction. Point-of-sale systems must be approved by the CCC, and retailers must record sales data. Records must be retained and available for auditing by the CCC and Department of Revenue. Dispensaries must also make patient education materials available to patrons. Such materials must include:

- A warning that marijuana has not been analyzed or approved by the FDA, that there is limited information on side effects, that there may be health risks associated with using marijuana, and that it should be kept away from children;
- A warning that when under the influence of marijuana, driving is prohibited by M.G.L. c. 90, § 24, and machinery should not be operated;
- Information to assist in the selection of marijuana, describing the potential differing effects of various strains of marijuana, as well as various forms and routes of administration;
- Materials offered to consumers to enable them to track the strains used and their associated effects;
- Information describing proper dosage and titration for different routes of administration, with an emphasis on using the smallest amount possible to achieve the desired effect;
- A discussion of tolerance, dependence, and withdrawal;
- Facts regarding substance abuse signs and symptoms, as well as referral information for substance abuse treatment programs;
- A statement that consumers may not sell marijuana to any other individual;
- Information regarding penalties for possession or distribution of marijuana in violation of Massachusetts law; and
- Any other information required by the CCC.

Massachusetts Security and Storage Requirements (Adult-Use)

Each Marijuana Establishment must implement sufficient safety measures to deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at the Marijuana Establishment. Security measures taken by the

establishments to protect the premises, employees, consumers and general public shall include, but not be limited to, the following:

- Positively identifying individuals seeking access to the premises of the Marijuana Establishment or to whom or marijuana products are being transported pursuant to 935 CMR 500.105(14) to limit access solely to individuals 21 years of age or older;
- Adopting procedures to prevent loitering and ensure that only individuals engaging in activity expressly or by necessary implication permitted by these regulations and its enabling statute are allowed to remain on the premises;
- Disposing of marijuana in accordance with 935 CMR 500.105(12) in excess of the quantity required for normal, efficient operation as established within 935 CMR 500.105;
- Securing all entrances to the Marijuana Establishment to prevent unauthorized access;
- Establishing limited access areas pursuant to 935 CMR 500.110(4), which shall be accessible only to specifically authorized personnel limited to include only the minimum number of employees essential for efficient operation;
- Storing all finished marijuana products in a secure, locked safe or vault in such a manner as to prevent diversion, theft and loss;
- Keeping all safes, vaults, and any other equipment or areas used for the production, cultivation, harvesting, processing or storage of marijuana products securely locked and protected from entry, except for the actual time required to remove or replace marijuana;
- Keeping all locks and security equipment in good working order;
- Prohibiting keys, if any, from being left in the locks or stored or placed in a location accessible to persons other than specifically authorized personnel;
- Prohibiting accessibility of security measures, such as combination numbers, passwords or electronic or biometric security systems, to persons other than specifically authorized personnel;
- Ensuring that the outside perimeter of the Marijuana Establishment is sufficiently lit to facilitate surveillance, where applicable;
- Ensuring that all marijuana products are kept out of plain sight and are not visible from a public place without the use of binoculars, optical aids or aircraft;
- Developing emergency policies and procedures for securing all product following any instance of diversion, theft or loss of marijuana, and conduct an assessment to determine whether additional safeguards are necessary;
- Developing sufficient additional safeguards as required by the CCC for Marijuana Establishment that present special security concerns; and
- Sharing the Marijuana Establishment's security plan and procedures with law enforcement authorities and fire services and periodically updating law enforcement authorities and fire services if the plans or procedures are modified in a material way.

Marijuana must be stored in special limited access areas, and alarm systems must meet certain technical requirements, including the ability to record footage to be retained for at least 90 days.

Massachusetts Transportation Requirements (Adult-Use)

Marijuana products may only be transported between licensed Marijuana Establishment by registered Marijuana Establishment agents. A licensed marijuana transporter may contract with a licensed Marijuana Establishment to transport that licensee's marijuana products to other licensed Marijuana Establishments. The originating and receiving licensed Marijuana Establishment shall ensure that all transported marijuana products are linked to the seed-to-sale tracking program. For the purposes of tracking, seeds and clones will be properly tracked and labeled in a form and manner determined by the CCC. Any marijuana product that is undeliverable or is refused by the destination Marijuana Establishment shall be transported back to the originating Marijuana Establishment. All vehicles transporting marijuana products shall be staffed with a minimum of two Marijuana Establishment agents. At least one agent shall remain with the vehicle at all times that the vehicle contains marijuana or marijuana products. Prior to the products leaving a Marijuana Establishment for the purpose of transporting marijuana products, the originating Marijuana Establishment must weigh, inventory, and account for, on video, all marijuana products to be transported. Within eight hours after

arrival at the destination Marijuana Establishment, the destination Marijuana Establishment must re-weigh, re-inventory, and account for, on video, all marijuana products transported. When videotaping the weighing, inventorying, and accounting of marijuana products before transportation or after receipt, the video must show each product being weighed, the weight, and the manifest. Marijuana products must be packaged in sealed, labeled, and tamper or child-resistant packaging prior to and during transportation. In the case of an emergency stop during the transportation of marijuana products, a log must be maintained describing the reason for the stop, the duration, the location, and any activities of personnel exiting the vehicle. A Marijuana Establishment or a marijuana transporter transporting marijuana products is required to ensure that all transportation times and routes are randomized. An Marijuana Establishment or transporter transporting marijuana products shall ensure that all transport routes remain within Massachusetts. All vehicles and transportation equipment used in the transportation of cannabis products or edibles requiring temperature control for safety must be designed, maintained, and equipped as necessary to provide adequate temperature control to prevent the cannabis products or edibles from becoming unsafe during transportation, consistent with applicable requirements pursuant to 21 CFR 1.908(c).

Vehicles used for transport must be owned or leased by the Marijuana Establishment or transporter, and they must be properly registered, inspected, and insured in Massachusetts. Marijuana may not be visible from outside the vehicle, and it must be transported in a secure, locked storage compartment. Each vehicle must have a global positioning system, and any agent transporting marijuana must have access to a secure form of communication with the originating location.

CCC Inspections

The CCC or its agents may inspect a Marijuana Establishment and affiliated vehicles at any time without prior notice in order to determine compliance with all applicable laws and regulations. All areas of a Marijuana Establishment, all Marijuana Establishment agents and activities, and all records are subject to such inspection. Marijuana Establishments must immediately upon request make available to the Commission all information that may be relevant to a CCC inspection, or an investigation of any incident or complaint. A Marijuana Establishment must make all reasonable efforts to facilitate the CCC's inspection, or investigation of any incident or complaint, including the taking of samples, photographs, video or other recordings by the CCC or its agents, and to facilitate the CCC's interviews of Marijuana Establishment agents. During an inspection, the CCC may direct a Marijuana Establishment to test marijuana for contaminants as specified by the CCC, including but not limited to mold, mildew, heavy metals, plant growth regulators, and the presence of pesticides not approved for use on marijuana by the Massachusetts Department of Agricultural Resources.

Moreover, the CCC is authorized to conduct a secret shopper program to ensure compliance with all applicable laws and regulations.

U.S. Attorney Statements in Massachusetts

In January 2018, Andrew E. Lelling, the US Attorney for the District of Massachusetts, issued the following statement: "I understand that there are people and groups looking for additional guidance from this office about its approach to enforcing federal laws criminalizing marijuana cultivation and trafficking. I cannot, however, provide assurances that certain categories of participants in the state-level marijuana trade will be immune from federal prosecution. This is a straightforward rule of law issue. Congress has unambiguously made it a federal crime to cultivate, distribute and/or possess marijuana. As a law enforcement officer in the Executive Branch, it is my sworn responsibility to enforce that law, guided by the Principles of Federal Prosecution. To do that, however, I must proceed on a case-by-case basis, assessing each matter according to those principles and deciding whether to use limited federal resources to pursue it. Deciding, in advance, to immunize a certain category of actors from federal prosecution would be to effectively amend the laws Congress has already passed, and that I will not do. The kind of categorical relief sought by those engaged in state-level marijuana legalization efforts can only come from the legislative process."

Nevada

Nevada has a legislatively enacted medical marijuana program since 2013 and passed adult-use legalization by voter initiative in November 2016. In 2000, Nevada voters passed a medical marijuana initiative allowing physicians to

recommend cannabis for an inclusive set of qualifying conditions including chronic pain and created a limited non-commercial medical marijuana patient/caregiver system. Senate Bill 374, which passed the legislature and was signed by the Governor in 2013, expanded this program and established a for-profit regulated medical marijuana business industry.

The Nevada Division of Public and Behavioral Health licensed medical marijuana establishments up until July 1, 2017 when the State's medical marijuana program merged with adult-use marijuana enforcement under the State of Nevada Department of Taxation, Marijuana Enforcement Division (the "**Nevada Taxation Department**"). In 2014, Nevada accepted medical marijuana business applications and a few months later the division approved 182 cultivation licenses, 118 licenses for the production of edibles and infused products, 17 independent testing laboratories, and 55 medical marijuana dispensary licenses. The number of dispensary licenses was then increased to 66 by legislative action in 2015. The application process is merit-based, competitive, and is currently closed. Residency is not required to own or invest in a Nevada medical cannabis business. In addition, vertical integration is neither required nor prohibited. Nevada's medical law includes patient reciprocity, which permits medical patients from other States to purchase marijuana from Nevada dispensaries. Nevada also allows for dispensaries to deliver medical marijuana to patients.

Each medical marijuana establishment must register with the Nevada Taxation Department and apply for a medical marijuana establishment registration certificate. As noted above, the application process is competitive, and, among other requirements, there are minimum liquidity requirements and restrictions on the geographic location of a medical marijuana establishment as well as restrictions relating to the age and criminal background of employees, owners, officers and board members of the establishment. All employees must be over 21 and all owners, officers and board members must not have any previous felony convictions or had a previously granted medical marijuana registration revoked. Additionally, each volunteer, employee, officer, board member, and owner of an effective 5% or greater interest of a medical marijuana establishment must be individually registered with the Nevada Taxation Department as a medical marijuana agent and hold a valid medical marijuana establishment agent card. The establishment must have adequate security measures and use an electronic verification system and inventory control system. If the proposed medical marijuana establishment will sell or deliver edible marijuana products or marijuana-infused products, the proposed establishment must establish operating procedures for handling such products, which must be preapproved by the Nevada Taxation Department.

In response to the rescission of the Cole Memorandum, Nevada Attorney General Adam Laxalt had issued a public statement, pledging to defend the law after it was approved by voters. Then-Governor Brian Sandoval also stated, "Since Nevada voters approved the legalization of adult-use marijuana in 2016, I have called for a well-regulated, restricted and respected industry. My administration has worked to ensure these priorities are met while implementing the will of the voters and remaining within the guidelines of both the Cole and Wilkinson federal memos," and that he would like for Nevada to follow in the footsteps of Colorado, where the U.S. attorneys do not plan to change the approach to prosecuting crimes involving adult-use marijuana.

To the knowledge of the GGB's management, there have not been any additional statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Nevada.

In determining whether to issue a medical marijuana establishment registration certificate pursuant to NRS 453A.322, the Nevada Taxation Department, in addition the application requirements set out, considers the following criteria of merit:

- the total financial resources of the applicant, both liquid and illiquid;
- the previous experience of the persons who are proposed to be owners, officers or board members of the proposed medical marijuana establishment at operating other businesses or non- profit organizations;
- the educational achievements of the persons who are proposed to be owners, officers or board members of the proposed medical marijuana establishment;
- any demonstrated knowledge or expertise on the part of the persons who are proposed to be owners, officers or board members of the proposed medical marijuana establishment with respect to the compassionate use of marijuana to treat medical conditions;

- whether the proposed location of the proposed medical marijuana establishment would be convenient to serve the needs of persons who are authorized to engage in the medical use of marijuana;
- the likely impact of the proposed medical marijuana establishment on the community in which it is proposed to be located;
- the adequacy of the size of the proposed medical marijuana establishment to serve the needs of persons who are authorized to engage in the medical use of marijuana;
- whether the applicant has an integrated plan for the care, quality and safekeeping of medical marijuana from seed to sale;
- the amount of taxes paid to, or other beneficial financial contributions made to, the State of Nevada or its political subdivisions by the applicant or the persons who are proposed to be owners, officers or board members of the proposed medical marijuana establishment; and
- any other criteria of merit that the Nevada Taxation Department determines to be relevant.

A medical marijuana establishment registration certificate expires 1 year after the date of issuance and may be renewed upon resubmission of the application information and renewal fee to the Nevada Taxation Department.

The Company (through its subsidiary in the State of Nevada) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Nevada.

Adult-Use Marijuana Program

The sale of marijuana for adult-use in Nevada was approved by ballot initiative on November 8, 2016, and Nevada Revised Statute 453D exempts a person who is 21 years of age or older from state or local prosecution for possession, use, consumption, purchase, transportation or cultivation of certain amounts of marijuana and requires the Nevada Taxation Department to begin receiving applications for the licensing of marijuana establishments on or before January 1, 2018. The legalization of retail marijuana does not change the medical marijuana program.

In February 2017, the Nevada Taxation Department announced plans to issue “early start” adult-use marijuana establishment licenses in the summer of 2017. These licenses, which began on July 1, 2017, allowed marijuana establishments holding both a retail marijuana store and dispensary license to sell their existing medical marijuana inventory as either medical or adult-use marijuana, and expired at the end of the year. As of July 1, 2017, medical and adult-use marijuana have incurred a 15% excise tax on the first wholesale sale (calculated on the fair market value) and adult-use cannabis has incurred an additional 10% special retail marijuana sales tax in addition to any general State and local sales and use taxes.

On January 16, 2018, the Nevada Taxation Department issued final rules governing its adult-use marijuana program, pursuant to which up to sixty-six (66) permanent adult-use marijuana dispensary licenses will be issued. Existing adult-use marijuana licensees under the “early start” regulations must re-apply for licensure under the permanent rules in order to continue adult-use sales.

Under Nevada’s adult-use marijuana law, the Nevada Taxation Department licenses marijuana cultivation facilities, product manufacturing facilities, distributors, retail stores and testing facilities. For the first 18 months, applications to the Nevada Taxation Department for adult-use distribution establishment licenses can only be accepted from existing medical marijuana establishments and existing liquor distributors.

In September, 2018, the Nevada Taxation Department accepted applications from existing Nevada medical marijuana establishment certificate owners to be awarded licenses for approximately 65 retail marijuana stores throughout the State. The application period closed on September 20, 2018, and the additional retail store licenses were awarded by the Nevada Taxation Department on December 5, 2018.

Regulatory Framework

The State of Nevada utilizes METRC as its statewide seed-to-sale tracking system for all marijuana and marijuana products. All licensees within the State system are required, either directly or through third-party software systems that

are capable of data integration, to report to the State all creation and transfers of such inventory to other licensees and sales to consumers. The Company (through it subsidiary) intends to designate a third-party computerized seed-to-sale inventory software tracking system designed to integrate with METRC via an application programming interface.

Licensing Requirements

As discussed above, there are five certificate/license types issued in the State of Nevada:

1. "Marijuana cultivation facility" means an entity licensed to cultivate, process, and package marijuana, to have marijuana tested by a marijuana testing facility, and to sell marijuana to retail marijuana stores, to marijuana product manufacturing facilities, and to other marijuana cultivation facilities, but not to consumers. NRS 453D.030(9).

2. "Marijuana product manufacturing facility" means an entity licensed to purchase marijuana, manufacture, process, and package marijuana and marijuana products, and sell marijuana and marijuana products to other marijuana product manufacturing facilities and to retail marijuana stores, but not to consumers. NRS 453D.030(12).

3. "Retail marijuana store" means an entity licensed to purchase marijuana from marijuana cultivation facilities, to purchase marijuana and marijuana products from marijuana product manufacturing facilities and retail marijuana stores, and to sell marijuana and marijuana products to consumers. NRS 453D.030(18).

4. "Marijuana distributor" means an entity licensed to transport marijuana from a marijuana establishment to another marijuana establishment. NRS 453D.030(10).

5. "Marijuana testing facility" means an entity licensed to test marijuana and marijuana products, including for potency and contaminants. NRS 453D.030(15).

The table below describes the cannabis-related licenses held by the Company and its subsidiaries in the State of Nevada:

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable)	Description
Wellness Orchards of Nevada LLC	Medical Cultivation License No. 06113068616119421027	Pahrump	6/30/20	Cultivation
Wellness Orchards of Nevada LLC	Adult-Use / Cultivation License No. 75650075113718192894	Pahrump	6/30/20	Cultivation
Nevada Organic Remedies LLC	Adult-Use Dispensary License No. 024414260227553521200	Las Vegas	6/30/20	Retail
Nevada Organic Remedies LLC	Medical Dispensary License No. 51266222807288437193	Las Vegas	6/30/20	Medical
Nevada Organic Remedies LLC	Adult-Use / Cultivation License No. 89537461737742132623	Las Vegas	6/30/20	Cultivation
Nevada Organic	Distribution	Las Vegas	6/30/20	Distribution

Remedies LLC	License No. 66956185074616370216			
Nevada Organic Remedies LLC	Medical Cultivation License No. 88242054656300627601	Las Vegas	6/30/20	Cultivation
Nevada Organic Remedies LLC	Medical Production License No. 72792951478780009507	Las Vegas	6/30/20	Production
Nevada Organic Remedies LLC	Adult-Use Production License No. 88853210986743836974	Las Vegas	6/30/20	Production

The table below describes the cannabis-related licenses held by Henderson Organic and its subsidiaries in the State of Nevada (expected to be transferred to the Company on or around August 28, 2019, being the expected completion date of the Henderson Acquisition):

Holding Entity	Permit/License	Issuing Entity	City	Expiration/Renewal Date (if applicable)	Description
Henderson Organic Remedies LLC	Medical Dispensary License No. 30554192662175908311	NV. Dept. of Taxation	Henderson	6/30/20	Medical
Henderson Organic Remedies LLC	Adult-Use Dispensary License No. 59287610826909824091	NV. Dept. of Taxation	Henderson	6/30/20	Retail

Moxie is not licensed in the State of Nevada, but has an advisory services agreement and a brand license agreement with the Nevada Partner and has the right to advise marijuana operations with the Nevada Partner, a Nevada license holder for medical and marijuana cultivation and production.

Administration of the regular retail program in Nevada is governed by Nevada Revised Statutes Section 453D and the Adopted Regulation of the Nevada Department of Taxation, LCB File R092-17 (the "**Nevada Adult-Use Regulation**"). The Nevada Adult-Use Regulation was adopted on February 27, 2018 and is a regulation relating to marijuana responsible for: (i) revising requirements relating to independent testing laboratories; (ii) providing for the licensing of marijuana establishments and registration of marijuana establishment agents; (iii) providing requirements concerning the operation of marijuana establishments; (iv) providing additional requirements concerning the operation of marijuana cultivation facilities, marijuana distributors, marijuana product manufacturing facilities, marijuana testing facilities and retail marijuana stores; (v) providing standards for the packaging and labeling marijuana and marijuana products; (vi) providing requirements relating to the production of edible marijuana products and other marijuana products; (vii) providing standards for the cultivation and production of marijuana; (viii) establishing requirements relating to advertising by marijuana establishments; (ix) establishing provisions relating to the collection of excise taxes from marijuana establishments; (x) establishing provisions relating to dual licensees; and (xi) providing other matters properly relating thereto.

In the State of Nevada, only cannabis that is grown or produced in the state by a licensed establishment may be sold in the state. The Nevada regulatory regime does not mandate or prohibit vertically integrated facilities and only permits the holder of a retail dispensary license and registration certificate to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities and marijuana from other retail stores, for the sale of such products to consumers.

A medical cultivation license permits its holder to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries, facilities for the production of edible medical marijuana products and/or medical marijuana-infused products, or other medical marijuana cultivation facilities.

The medical product manufacturing license permits its holder to acquire, possess, manufacture, deliver, transfer, transport, supply, or sell edible marijuana products or marijuana infused products to other medical marijuana production facilities or medical marijuana dispensaries.

Medical marijuana establishment certificates and adult-use marijuana facility licenses are issued independently to specific owners and at identified locations. Ownership of certificates and licenses is transferable in accordance with the Nevada Taxation Department's policies and procedures, including completion of a background investigation. Establishment certificates and facility licenses may only be relocated to a new location within the identified local jurisdiction.

All licenses expire one year after the date of issue. The Nevada Taxation Department shall issue a renewal license within 10 days after the receipt of a renewal application and applicable fee if the license is not then under suspension or has not been revoked.

Security Requirements

To prevent unauthorized access to marijuana at a Nevada-licensed marijuana establishment, the marijuana establishment must have security equipment to deter and prevent unauthorized entrance into limited access areas. Such security equipment includes, without limitation:

- Devices or a series of devices to detect unauthorized intrusion;
- Exterior lighting to facilitate surveillance;
- Electronic monitoring, including, without limitation, each of the following:
    - At least one call-up monitor that is 19 inches or more;
    - A video printer capable of immediately producing a clear still photo from any video camera image;
    - Video cameras or specified resolution and which is capable of identifying any activity occurring within the marijuana establishment in low light conditions 24 hours per day;
    - A method for storing video recordings from the video cameras for at least 30 calendar days in a secure on-site or off-site;
    - A failure notification system that provides an audible and visual notification of any failure in the electronic monitoring system; and
    - Sufficient battery backup for video cameras and recording equipment to support at least 5 minutes of recording in the event of a power outage.
- Immediate automatic or electronic notification to alert local law enforcement agencies of an unauthorized breach of security at the marijuana establishment in the interior of each building of the marijuana establishment; and
- Policies and procedures:
    - That restrict access to the areas of the marijuana establishment that contain marijuana to persons authorized to be in those areas only;
    - That provide for the identification of persons authorized to be in the areas of the marijuana establishment that contain marijuana;
    - That prevent loitering;
    - For conducting electronic monitoring;
    - For the use of the automatic or electronic notification to alert local law enforcement agencies of an unauthorized breach of security at the marijuana establishment;

- For limiting the amount of money available in any retail areas of the marijuana establishment and/or training employees on this practice;
- For notifying the public of the minimal amount of money available, which may include, without limitation, the posting of a sign;
- For maintaining communication with law enforcement agencies; and
- For providing and receiving notifications regarding burglary, attempted burglary, robbery, attempted robbery and other suspicious activity.

Transportation

In Nevada, marijuana may only be transported from a licensed cultivation or production facility to a licensed retail marijuana establishment by a licensed marijuana distributor. Prior to transporting the marijuana or marijuana products, the distributor must complete a trip plan which includes: the agent name and registration number providing and receiving the marijuana; the date and start time of the trip; a description, including the amount, of the marijuana or marijuana products being transported; and the anticipated route of transportation.

During the transportation of marijuana or marijuana products, the licensed marijuana distributor agent must: (a) carry a copy of the trip plan with him or her for the duration of the trip; (b) have his or her marijuana establishment agent card in his or her immediate possession; (c) use a vehicle without any identification relating to marijuana and which is equipped with a secure lockbox or locking cargo area which must be used for the sanitary and secure transportation of marijuana, or marijuana products; (d) have a means of communicating with the marijuana establishment for which he or she is providing the transportation; and (e) ensure that all marijuana or marijuana products are not visible. After transporting marijuana or marijuana products a licensed marijuana distributor agent must enter the end time of the trip and any changes to the trip plan that was completed.

Each licensed marijuana distributor agent transporting marijuana or marijuana products must report any: (a) vehicle accident that occurs during the transportation to a person designated by the marijuana distributor to receive such reports within two (2) hours after the accident occurs; and (b) loss or theft of marijuana or marijuana products that occurs during the transportation to a person designated by the marijuana distributor to receive such reports immediately after the marijuana establishment agent becomes aware of the loss or theft. A marijuana distributor that receives a report of loss or theft pursuant to this paragraph must immediately report the loss or theft to the appropriate law enforcement agency and to the Nevada Taxation Department. The distributor must report any unauthorized stop that lasts longer than two (2) hours to the Nevada Taxation Department.

A marijuana distributor shall maintain the required documents and provide a copy of the documents required to the Nevada Taxation Department for review upon request. Each marijuana distributor shall maintain a log of all received reports.

Employees of licensed marijuana distributors, including drivers transporting marijuana and marijuana products, must be 21 years of age or older and must obtain a valid marijuana establishment agent registration card issued by the Nevada Taxation Department. If a marijuana distributor is co-located with another type of business, all employees of co-located businesses must have marijuana establishment agent registration cards unless the co-located business does not include common entrances, exits, break room, restrooms, locker rooms, loading docks, and other areas as are expedient for business and appropriate for the site as determined and approved by Nevada Taxation Department inspectors. While engaged in the transportation of marijuana and marijuana products, any person that occupies a transport vehicle when it is loaded with marijuana or marijuana products must have their physical marijuana establishment agent registration card in their possession.

All drivers must carry in the vehicle valid driver's insurance at the limits required by the State of Nevada and the Nevada Taxation Department. All drivers must be bonded in an amount sufficient to cover any claim that could be brought, or disclose to all parties that their drivers are not bonded. Marijuana establishment agent registration cardholders and the licensed marijuana distributor they work for are responsible for the marijuana and marijuana product once they take control of the product and leave the premises of the marijuana establishment.

There is no load limit on the amount or weight of marijuana and marijuana products that are being transported by a licensed marijuana distributor. Marijuana distributors are required to adhere to Nevada Taxation Department regulations and those required through their insurance coverage. When transporting by vehicle, marijuana and marijuana product must be in a lockbox or locked cargo area. A trunk of a vehicle is not considered secure storage unless there is no access from within the vehicle and it is not the same key access as the vehicle. Live plants can be transported in a fully enclosed, windowless locked trailer or secured area inside the body/compartment of a locked van or truck so that they are not visible to the outside. If the value of the marijuana and marijuana products being transported by vehicle is in excess of $10,000 (the insured value per the shipping manifest), the transporting vehicle must be equipped with a car alarm with sound or have no less than two (2) of the marijuana distributor's marijuana establishment agent registration cardholders involved in the transportation. All marijuana and marijuana product must be tagged for purposes of inventory tracking with a unique identifying label as required by the Nevada Taxation Department and remain tagged during transport. This unique identifying label should be similar to the stamp for cigarette distribution. All marijuana and marijuana product when transported by vehicle must be transported in sealed packages and containers and remain unopened during transport. All marijuana and marijuana product transported by vehicle should be inventoried and accounted for in the inventory tracking system. Loading and unloading of marijuana and marijuana products from the transporting vehicle must be within view of existing video surveillance systems prior to leaving the origination location. Security requirements are required for the transportation of marijuana and marijuana products.

Department Inspections

Each establishment that has been granted a provisional operating certificate by the Nevada Taxation Department must undergo facility and audit inspections by the Nevada Taxation Department prior to the issuance of a final registration certificate. Additionally, the issuance of a registration certificate is considered provisional until the establishment is in compliance with all applicable local government requirements including, without limitation, the issuance of a local business licenses.

After an establishment registration certificate has been issued, the marijuana establishment is subject to reasonable inspection from the Nevada Taxation Department and a licensee must make himself or herself, or an agent, available and present for any inspection required by the Nevada Taxation Department.

Delivery and Online Distribution

There are specific situations in which the delivery of marijuana to customers is allowed under the Nevada Taxation Department regulations. Delivery services to customers may only be carried out by retail stores that are licensed properly by the Nevada Taxation Department. Deliveries can only be brought to the residential addresses of customers and only within the State of Nevada. Delivery was allowed as soon as retail marijuana sales began on July 1, 2017, although those regulations were only temporary. Drivers may not deliver more than the legal amount of marijuana, which is currently one ounce, in compliance with the existing seed-to-sale tracking system. See "Cannabis Market Overview – Legal and Regulatory Matters – Nevada State Level Overview – Regulatory Framework". Marijuana or marijuana products may not be shipped via the US Postal Service or via any private courier.

Adult-Use Marijuana

Nevada law permits a person 21 years of age or older to possess, use, consume, purchase, obtain, process, or transport marijuana paraphernalia, one ounce or less of marijuana other than concentrated marijuana, or one-eighth of an ounce or less of concentrated marijuana.

U.S. Attorney Statement in Nevada

In June 2019, Nicholas Trutanich, U.S. Attorney for the District of Nevada stated that "Marijuana remains illegal under federal law, and my job is to enforce federal law."

Florida

Florida Regulatory Landscape

The State of Florida has not legalized the adult-use of cannabis. In 2014, the Florida Legislature passed the Compassionate Use Act which was the first legal medical cannabis program in the state's history. The original Compassionate Use Act only allowed for low-THC cannabis to be dispensed and purchased by patients suffering from cancer and epilepsy. In 2016, the Legislature passed the Right To Try Act which allowed for full potency cannabis to be dispensed to patients suffering from a diagnosed terminal condition. Also in 2016, the Florida Medical Marijuana Legalization Initiative was introduced by citizen referendum and passed with a 71.3% majority on November 8. This language amended the state constitution and mandated an expansion of the state's medical cannabis program.

The Florida Medical Marijuana Legalization Initiative, Amendment 2 ("**Amendment 2**"), and the expanded qualifying medical conditions, became effective on January 3, 2017. The Florida Department of Health ("**FDOH**"), physicians, dispensing organizations, and patients are also subject to Article X Section 29 of the Florida Constitution and §381.986 of the Florida Statutes. On June 9, 2017, the Florida House of Representatives and Florida Senate passed respective legislation to implement the expanded program by replacing large portions of the existing Compassionate Use Act, which officially became law on June 23, 2017. The law regulating Amendment 2 provides for another four licenses to be issued for every 100,000 patients added to the state's medical marijuana registry and currently allows MMTCs to open 30 dispensaries, plus an additional five dispensaries for every 100,000 patients.

The Company is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Florida.

Florida Licenses

Subsection 381.986(8)(a) of the State of Florida Statutes provides a vertically-integrated regulatory framework that requires licensed producers, which are statutorily defined as "Medical Marijuana Treatment Centers" ("**MMTC**"), to cultivate, process and dispense medical cannabis in a vertically integrated marketplace. Licenses issued by the FDOH may be renewed biennially so long as the license meets the requirements of the law and the license holder pays a renewal fee. License holders can only own one license.

The license permits the sale of derivative products produced from extracted cannabis plant oil as medical cannabis to qualified patients to treat certain medical conditions. In Florida, there is no state-imposed limitation on the permitted size of cultivation or processing facilities, nor is there a limit on the number of plants that may be grown.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable)	Description
Spring Oaks Greenhouses, Inc.	Vertical MMTC	N/A	On or about April 19, 2021	Cultivation, production, and medical sale

Dispensaries may be located in any location throughout the State of Florida as long as the local government has not issued a prohibition against MMTC dispensaries in their respective municipality. Provided there is not a ban, the Company may locate a dispensary in a site zoned for a pharmacy so long as the location is greater than 500 feet from a public or private elementary, middle, or secondary school.

Florida Reporting Requirements

The FDOH requires that any licensee establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the FDOH to such data. The tracking system must allow for integration of other seed-to-sale systems and, at a minimum, include notification of when marijuana seeds are planted, when marijuana plants are harvested and destroyed, and when cannabis is transported, sold, stolen, diverted, or lost. Additionally, the FDOH also maintains a patient and physician registry and the Company must comply with requirements and regulations relative to providing required data or proof of key events to said system.

Florida Licensing Requirements

Licenses issued by the FDOH are renewed biennially so long as the licensee meets requirements of the law and pays a renewal fee. Provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, the Company would expect to receive the applicable renewed license in the ordinary course of business. While the Company's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that the licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of the Company and have a material adverse effect on its business, financial condition, results of operations, or prospects.

MMTC license holders can only own one license. An MMTC applicant must demonstrate that: (i) they have been registered to do business in the State of Florida for the previous five years, (ii) they possess a valid certificate of registration issued by the Florida Department of Agriculture, (iii) they have the technical and technological ability to cultivate and produce cannabis, including, but not limited to, low-THC cannabis, (iv) they have the ability to secure the premises, resources, and personnel necessary to operate as an MMTC, (v) they have the ability to maintain accountability of raw materials, finished products, and by-products to prevent diversion or unlawful access to or possession of these substances, (vi) they have an infrastructure reasonably required to dispense cannabis to registered qualified patients statewide or regionally as determined by the FDOH, (vii) they have the financial ability to maintain operations for the duration of the two-year approval cycle, including the provision of certified financial statements to the FDOH, (viii) its owners, officers, board members and managers have passed a Level II background screening, inclusive of fingerprinting, and ensure that a medical director is employed to supervise the activities of the MMTC, and (ix) they have a diversity plan and veterans plan accompanied by a contractual process for establishing business relationships with veterans and minority contractors and/or employees. Upon approval of the application by the FDOH, the applicant must post a performance bond of up to US$5,000,000, which may be reduced by meeting certain criteria such as a minimum patient count.

Florida Dispensary Requirements

An MMTC may not dispense more than a 70-day supply of cannabis. The MMTC employee who dispenses the cannabis must enter into the registry his or her name or unique employee identifier. The MMTC must verify that: (i) the qualified patient and the caregiver, if applicable, each has an active registration in the registry and active and valid medical cannabis use registry identification card, (ii) the amount and type of cannabis dispensed matches the physician certification in the registry for the qualified patient, and (iii) the physician certification has not already been filled. An MMTC may not dispense to a qualified patient younger than 18 years of age, only to such patient's caregiver. An MMTC may not dispense or sell any other type of cannabis, alcohol, or illicit drug-related product, except a cannabis delivery device as specified in the physician certification. An MMTC must, upon dispensing, record in the registry: (i) the date, time, quantity and form of cannabis dispensed, (ii) the type of cannabis delivery device dispensed, and (iii) the name and registry identification number of the qualified patient or caregiver to whom the cannabis delivery device was dispensed. An MMTC must ensure that patient records are not visible to anyone other than the patient, caregiver, and MMTC employees.

Florida Security, Transportation, and Storage Requirements

Each MMTC must maintain a video surveillance system with specified features. MMTCs must retain video surveillance recordings for at least 45 days, or longer upon the request of law enforcement.

An MMTC's outdoor premises must have sufficient lighting from dusk until dawn. An MMTC's dispensing facilities must include a waiting area with sufficient space and seating to accommodate qualified patients and caregivers and at least one private consultation area and such facilities may not display products or dispense cannabis or cannabis delivery devices in the waiting area and may not dispense cannabis from its premises between the hours of 9:00 p.m. and 7:00 a.m. but may perform all other operations and deliver cannabis to qualified patients 24-hours a day.

Cannabis must be stored in a secured, locked room or a vault. An MMTC must have at least two employees, or two employees of a security agency, on the premises at all times where cultivation, processing, or storing of cannabis

occurs. MMTC employees must wear an identification badge and visitors must wear a visitor pass at all times on the premises. An MMTC must report to law enforcement within 24 hours after the MMTC is notified of or becomes aware of the theft, diversion or loss of cannabis. A cannabis transportation manifest must be maintained in any vehicle transporting cannabis or a cannabis delivery device. The manifest must be generated from the MMTC's seed-to-sale tracking system and must include the: (i) departure date and time, (ii) name, address, and license number of the originating MMTC, (iii) name and address of the recipient, (iv) quantity and form of any cannabis or cannabis delivery device being transported, (v) arrival date and time, (vi) delivery vehicle make and model and license plate number; and (vii) name and signature of the MMTC employees delivering the product. Further, a copy of the transportation manifest must be provided to each individual, MMTC that receives a delivery. MMTCs must retain copies of all cannabis transportation manifests for at least three years. Cannabis and cannabis delivery devices must be locked in a separate compartment or container within the vehicle and employees transporting cannabis or cannabis delivery devices must have their employee identification on them at all times. Lastly, at least two people must be in a vehicle transporting cannabis or cannabis delivery devices, and at least one person must remain in the vehicle while the cannabis or cannabis delivery device is being delivered.

Florida Inspections

The FDOH conducts announced and unannounced inspections of MMTCs to determine compliance with the laws and rules. The FDOH shall inspect an MMTC upon receiving a complaint or notice that the MMTC has dispensed cannabis containing mold, bacteria, or other contaminants that may cause an adverse effect to humans or the environment. The FDOH shall conduct at least a biennial inspection of each MMTC to evaluate the MMTC's records, personnel, equipment, security, sanitation practices, and quality assurance practices.

U.S. Attorney Statements in Florida

To the knowledge of management of GGB, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Florida. *See* "Risk Factors - United States Regulatory Uncertainty".

Arizona

Arizona Regulatory Landscape

In 2010, Arizona passed Ballot Proposition 203, which amended Title 36 to the Arizona Revised Statutes. This amendment added Chapter 28.1, titled the Arizona Medical Marijuana Act (the "**AMMA**"). The AMMA is codified in Arizona Revised Statutes § 36-2801 *et. seq.* The AMMA also appointed the Arizona Department of Health Services ("**ADHS**") as the regulator for the program and authorized ADHS to promulgate, adopt and enforce regulations for the AMMA. These ADHS regulations are embodied in the Arizona Administrative Code Title 9 Chapter 17 (the "**Rules**"). ARS § 36-2801(11) defines a "'nonprofit medical cannabis dispensary'" as a not-for-profit entity that acquires, possesses, cultivates, manufactures, delivers, transfers, transports, supplies, sells or dispenses cannabis or related supplies and educational materials to cardholders.

The ADHS has established the medical marijuana program, which includes a vertically integrated license, meaning if allocated a Medical Marijuana Dispensary Registration Certificate (a "**Certificate**"), entities are authorized to dispense and cultivate medical cannabis. Each Certificate allows the holding entity to operate one on-site cultivation facility, and one off-site cultivation facility which can be located anywhere within the State of Arizona. An entity holding a Certificate is required to file an application to renew with the ADHS on an annual basis, which must also include audited annual financial statements. While a Certificate may not be sold, transferred or otherwise conveyed, Certificate holders typically contract with third parties to provide various services related to the ongoing operation, maintenance, and governance of its dispensary and/or cultivation facility so long as such contracts do not violate the requirements of the AMMA or the medical marijuana program.

The ADHS had until April 2012 to establish a registration application system for patients and nonprofit marijuana dispensaries, as well as a web-based verification platform for use by law officials and dispensaries to verify a patient's status as such. It also specified patients' rights, qualifying medical conditions, and allowed out-of-state medical

marijuana patients to maintain their patient status (though not to purchase cannabis). On December 6, 2012, Arizona's first licensed medical marijuana dispensary opened in Glendale.

To qualify to use medical marijuana under the AMMA, a patient is required to have a debilitating medical condition. Valid medical conditions include: HIV, cancer, glaucoma, immune deficiency syndrome, hepatitis C, Crohn's disease, agitation of Alzheimer's disease, ALS, cachexia/wasting syndrome, muscle spasms, nausea, seizures, severe and chronic pain or another chronic or debilitating condition.

Moxie is not licensed in the State of Arizona but has a product advisory agreement with the Arizona Partner who has a right to manage the medical marijuana operations of an Arizona license holder for medical marijuana pursuant to a management services agreement. Pursuant to the product advisory agreement with the Arizona Partner, Moxie renders various advisory services relating to, among others, (i) the processing of source material, raw product and/or finished product consistent with Moxie's intellectual property; (ii) the packaging, labeling, distribution, sale and promotion of finished products; (iii) the marks and other Moxie intellectual property used in the promotion of the finished product; (iv) conducting marketing and promotion of the finished product; and (v) facilitating order for finished products to be filled by the Arizona Partner from authorized customers. To the knowledge of Moxie, the Arizona Partner and the Arizona license holder are in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Arizona.

Arizona Licensing Requirements

In order for an applicant to receive a Certificate, it must: (i) fill out an application on the form proscribed by ADHS, (ii) submit the applicant's articles of incorporation and by-laws, (iii) submit fingerprints for each principal officer or board member of the applicant for a background check to exclude felonies, (iv) submit a business plan and policies and procedures for inventory control, security, patient education, and patient recordkeeping that are consistent with the AMMA and the Rules to ensure that the dispensary will operate in compliance, and (v) designate an Arizona licensed physician as the Medical Director for the dispensary. Certificates are renewed annually so long as the dispensary is in good standing with ADHS, pays the renewal fee, and submits an independent third-party financial audit.

Once an applicant has been issued a Certificate, they are allowed to establish one physical retail dispensary location, one cultivation location which is co-located at the dispensary's retail site (if allowed by local zoning) and one additional off-site cultivation location. None of these sites can be operational, however, until the dispensary receives an approval to operate from ADHS for the applicable site. This approval to operate requires: (i) an application on the ADHS form, (ii) demonstration of compliance with local zoning regulations, (iii) a site plan and floor plan for the applicable property, and (iv) an in-person inspection by ADHS of the applicable location to ensure compliance with the Rules and consistency with the dispensary's applicable policies and procedures.

Arizona Security Requirements for Dispensary Facilities

Any dispensary facility (both retail and cultivation) must abide by the following security requirements: (i) ensure that access to the facilities is limited to authorized agents of the dispensary who are in possession of a dispensary agent identification card, and (ii) equip the facility with: (a) intrusion alarms and surveillance equipment, (b) exterior and interior lighting to facilitate surveillance, (c) at least one 19-inch monitor for surveillance and a video capable of printing a high resolution still image, (d) high resolution video cameras at all points of sale, entrances, exits, and limited access areas, both in and around the building, (e) 30 days' video storage, (f) failure notifications and battery backups for the security system, and (g) panic buttons inside each building.

Arizona Storage Requirements

Any dispensary facility (both retail and cultivation) must abide by the following requirements for the storage of product: (i) product must be stored in an area that is separate from areas used to store toxic and flammable materials, (ii) product must be stored in a manner that is clean and sanitary, (iii) product must be protected from flies, dust, dirt, and any other contamination, and (iv) surfaces and objects used in the handling and storage of product must be cleaned daily. Additionally, the Rules establish strict inventory protocols for tracking product from "seed to sale," which requires product to be traceable to the original plants used to grow the cannabis used in the product.

Arizona Transportation Requirements

Dispensaries may transport medical cannabis between their own sites or between their sites and another dispensary's site and must comply with the following Rules: (i) prior to transportation, the dispensary agent must complete a trip plan showing: (a) the name of the dispensary agent in charge of transporting the cannabis, (b) the date and start time of the trip, (c) a description of the cannabis, cannabis plants, or cannabis paraphernalia being transported; and (d) the anticipated route of transportation, (ii) during transport the dispensary agent shall: (a) carry a copy of the trip plan at all times, (b) use a vehicle with no medical cannabis identification, (c) carry a cell phone, and (d) ensure that no cannabis is visible, and (iii) dispensaries must maintain trip plan records.

ADHS Inspections and Enforcement

ADHS may inspect a facility at any time upon five (5) days' notice to the dispensary. However, if someone has alleged that the dispensary is not in compliance with the AMMA or the Rules, ADHS may conduct an unannounced inspection. ADHS will provide written notice to the dispensary of any violations found during any inspection and the dispensary then has 20 working days to take corrective action and notify ADHS.

ADHS must revoke a Certificate if a dispensary: (i) operates before obtaining approval to operate a dispensary from ADHS, or (ii) dispenses, delivers, or otherwise transfers cannabis to an entity other than another licensed dispensary, a qualifying patient with a valid registry identification card, or a designated caregiver with a valid registry identification card, (iii) acquires usable cannabis or mature cannabis plants from any entity other than another licensed dispensary, a qualifying patient with a valid registry identification card, or a designated caregiver with a valid registry identification card, or (iv) if a principal officer or board member has been convicted of an excluded felony offense.

Furthermore, ADHS may revoke a Certificate if a dispensary does not: (i) comply with the requirements of AMMA or the Rules, (ii) implement the policies and procedures or comply with the statements provided to ADHS with the dispensary's application.

U.S. Attorney Statements in Arizona

To the knowledge of management of GGB, other than as disclosed in this Prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Arizona. See "*Risk Factors - United States Regulatory Uncertainty*".

The following sections describe the legal and regulatory landscape in the state of California in which Moxie directly operates. In addition, Moxie has negotiated product advisory agreements in Arizona, Nevada and New Jersey and equity investments in Ohio and Pennsylvania based operators and grower/processor with cannabis-related activities. For a description of legal and regulatory landscape in the State of Nevada and Arizona please see above.

California

California Regulatory Landscape

In 1996, California was the first state to legalize medical marijuana through Proposition 215, the Compassionate Use Act of 1996. This legalized the use, possession and cultivation of medical marijuana by patients with a physician recommendation for treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief.

In 2003, Senate Bill 420 was signed into law establishing an optional identification card system for medical marijuana patients.

In September 2015, the California legislature passed three bills collectively known as the Medical Cannabis Regulation and Safety Act ("**MCRSA**"). The MCRSA established a licensing and regulatory framework for medical marijuana businesses in California. The system created multiple license types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies, and distributors. Edible infused product

manufacturers would require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and businesses would require a state license and local approval to operate. However in November 2016, voters in California overwhelmingly passed Proposition 64, the Adult-Use of Marijuana Act ("**AUMA**") creating an adult-use marijuana program for adults 21 years of age or older. AUMA had some conflicting provisions with MCRSA, so in June 2017, the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Cannabis Regulation and Safety Act ("**MAUCRSA**"), which amalgamates MCRSA and AUMA to provide a set of regulations to govern a medical and adult-use licensing regime for cannabis businesses in the State of California. The four agencies that regulate marijuana at the state level are the Bureau of Cannabis Control ("**BCC**"), California Department of Food and Agriculture, California Department of Public Health, and California Department of Tax and Fee Administration. MAUCRSA went into effect on January 1, 2018.

One of the central features of MAUCRSA is known as "local control." In order to legally operate a medical or adult-use marijuana business in California, an operator must have both a local and state license. This requires license holders to operate in cities or counties with marijuana licensing programs. Cities and counties in California are allowed to determine the number of licenses they will issue to marijuana operators, or can choose to outright ban marijuana.

Moxie (through its subsidiary in the State of California) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of California.

California Licenses

Moxie, through its wholly-owned California subsidiary, ANACAPA CA, LLC, is in the process of receiving retail non-storefront and distribution licenses from the BCC and a manufacturing permit issued by the California Department of Public Health. The licenses are noted as follows:

Holding Entity	Issuing Agency	Permit/License	City	Expiration/Renewal Date (if applicable)	Description
Pure CA, LLC	California Bureau of Cannabis Control	Adult-Use and Medicinal Distributor License Provisional License No: C11-0000292-LIC	Lynwood	6/9/2020	Distributor License
Pure CA, LLC	California Bureau of Cannabis Control	Adult-Use and Medicinal – Retailer Non-storefront License Provisional License No:C9-0000072-LIC	Lynwood	6/9/2020	Retailer Non-storefront License
Pure CA, LLC	California Department of Public Health, Manufactured Cannabis Safety Branch	Annual Manufacturing License (Adult and Medicinal Cannabis Products) License No.:	Lynwood	11/21/2019	License Type 7: Volatile Solvent Extraction

		CDPH-10001194			

California License Types

Once an operator obtains local approval, the operator must obtain state licenses before conducting any commercial marijuana activity. There are 12 different license types that cover all commercial activity. License types 1-3 and 5 authorize the cultivation of medical and/or adult-use marijuana plants. Type 4 licenses are for nurseries that cultivate and sell clones and "teens" (immature marijuana plants that have established roots but require further vegetation prior to being sent into the flowering period). Type 6 and 7 licenses authorize manufacturers to process marijuana biomass into certain value-added products such as shatter or marijuana distillate oil with the use of volatile or non-volatile solvents, depending on the license type. Type 8 licenses are held by testing facilities who test samples of marijuana products and generate "certificates of analysis," which include important information regarding the potency of products and whether products have passed or failed certain threshold tests for pesticide and microbiological contamination. Type 9 licenses are issued to "non-storefront" retailers, commonly called delivery services, who bring marijuana products directly to customers and patients at their residences or other chosen delivery location. Type 10 licenses are issued to storefront retailers, or dispensaries, which are open to the public and sell marijuana products onsite. Type 11 licenses are known as "Transport-Only" distribution licenses, and they allow the distributor to transport marijuana and marijuana products between licensees, but not to retailers. Type 12 licenses are issued to distributors who move marijuana and marijuana products to all license types, including retailers.

California Agencies Regulating the Commercial Cannabis Industry

There are three agencies tasked with regulating the marijuana industry in California. The California Department of Food and Agriculture (CDFA) oversees nurseries and cultivators; the California Department of Public Health (CDPH) oversees manufacturers, and the newly-created Bureau of Cannabis Control (BCC) oversees distributors, retailers, delivery services, and testing laboratories. Operators must apply to one or more of these agencies for their licenses, and each agency has released regulations specific to the operation of the types of businesses they oversee. The BCC has a number of regulations that apply to all licensees, but the CDFA and CDPH regulations only apply to the licensees in their charge.

The Marijuana Supply Chain in California

In California, depending on a local government's own marijuana ordinances, plants may be cultivated outdoors, using mixed-light methods, or fully indoors. Cultivators must initially acquire seeds, clones, teens, or other immature plants from nurseries.

The cultivation, processing, and movement of marijuana within the state is tracked by the METRC system, into which all licensees are required to input their track and trace data (either manually or using another software that automatically uploads to METRC). Immature plants are assigned a Unique Identifier number (UID), and this number follows the flowers and biomass resulting from that plant through the supply chain, all the way to the consumer. Each licensee in the supply chain is required to meticulously log any processing, packaging, and sales associated with that UID.

When marijuana plants mature and complete their life cycle, they are harvested, cured, and trimmed, in preparation of being sold to distributors or manufacturers. Cultivators have two main products: flowers, or "buds," and the biomass, or "trim," which is typically removed from the mature flowers. Trim is commonly sold to manufacturers for further processing into cannabis extracts. Buds may also be sold to manufacturers, or to distributors for sale to retailers. The Cultivator may package and label its marijuana flowers, or may sell flower in bulk and the distributor may package and label the flower.

Manufactured marijuana goods may be sold from a manufacturer to a distributor, but have to be provided to distributors in their final packaging. Distributors may not package manufactured marijuana goods. Certain tax rates apply to the marijuana flower and biomass, which are assessed per ounce of product sold. The tax is paid by the

cultivator to the distributor, or alternatively the manufacturer, who has the responsibility of tendering the fees to the State of California.

Marijuana in California may only be transported by licensed distributors. Some cultivators and manufacturers have their own distribution licenses, and others contract with third-party distributors. Distributors may or may not take possession of the marijuana and marijuana products. How this is evolving in California currently is that, similar to the alcohol distribution model, retailers are choosing from a portfolio of products carried by the distributors they work with. Brands are doing some direct marketing to retailers, but many brands target their marketing to distributors.

Distributors are the point in the supply chain where final quality assurance testing is performed on products before they go to a retailer. Retailers may not accept product without an accompanying certificate of analysis ("**COA**"). Distributors must hold product to be tested on their premises in "quarantine" and arrange for an employee of a licensed testing laboratory to come to their premises and obtain samples from any and all goods proposed to be shipped to a retailer. Marijuana and marijuana products are issued either a "pass" or "fail" by the testing laboratory. Under some circumstances, the BCC's regulations allow for failing product to be "remediated" or to be re-labeled to more accurately reflect the COA.

Retail Compliance in California

California requires that certain warnings, images, and content information be printed on all marijuana packaging. BCC regulations also include certain requirements about tamper-evident and child-resistant packaging. Distributors and retailers are responsible for confirming that products are properly labeled and packaged before they are sold to a customer.

Consumers aged 21 and up may purchase marijuana in California from a dispensary with an "adult-use" license. Some localities still only allow medicinal dispensaries. Consumers aged 18 and up with a valid physician's recommendation may purchase marijuana from a medicinal-only dispensary or an adult-use dispensary. Consumers without valid physician's recommendations may not purchase marijuana from a medicinal-only dispensary. All marijuana businesses are prohibited from hiring employees under the age of 21.

Security Requirements in California

Each local government in California has its own security requirements for cannabis businesses, which usually include comprehensive video surveillance, intrusion detection and alarms, and limited access areas in the dispensary. The state also has similar security requirements, including that there be limited-access areas where only employees and other authorized individuals may enter. All licensee employees must wear employee badges. The limited access areas must be locked with "commercial-grade, non-residential door locks on all points of entry and exit to the licensed premises."

Each licensed premises must have a digital video surveillance system that can "effectively and clearly" record images of the area under surveillance. Cameras must be "in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises." The regulations list specific areas which must be under surveillance, including places where cannabis goods are weighed, packed, stored, loaded, and unloaded, security rooms, and entrances and exits to the premises. Retailers must record point of sale areas on the video surveillance system.

Licensed retailers must hire security personnel to provide on-site security services for the licensed retail premises during hours of operation. All security personnel must be licensed by the Bureau of Security and Investigative Services.

California also has extensive record-keeping and track and trace requirements for all licensees.

Marijuana taxes in California

Several taxes are imposed at the point of sale and are required to be collected by the retailer. The State imposes an excise tax of 15%, and a sales and use tax is assessed on top of that. Cities and Counties apply their sales tax along with

the State's sales and use tax, and many cities and counties have also authorized the imposition of special cannabis business taxes which can range from 2% to 10% of gross receipts of the business.

U.S. Attorney Statements in California

The State of California is divided into four federal districts, each with their own appointed United States Attorney.

To the knowledge of management of GGB, other than as disclosed in this Prospectus, there have not been any statements or guidance made by the U.S. Attorneys for the Central, Northern and Southern Districts of California regarding the risk of enforcement action in California. *See* "Risk Factors - United States Regulatory Uncertainty".

The office of McGregor Scott, U.S. attorney for the Eastern District of California, issued the following statement in January 2018: "The cultivation, distribution and possession of marijuana has long been and remains a violation of federal law for all purposes," and that the office "will evaluate violations of those laws in accordance with our district's federal law enforcement priorities and resources."

New Jersey

New Jersey Regulatory Landscape

On January 18, 2010, the governor of New Jersey signed into law S.119, the Compassionate Use Medical Marijuana Act (the "**NJ Act**"), permitting the use of medical cannabis for persons with debilitating conditions including cancer, HIV/AIDS, ALS, Crohn's disease and any terminal illness. The law permits the New Jersey Department of Health ("**NJDH**") to create rules to add other illnesses to the permitted conditions. The NJ Law does not permit patients to grow their own cannabis but rather mandates that cannabis must be acquired through ATCs licensed by the State. Caregivers for patients are permitted to collect cannabis on behalf of the patient. Under the NJ Act, six ATCs received licenses from the State. The ATCs were originally only non-profit entities and have the exclusive right to produce and sell medical cannabis in New Jersey.

On March 27, 2018 through executive order No. 6 (2018), Governor Phil Murphy expanded the medical cannabis program, announcing the 20-plus recommendations presented by the NJDH on March 23, 2018. The NJDH's recommendations and next steps included certain measures that took effect immediately (e.g. the addition of debilitating conditions and the reduction of registration fees) and other recommendations (e.g. the home delivery model) that require further regulatory or statutory enactment.

In February 2019, the NJDH amended the list of debilitating conditions to include opioid use disorder, which had been accepted as petition by the review panel. The NJDH also implemented measures to streamline the enrollment process for patients, allow physicians to opt out of being listed publicly, and have started the permitting process for six new ATCs.

Moxie is not licensed in the State of New Jersey, but through the New Jersey Partner it has licensed certain intellectual property to the New Jersey Partner who is otherwise in compliance with applicable licensing requirements and the regulatory framework enacted in the State of New Jersey.

New Jersey Licenses

The NJDH is responsible for administering the NJ Act to ensure qualifying patients' access to safe cannabis for medical use in New Jersey. The NJDH is responsible for issuing permits to entities who will operate an ATC. New Jersey is a vertical state where the dispensary needs to be in the same location as the growing and processing facilities. One of the recommendations in executive order No. 6 is to allow existing license holders to have up to two additional dispensaries not attached to the growing facility. The NJDH has issued 12 licenses and are now accepting applications for additional permits.

ATC permits expire annually on December 31. A permit renewal application must be submitted at least 60 days prior to the expiration date. An ATC that seeks to renew its permit shall submit to the permitting authority an application for

renewal with all required documentation and the required fees. An ATC shall update and ensure the correctness of all information submitted in previous applications for a permit or otherwise on file with the NJDH. Prior to the issuance of any permit, every principal officer, owner, director and board member of an ATC must certify stating that he or she submits to the jurisdiction of the courts of the State of New Jersey and agrees to comply with all the requirements of the laws of New Jersey pertaining to New Jersey's Medicinal Marijuana Program. Failure to provide correct and current up-to-date information is grounds for denial of the application for renewal of the permit.

As of April 1, 2019, approximately 44,000 patients were registered and have medical licenses allowing them to purchase cannabis products from an ATC.

New Jersey Recordkeeping/Reporting

New Jersey does not have a unified track and trace ("**T&T**") solution. All information is forwarded to the MMMP through email. The ATC collects and submits to the NJDH for each calendar year statistical data on (a) the number of registered qualified patients and registered primary caregivers, (b) the debilitating medical conditions of the qualified patients, (c) patient demographic data, (d) summary of the patient surveys and evaluation of services and (e) other information as the NJDH may require. The ATC must retain records for at least two years.

New Jersey Storage, Security, and Transportation Requirements

The ATC will establish inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cultivating, stored, usable and unusable cannabis. The ATC will conduct a monthly inventory of cultivating, stored, usable and unusable cannabis. Through a unified T&T system is not currently in place, an ATC is required to have a T&T for tracking inventory and dispensing cannabis products to patients. An ATC is authorized to possess two ounces of usable cannabis per registered qualifying patient plus an additional supply, not to exceed the amount needed to enable the alternative treatment center to meet the demand of newly registered qualifying patients.

Per regulatory requirements an ATC, at a minimum, must (a) establish inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cultivating, stored, usable and unusable cannabis, (b) conduct a monthly inventory of cultivating, stored, usable and unusable cannabis, (c) perform a comprehensive inventory inspection at least once every year from the date of the previous comprehensive inventory, and (d) promptly transcribe inventories taken by use of an oral recording device. If cannabis is disposed of, the ATC must maintain a written record of the date, the quantity disposed of, the manner of disposal and the persons present during the disposal, with their signatures. ATCs must keep disposal records for at least two years. Results of the inventory inspection should document the date of the inventory review, a summary of the inventory findings and the name, signature and title of the individuals who conducted the inventory inspection.

An ATC shall limit access to medicinal cannabis storage areas to the absolute minimum number of specifically authorized employees. In the event non-employee maintenance personnel, business guests or visitors to be present in or pass through medical cannabis storage areas, the ATC must have a dedicated person who is specifically authorized by policy or job description to supervise the activity. The ATC must ensure that the storage of usable cannabis prepared for dispensing to patients is in a locked area with adequate security.

New Jersey Security

An ATC is required to implement effective controls and procedures to guard against theft and diversion of cannabis including systems to protect against electronic records tampering. At a minimum, every ATC must (a) install, maintain in good working order and operate a safety and security alarm system that provides suitable protection 24 hours a day, seven days a week against theft and diversion, (b) immediately notifies the state or local police agencies of an unauthorized breach of security. An ATC must conduct maintenance inspections and tests of the security alarm system at intervals not to exceed 30 days from the previous inspection.

A video surveillance system must be installed and operated to clearly monitor all critical control activities of the ATC and must operate in good working order at all times. The ATC must provide two monitors for remote viewing via telephone lines to the NJDH offices. This security system must be approved by State of New Jersey's Medicinal

Marijuana Program prior to permit issuance. The original tapes or digital pictures produced by the system must be stored in a safe place for a minimum of 30 days.

U.S. Attorney Statements in New Jersey

In January 2018, Craig Carpenito, United States Attorney for the District of New Jersey addressed the issue of marijuana enforcement in the following way: "As was the case before and after the Cole Memo, the cultivation, distribution, and possession of marijuana continues to be generally prohibited by the Controlled Substances Act. We will use our prosecutorial discretion in evaluating all cases and making determinations as we do with all controlled substance cases."

Ohio

Ohio Regulatory Landscape

House Bill 523, effective on September 8, 2016, legalized medical marijuana in Ohio. The Ohio Medical Marijuana Control Program ("**MMCP**") 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. House Bill 523 required that the framework for the MMCP would be in place no later than September 2018. This timeframe allowed for a deliberate process to ensure the safety of the public and to promote access to a safe product. Due to construction delays and lawsuits, medical marijuana did not begin until January 2019. As of May 31, 2019, there were approximately 35,162 registered patients allowed to purchase cannabis products from a dispensary.
The three following state government agencies are responsible for the operation of the MMCP: (i) the Ohio Department of Commerce is responsible for overseeing medical marijuana cultivators, processors and testing laboratories; (ii) the State of Ohio Board of Pharmacy is responsible for overseeing medical marijuana retail dispensaries, the registration of medical marijuana patients and caregivers, the approval of new forms of medical marijuana and coordinating the Medical Marijuana Advisory Committee; and (iii) the State Medical Board of Ohio is responsible for certifying physicians to recommend medical marijuana and may add to the list of qualifying conditions for which medical marijuana can be recommended. Qualifying medical conditions for medical marijuana include: HIV/AIDS, Lou Gehrig's disease, Alzheimer's disease, Cancer, Chronic traumatic encephalopathy, Crohn's disease, epilepsy or other seizure disorder, fibromyalgia, glaucoma, hepatitis C, inflammatory bowel disease, multiple sclerosis (MS), pain (either chronic, severe, or intractable), Parkinson's disease, PTSD, sickle cell anemia, spinal cord disease or injury, Tourette's syndrome, traumatic brain injury, ulcerative colitis. In order for a patient to be eligible to obtain medical marijuana, a physician must make the diagnosis of one of these conditions.

Several forms of medical marijuana are legal in Ohio, these include: inhalation of marijuana through a vaporizer (not direct smoking), oils, tinctures, plant material, edibles, patches and any other forms approved by the State Board of Pharmacy.

To the knowledge of the Company, Moxie (through its 7% equity investment in Pura Ohio Processing, LLC in the State of Ohio) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Ohio and is not aware of any non-compliance, citations or notices of violation that may have an adverse impact on the business activities of Pura Ohio Processing, LLC.

Ohio License

License in the State of Ohio

The table below describes the cannabis-related license held by Pura Ohio Processing, LLC in the State of Ohio:

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable)	Description
Pura Ohio Processing, LLC	#0070	Columbus, Ohio	1/9/2020	Processing License

Ohio License and Regulations

A Certificate of Operation will permit the licensed holder to grow, process, package, and transport medical marijuana to registered medical marijuana dispensaries. Certificates of Operation in Ohio are renewed annually.

Ohio Operating Requirements

In Ohio, medical marijuana processor permittees are subject to regulations found at OAC 3796:3, *et seq*. as discussed below.

Ohio Reporting Requirements

Ohio uses the METRC system as its seed-to-sale tracking system. Licensees are required to use METRC to push data to the state to meet all of the reporting requirements.

Ohio Storage, Transportation, and Security Requirements

The regulations permit Moxie (through its equity investment in the State of Ohio permitted medical cannabis processor) to store medical marijuana inventory at the processor facility in a designated, enclosed, locked facility identified in its plans and specifications that it submitted to the Ohio Department of Commerce. This storage area can only be accessible by authorized individuals. The regulations further require a processor to establish, maintain, and comply with the policies and procedures contained in the operations plan submitted by the processor as part of the application that was approved by the department. The operations plan shall include policies and procedures for the production, storage, inventory, security and transportation of plant material, medical marijuana extract, and medical marijuana products. The regulations further mandate how a processor must package, label and transport finished products for sale at a medical marijuana dispensary.

Prior to transporting any medical marijuana, regardless of form, a medical marijuana entity must maintain a transportation log, in writing, that contains the following information: (1) the names and addresses of the medical marijuana entities sending and receiving the shipment; (2) the names and registration numbers of the registered employees transporting the medical marijuana or the products containing medical marijuana; (3) the license plate number and vehicle type that will transport the shipment; (4) the time of departure and estimated time of arrival; (5) the specific delivery route, which includes street names and distances; and (6) the total weight of the shipment and a description of each individual package that is part of the shipment, and the total number of individual packages. A copy of this log must be sent to the receiving entity before the close of business on the business day prior to transport. A copy of the log must also be in the vehicle at all times while it is transporting medical marijuana products. All such logs must be maintained and provided to law enforcement upon request.

Vehicles used to transport marijuana must be insured as required by law and staffed with a minimum of two registered employees, with at least one employee remaining with the vehicle at all times that the vehicle contains medical marijuana. The marijuana must be kept in a locked container or compartment, and it must not be visible from outside the vehicle. The vehicle must be unmarked. Any vehicle transporting medical marijuana or any product containing medical marijuana must travel directly from the sending medical marijuana entity to the receiving medical marijuana entity and shall not make any stops in between except to other medical marijuana entities listed on the transportation log, to refuel the vehicle, or to notify the medical marijuana entities, the department and law enforcement in the event of an emergency. In the event of an emergency, the employees must report the emergency immediately to law enforcement through the 911 emergency system and to the medical marijuana entities, which will immediately notify the appropriate regulatory authorities, unless the notification is impractical under the circumstances. The employees must notify the sending medical marijuana entity when the delivery has been completed.

Ohio Department of Commerce Inspections

The Ohio Department of Commerce may, at any time it determines an inspection is needed, with or without notice, conduct an inspection of a processor to ensure compliance with the facility's operations plan and state laws and regulations. An inspection may include, without limitation, investigation of standards for safety from fire on behalf of

the department by the local fire protection agency. If a local fire protection agency is not available, the division of state fire marshal may conduct the inspection after the processor pays the appropriate fee to the division of state fire marshal for such inspection. If a problem is detected during an inspection, the cultivator must produce a plan of correction within ten business days.

U.S. Attorney Statements in Ohio

To the knowledge of management of GGB, other than as disclosed in this Prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Ohio. See "*Risk Factors - United States Regulatory Uncertainty*".

Pennsylvania

Pennsylvania Regulatory Landscape

Pennsylvania legalized medical marijuana when it adopted the Pennsylvania Medical Marijuana Act in 2016. It is found in Chapters 1131 through 1210 of the Pennsylvania Statutes. Most of the regulation of Pennsylvania's medical marijuana program to date has occurred under this law and through temporary regulations, all of which are summarized below under the heading "Pennsylvania Medical Marijuana Act."

Pennsylvania Medical Marijuana Act

Under the act, the term "medical marijuana" refers to marijuana obtained for a certified medical use by a Pennsylvania resident with a serious medical condition. A serious medical condition now includes 23 different conditions including cancer, HIV-positive status, AIDS, several neurological conditions and issues, and severe intractable pain. Medical marijuana is limited by statute in Pennsylvania to the following forms: (a) pill; (b) oil; (c) topical forms, including gel, creams, or ointments; (d) a form medically appropriate for administration by vaporization or nebulization, including dry leaf or plant form; (e) tincture; and (f) liquid.

Under the Pennsylvania Medical Marijuana Act, patients who are residents of the Commonwealth and have a serious medical condition as certified by a physician will be able to obtain medical marijuana at dispensaries that are located in the commonwealth and have a validly-issued permit from the Pennsylvania Department of Health. A "caregiver" who is designated by the patient and is registered with the Pennsylvania Department of Health will be able to obtain medical marijuana from a dispensary located in the commonwealth that has a validly- issued permit from the Pennsylvania Department of Health in order for the caregiver to deliver medical marijuana to the patient. The Pennsylvania Medical Marijuana Act provides for issuance of permits to grower/processors, dispensaries, and clinical registrants.

Clinical registrants are entities that hold a permit as both a grower/processor and a dispensary. They must have a contractual relationship with an approved academic clinical research center ("**ACRC**") under which the ACRC or its affiliate provides advice to the entity, regarding, among other areas, patient health and safety, medical applications and dispensing and management of controlled substances. The clinical registrant must have a research plan in place with the academic clinical research center, and an Institutional Review Board must approve any research projects. Each patient enrolled in a research project must be identified as such in the Commonwealth's electronic tracking system. The Pennsylvania Department of Health may approve no more than eight clinical registrants. Each clinical registrant may have up to six separate dispensing locations with no more than three of the six permitted to be located in the same medical marijuana regions or in the same county (designated by the Pennsylvania Department of Health).

A grower/processor may only grow, store, harvest or process medical marijuana in an indoor, enclosed, secure facility as approved by the Pennsylvania Department of Health. Public access to grower/processor facilities is not permitted. Grower/processors must comply with all security, surveillance, and anti-diversion requirements at their facilities. They also have to comply with all record keeping requirements and must track plant inventory information in the Commonwealth's seed-to-sale tracking system. They may only use pesticides, fungicides or herbicides approved by the Pennsylvania Department of Agriculture and must maintain records of their use. Medical marijuana must have a specific concentration of total THC and total CBD and must have a consistent cannabinoid profile. The concentration of cannabinoids for each particular type of medical marijuana product must be reported to the Pennsylvania Department

of Health by an approved laboratory. All waste must be disposed in a manner that renders it unusable and unrecognizable. All processing must meet proper sanitation requirements, and all packaging and labeling must comply with the act's requirements. Within the first six (6) months after the Pennsylvania Department of Health determines the grower/processor to be operational, the grower/processor must provide the Pennsylvania Department of Health with a forecast of the amount of medical marijuana it projects it will produce and in what form. The grower/processor shall notify the Pennsylvania Department of Health in writing immediately upon becoming aware of a potential increase or decrease in the forecasted amount occurring within any subsequent six (6) month period.

A dispensary may only dispense medical marijuana to a patient or caregiver in an indoor, enclosed, secure facility as approved by the Pennsylvania Department of Health. The dispensary must have an approved operation plan that includes appropriate safety, security, surveillance, inventory tracking, record keeping, and maintenance measures. It may only dispense medical marijuana to a patient or caregiver who presents a valid identification card to an employee at the facility who is authorized to dispense medical marijuana at the facility. The dispensary must employ and have on-site at all times the facility is open for dispensing a physician, pharmacist, physician assistant or certified registered nurse practitioner who has undergone required medical marijuana training. This medical professional may consult with patients regarding proper dosage and administration of medical marijuana for their condition if the referring physician has not done so. The entire transaction must be tracked in the commonwealth's seed-to-sale electronic tracking system.

Licensing and Compliance in Pennsylvania

In Pennsylvania, the Department of Health administers and maintains the Commonwealth's medical marijuana program pursuant to Pennsylvania laws and regulations. Pennsylvania awards permits separately for the growing and processing of medical marijuana, as well as for the dispensing of medical marijuana. As a dispensary permit holder, Pennsylvania law requires the use of state-mandated point of sale and product tracking software to log and record all inventory and sales activities, as well as all patient interactions. All marijuana must be stored with adequate security requirements to prevent diversion. Each facility must also have security measures to prevent unauthorized access and video surveillance; as well as the ability to maintain records of all activities. Only qualified patients or registered caregivers can be dispensed cannabis pursuant to a qualified physician's active recommendation; all of which must be confirmed prior to dispensation. Each dispensary must also employ a licensed pharmacist, doctor or registered nurse practitioner. Additionally, all employees must pass state mandated criminal history background screenings.

To the knowledge of the Company, Moxie (through its subsidiary in the Commonwealth of Pennsylvania – ANACAPA PA, LLC) will have a minority ownership interest in a Pennsylvania permittee who is operational and in compliance with applicable licensing requirements and the regulatory framework enacted by the Commonwealth of Pennsylvania.

Pennsylvania Licenses

A subsidiary of Moxie will own 17.18% of PurePenn LLC, which applied for and was awarded a license to operate a grower/processor in Mckeesport, Pennsylvania. Upon receipt of regulatory approval, Moxie's interest in PurePenn LLC will either be contributed to Moxie or to the Company prior to the closing of the Moxie Business Combination. The table below includes that license.

Under applicable laws, the license permits PurePenn, LLC to purchase marijuana and marijuana products from cultivation/processing facilities, and to sell marijuana and marijuana products to registered patients pursuant to the terms of the license. The license is issued by the Pennsylvania Department of Health (the "**PDOH**") under the provisions of the Medical Marijuana Act (35 P.S. §§ 10231.101 - 10231.2110) and Chapters 1141, 1151 and 1161 of the Pennsylvania regulations. The license is, as of the date hereof, active with the Commonwealth of Pennsylvania.

Holding Entity	Permit/License	Issuing Entity	City	Expiration/Renewal Date (if applicable)	Description
PurePenn, LLC	Medical Marijuana Grower/Processor Permit	Pennsylvania Office of Medical Marijuana	Mckeesport, Pennsylvania	6/20/2020	Grower / Processor

Dispensary Requirements

A dispensary may only dispense medical marijuana products to a patient or caregiver who presents a valid identification card to an employee at the facility who is authorized to dispense medical marijuana products at the facility. Prior to dispensing medical marijuana products to a patient or caregiver, the dispensary shall: (1) Verify the validity of the patient or caregiver identification card using the electronic tracking system; and (2) Review the information on the patient's most recent certification by using the electronic tracking system to access the Pennsylvania Department of Health's database. The following requirements apply: (i) if a practitioner sets forth recommendations, requirements or limitations as to the form and/or dosage of a medical marijuana product on the patient certification, the medical marijuana product dispensed to a patient or caregiver by a dispensary must conform to those recommendations, requirements or limitations; (ii) if a practitioner does not set forth recommendations, requirements or limitations as to the form or dosage of a medical marijuana product on the patient certification, the physician, pharmacist, physician assistant or certified registered nurse practitioner employed by the dispensary and working at the facility shall consult with the patient or the caregiver regarding the appropriate form and dosage of the medical marijuana product to be dispensed; and (iii) the dispensary shall update the patient certification in the electronic tracking system by entering any recommendation as to the form or dosage of medical marijuana product that is dispensed to the patient. Prior to the completion of the transaction, the employee conducting the transaction at the dispensary shall prepare a receipt of the transaction, and file the receipt information with the Pennsylvania Department of Health utilizing the electronic tracking system. A dispensary shall provide a copy of the receipt to the patient or the caregiver, unless the patient or the caregiver declines the receipt. The receipt must include all of the following information: (1) the name, address and any permit number assigned to the dispensary by the Pennsylvania Department of Health; (2) the name and address of the patient and, if applicable, the patient's caregiver. (3) the date the medical marijuana product was dispensed; (4) any requirement or limitation noted by the practitioner on the patient's certification as to the form of medical marijuana product that the patient should use; and (5) the form and the quantity of medical marijuana product dispensed.

Security and Surveillance Requirements for Cultivation, Processing and Dispensing Facilities

A dispensary shall have security and surveillance systems, utilizing commercial-grade equipment, to prevent unauthorized entry and to prevent and detect an adverse loss. The security and surveillance systems must include all of the following:

1. A professionally-monitored security alarm system that includes the following: (i) coverage of all facility entrances and exits; rooms with exterior windows, exterior walls, roof hatches or skylights; storage rooms, including those that contain medical marijuana and safes; and the perimeter of the facility; (ii) a silent security alarm system signal, known as a duress alarm, generated by the entry of a designated code into an arming station in order to signal that the alarm user is being forced to turn off the system; (iii) an audible security alarm system signal, known as a panic alarm, generated by the manual activation of a device intended to signal a life-threatening or emergency situation requiring law enforcement response; (iv) a silent alarm signal, known as a holdup alarm, generated by the manual activation of a device intended to signal a robbery in progress; (v) an electrical, electronic, mechanical or other device capable of being programmed to send a pre-recorded voice message requesting dispatch, when activated, over a telephone line, radio or other communication system to a law enforcement, public safety or emergency services agency; (vi) a failure notification system that provides an audible, text or visual notification of any failure in the systems. The failure notification system must provide by telephone, e-mail or text message an alert to a designated security person within the facility within 5 minutes after the failure; (vii) smoke and fire alarms; (viii) auxiliary power sufficient to maintain security and surveillance systems for at least 48 hours following a power outage; (ix) ability to ensure all access doors are not solely controlled by an electronic access panel to prevent locks from becoming released during a power outage; and (x) motion detectors.

2. A professionally-monitored security and surveillance system that is operational 24 hours per day, 7 days per week and records all activity in images capable of clearly revealing facial detail. The security and surveillance system must include all of the following: (i) fixed camera placement that allows for a clear image of all individuals and activities in and around the following: (A) any area of a facility where medical marijuana products are loaded or unloaded into or from transport vehicles; (B) entrances to and exits from a facility. Entrances and exits must be recorded from both indoor and outdoor vantage points; (C) rooms

with exterior windows, exterior walls, roof hatches or skylights and storage rooms, including those that may contain medical marijuana products and safes; (D) five feet from the exterior of the perimeter of a facility; (E) all limited access areas; (ii) auxiliary power sufficient to maintain security and surveillance systems for at least 48 hours following a power outage; (iii) the ability to operate under the normal lighting conditions of each area under surveillance; and (iv) the ability to immediately produce a clear, color, still photograph in a digital format that meets the requirements of this subsection.

3. The ability to clearly and accurately display the date and time. The date and time must be synchronized and set correctly and may not significantly obscure the picture.

4. The ability to record and store all images captured by each surveillance camera for a minimum of two (2) years in a format that may be easily accessed for investigative purposes. The recordings must be kept: (i) at the facility: (A) in a locked cabinet, closet or other secure place to protect it from tampering or theft; (B) in a limited access area or other room to which access is limited to authorized individuals; and (ii) at a secure location other than the location of the facility if approved by the Pennsylvania Department of Health.

5. A security alarm system that is separate from the facility's primary security system covering the limited access area or other room where the recordings are stored. The separate security alarm system must meet the same requirements as the facility's primary security alarm system. The following apply regarding the inspection, servicing or alteration of, and the upgrade to, the dispensary facility's security and surveillance systems: (i) the systems shall be inspected and all devices tested once every year by a qualified alarm system vendor and a qualified surveillance system vendor, as approved by the Pennsylvania Department of Health; (ii) the dispensary shall conduct maintenance inspections once every month to ensure that any repairs, alterations or upgrades to the security and surveillance systems are made for the proper operation of the systems; (iii) the dispensary shall retain at the facility, for at least four (4) years, records of all inspections, servicing, alterations and upgrades performed on the systems and shall make the records available to the Pennsylvania Department of Health and its authorized agents within two (2) business days following a request; (iv) in the event of a mechanical malfunction of the security or surveillance system that the dispensary anticipates will exceed a 4-hour period, the dispensary shall notify the Pennsylvania Department of Health immediately and, with Pennsylvania Department of Health approval, provide alternative security measures that may include closure of the facility; and (v) The dispensary shall designate an employee to continuously monitor the security and surveillance systems at the facility.

6. Records retention: (i) if a dispensary has been notified in writing by the Pennsylvania Department of Health or its authorized agents, law enforcement, or other Federal, State or local government officials of a pending criminal or administrative investigation for which a recording may contain relevant information, the dispensary shall retain an unaltered copy of the recording for four (4) years or until the investigation or proceeding is closed or the entity conducting the investigation or proceeding notifies the dispensary that it is not necessary to retain the recording, whichever is longer; (ii) a dispensary shall install commercial-grade, non-residential steel doors and door locks on each room where medical marijuana products are stored and on each external door of the facility. Keys or key codes for all doors shall remain in the possession of designated authorized individuals; (iii) during all nonworking hours, all entrances to and exits from the facility must be securely locked; (iv) a dispensary shall have an electronic back-up system for all electronic records; (v) a dispensary shall install lighting to ensure proper surveillance inside and outside of the facility; and (vi) a dispensary shall limit access to a room in a facility containing security and surveillance monitoring equipment to persons who are essential to maintaining security and surveillance operations including, Federal, State and local law enforcement, security and surveillance system service employees, the Pennsylvania Department of Health or its authorized agents, and other persons with the prior written approval of the Pennsylvania Department of Health. The following requirements apply: (1) a dispensary shall make available to the Pennsylvania Department of Health or the Pennsylvania Department of Health's authorized agents, upon request, a current list of authorized employees and service employees or contractors who have access to any security and surveillance areas; and (2) a dispensary facility shall keep security and surveillance rooms locked at all times and may not use these rooms for any other purpose or function.

Storage Requirements for Cultivation, Processing and Dispensing Facilities

A dispensary shall have separate and locked limited access areas for storage of medical marijuana products that are expired, damaged, deteriorated, mislabeled, contaminated, recalled, or whose containers or packaging have been opened or breached until the medical marijuana products are returned to a grower/processor, destroyed or otherwise disposed of as required under § 1151.40 (relating to management and disposal of medical marijuana waste). A dispensary shall maintain all storage areas in a clean and orderly condition and free from infestation by insects, rodents, birds and pests.

Pennsylvania Department of Health Inspections

The Pennsylvania Department of Health may conduct announced or unannounced inspections or investigations to determine the medical marijuana organization's compliance with its permit. An investigation or inspection may include an inspection of a medical marijuana organization's site, facility, vehicles, books, records, papers, documents, data, and other physical or electronic information.

U.S. Attorney Statements in Pennsylvania

David J. Freed, who was appointed to serve as U.S. Attorney for the Middle District of Pennsylvania on November 15, 2017, has previously stated, "I don't need a study to tell me marijuana is a gateway drug. We in law enforcement have to clean up the mess." He has also previously stated that he believes the law should not change. Scott W. Brady, appointed to serve as U.S. Attorney for the Western District of Pennsylvania on December 14, 2017, has also indicated that his office would vigorously enforce federal law.

In accordance with Staff Notice 51-352, the Company will evaluate, monitor and reassess the foregoing disclosure, and any related risks, on an ongoing basis and any supplements or amendments hereto will be reflected in, and provided to, investors in public filings of the Company, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis regulation. Any non-compliance, citations or notices of violation which may have an impact on any of the Company's or its subsidiaries' licenses, business activities or operations will be promptly disclosed by the Company.

Ability to Access Public and Private Capital

Given the current laws regarding cannabis at the federal level in the United States, traditional bank financing is typically not available to United States cannabis companies. Specifically, the federal illegality of marijuana in the United States means that financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under money laundering statutes, the unlicensed money transmitter statute and the Bank Secrecy Act. As a result, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. Banks who do accept deposits from cannabis-related businesses in the United States must do so incompliance with the memorandum drafted by former Deputy Attorney General James Cole on February 14, 2014 (the "**Cole Financial Crime Memo**") and the FinCEN Guidance. The Cole Financial Crime Memo states that prosecutors should apply the enforcement priorities of the Cole Memo in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of marijuana-related conduct. The FinCen Guidance provides guidelines to banks on how to accept deposits from cannabis-related businesses while remaining compliant with the Bank Secrecy Act. FinCEN has not rescinded the FinCEN Guidance following the January 4, 2018 recession of the Cole Memo.

The Company has historically, and continues to have, access to equity and debt financing from the prospectus exempt (private placement) markets in Canada and the United States. The Company's executive team and the Board also have extensive relationships with sources of private capital (such as funds and high net worth individuals), that could be investigated at a higher cost of capital.

While the Company is not able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, it currently has access to equity financing through the public and private markets in Canada and in the private markets in the United States. Since the use of marijuana is illegal under U.S. federal law, and in light of concerns in the

banking industry regarding money laundering and other federal financial crime related to marijuana, U.S. banks have been reluctant to accept deposit funds from businesses involved with the marijuana industry.

Consequently, businesses involved in the marijuana industry often have difficulty finding a bank willing to accept their business. Likewise, marijuana businesses have limited, if any, access to credit card processing services. As a result, marijuana businesses in the U.S. are largely cash-based. This complicates the implementation of financial controls and increases security issues. Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Company's projects. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. See "*Risk Factors*".

Balance Sheet Exposure

At June 30, 2018, 100%, and at March 31, 2019, 100%, of the Company's balance sheet was exposed to U.S. cannabis-related activities, respectively. Upon completion of the Moxie Business Combination, the Spring Oaks Acquisition, the NOR Acquisition and the Henderson Acquisition, the Company's balance sheet exposure to U.S. cannabis-related activities will be 100%.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company (i) as at March 31, 2019, the date of the Company's most recent unaudited interim financial statements, (ii) as at the date of this Prospectus; (iii) as at the date of this Prospectus after giving effect to the completion of the Offering (assuming no exercise of the Over-Allotment Option), and (iv) as at the date of this Prospectus after giving effect to the completion of the Offering (assuming no exercise of the Over-Allotment Option), the Moxie Business Combination and the Spring Oaks Acquisition. This table should be read in conjunction with the Interim Company Financial Statements and Interim Company MD&A, which are incorporated by reference in this Prospectus as well as the other disclosure contained in this Prospectus, including the risk factors described under the heading "*Risk Factors*" in this Prospectus.

	The Company as at March 31, 2019	**As at March 31, 2019 after giving effect to the Debenture Financing [3], the Revised Henderson Warrant, the GAOC Repurchase and certain other exercises and issuances [6]**	**As at March 31, 2019 after giving effect to the Debenture Financing [3], the Revised Henderson Warrant, the GAOC Repurchase and certain other exercises and issuances [6] and the Offering[4]**	**As at March 31, 2019 after giving effect to the Debenture Financing [3], the Revised Henderson Warrant, the GAOC Repurchase and certain other exercises and issuances [6] [8], the Offering[4], the Moxie Business Combination and the Spring Oaks Acquisition[7]**
Common Shares [1]	188,212,278	164,217,973	184,717,973	358,649,377
Proportionate Voting Shares [2]	40,698	59,795	59,795	62,868
Convertible Debentures [5]	Nil.	17,078	17,078	17,078
Common Share Warrants	25,663,581	19,601,837	29,851,837	29,851,837
Proportionate Voting Share Warrants	19,097	Nil.	Nil.	Nil.
Common Share Options	350,000	300,000	300,000	300,000
Restricted Share Units	2,120,000	2,395,000	2,395,000	2,395,000
Total	216,405,654	186,591,683	217,341,683	391,276,160

Notes:

(1) The Common Shares are listed for trading on the CSE under the symbol "GGB".

(2) The Proportionate Voting Shares are not listed for trading on any exchange.
(3) Assuming conversion in full of the Debentures.
(4) Excludes the securities issuable pursuant to the exercise of the Over-Allotment Option.
(5) Assumes the conversion of the Convertible Debentures into Proportionate Voting Shares.
(6) The exercise of certain outstanding warrants and options, as well as the issuance of Restricted Share Units. See "*Prior Sales*".
(7) Assumes the conversion in full of the Two-Year and the One-Year Note.
(8) Assumes the issuance by the Company of Proportionate Voting Shares and Common Shares in connection with the Backstop Fee upon completion of the Offering.

USE OF PROCEEDS

Proceeds

The net proceeds to the Company from the Offering are estimated to be approximately $46,709,250, after deducting the payment of the Underwriters' Fee of $3,515,750, but before deducting the expenses of the Offering (estimated to be approximately $1,000,000). If the Over-Allotment Option is exercised in full, the net proceeds to the Company from the Offering are estimated to be approximately $53,715,637.50, after deducting the payment of the Underwriters' Fee of $4,043,112.50, but before deducting the expenses of the Offering (estimated to be approximately $1,000,000).

Principal Purposes

The Company intends to use the net proceeds from the Offering, in part, (i) to finance the repayment of the Amended Purchase Note in connection with the NOR Acquisition, (ii) to finance the HOR Cash Payment payable by the Company on closing of the Henderson Acquisition, (iii) to finance the Deferred Cash Consideration and the Giles Fee payable by the Company to complete the Spring Oaks Acquisition, and (iv) the remainder for the Company's ongoing capital expenditures and general corporate purposes.

The Company intends to allocate the net proceeds of the Offering for the following approximate purposes:

Purpose	Net Proceeds ($)
Estimated Available Funds	$46,709,250
General and Administrative (1)	$1,000,000
NOR Acquisition Amended Purchase Note (2)	$20,440,200
HOR Cash Payment for Henderson Acquisition (2)	$10,532,940
Spring Oaks Acquisition (2)	$4,284,150
Capital Expenditures and General Corporate Purposes	$10,451,960

Notes:
(1) Includes estimated expenses and fees related to the Offering, including legal fees, audit fees, regulatory fees and other expenses.
(2) See "*Recent Developments"* for more information regarding the specific time period in which each event is expected to occur and the payments associated.

Until applied, the net proceeds of the Offering will be held as cash balances in the Company's bank account or invested at the discretion of the Chief Financial Officer, subject to the investment directives of the Board.

During the nine-month period ended March 31, 2019, the Company sustained net losses from operations and had negative cash flow from operating activities. The Company's cash and cash equivalents as at March 31, 2019 was approximately $5,466,451. As at March 31, 2019, the Company's working capital was approximately $23,556,994. The Company's cash and cash equivalents as at June 30, 2019 was approximately US$10,000,000. As at June 30, 2019, the Company's working capital was negative, approximately US$77,000,000. The Company's negative working capital position reflects: (i) the principal amount outstanding under the Amended Purchase Note, being US$15,485,000, due August 28, 2019; (ii) the amount outstanding under the GAOC Note, being US$29,585,798, due November 15, 2019; and (iii) US$45,500,000 payable to the holders of the Debentures on May 17, 2020. Although the Company anticipates it will have positive cash flow from operating activities in future periods, it is uncertain when this will occur and to the extent

that the Company has negative cash flow in any future period, certain of the proceeds from the Offering may be used to fund such negative cash flow from operating activities. See "*Risk Factors — Negative Cash Flow from Operations*".

The proceeds of the Offering have been reserved and are sufficient for the purposes of completing the repayment of the Amended Purchase Note in connection with the NOR Acquisition, the HOR Cash Payment in connection with the Henderson Acquisition and for the Deferred Cash Consideration and the Giles Fee in connection with the Spring Oaks Acquisition. In order to fund the Company's operations for the next 12 months, including the repayment of the Two-Year Note, the One-Year Note, the GAOC Note and the repayment of the Debentures, the Company will need to raise additional capital and/or seek to extend the maturity dates of such loans. See "*Operations Over the Next 12 Months*" and "*Risk Factors – Securing Additional Financing*".

The above-noted allocation represents the Company's intention with respect to its use of proceeds based on current knowledge and planning by management of the Company. Actual expenditures may differ from the estimates set forth above. There may be circumstances where, for sound business reasons, the Company reallocates the use of proceeds. See "*Risk Factors — Discretion in Use of Proceeds*".

If the Over-Allotment Option is exercised in full, the Company will receive additional net proceeds of approximately $7,006,388 after deducting the Underwriters' Fee. The net proceeds from the exercise of the Over-Allotment Option, if any, is expected to be added to working capital.

Other Sources of Funding

The Company raised gross proceeds of $61,200,000 in connection with the Debenture Financing. Approximately $61,055,000, being the net proceeds from the Debenture Financing, was used as follows: (i) approximately $16,308,984 (US$12,372,162) was used to complete the acquisitions of WON and Panorama; (ii) approximately $1,318,200 (US$1,000,000) was used to pay the members of Henderson Organic as a nonrefundable advance on the HOR Cash Payment; (iii) approximately $1,779,570 (US$1,350,000) was used to pay the Deposit in connection with the Spring Oaks Acquisition; (iv) approximately $10,000,000 was used for capital expenditures in respect of the Company's CBD kiosk shops and dispensaries, as well as home office and IT projects of the Company; (v) approximately $10,000,000 was used in connection with the GAOC Repurchase in light of certain operational expenses of the Company; and (vi) approximately $2,636,400 (US$2,000,000) was used to pay the Closing Cash Consideration in connection with the Spring Oaks Acquisition. The balance of the net proceeds from the Debenture Financing was allocated for general corporate and working capital purposes and to fund operations. See *"Recent Developments".*

Operations Over the Next 12 Months

As at June 30, 2019, the Company anticipates it will require approximately US$161,069,085 to continue operations over the next 12 months, including funding for: (i) the NOR Acquisition, the Henderson Acquisition and the Spring Oaks Acquisition; (ii) the repayment of the GAOC Note and the Debentures, plus respective interest payable thereon; (iii) capital expenditures and working capital; and (iv) general and administrative expenses, detailed as follows:

Uses for the Next 12 Months (1)	**Amount ($)**
NOR Acquisition Amended Purchase Note (2)	US$15,485,000
HOR Cash Payment for Henderson Acquisition (2)	US$7,979,500
Spring Oaks Acquisition (2)	US$5,250,000
Repayment of the GAOC Note, plus interest (2)	US$30,029,585
Repayment of the Debentures, plus interest (2)	US$52,325,000
Capital Expenditures and Working Capital	US$20,000,000
General & Administrative Expenses (3)	US$30,000,000
Total:	**US$161,069,085**

Notes:

(1) Assumes completion of the Moxie Business Combination on January 1, 2020. See "*Recent Developments – The Moxie Business Combination*" and "*Risk Factors – Risks related to the Moxie Business Combination and the Spring Oaks Acquisition*".

(2) See "*Recent Developments"* for more information regarding the specific time period in which each event is expected to occur and the payments associated.

(3) As the Company ramped up operations and executed on its aggressive growth strategy during its first year of operations, including the transition of the Company into a reporting issuer, general and administrative expenses, including legal and professional fees, for the nine-month period ended March 31, 2019 were approximately US$25,000,000. For the 12 month period following completion of the Offering and assuming less aggressive growth expenditures (subject to securing additional financing to fund any such growth expenditures – see "*Risk Factors – Securing Additional Financing*"), the Issuer's basic general and administrative expenses, including legal and professional fees, for the next 12 months are expected to be approximately US$30,000,000.

The Company has currently identified approximately US$167,000,504 of resources available to continue operations over the next 12 months, including the net proceeds from the Offering, cash and cash equivalents, the proceeds of the Moxie Loan, anticipated working capital of approximately US$25,000,000 in connection with the Moxie Business Combination and the Debentures Backstop Commitment and the Additional Backstop Commitment, detailed as follows:

Sources Over the Next 12 Months (1)	**Amount ($)**
Cash and Cash Equivalents	US$10,000,000
Moxie Loan	US$5,000,000
Net Working Capital, Moxie Business Combination (2)	US$25,000,000
Debentures Backstop Commitment	US$52,325,000
Additional Backstop Commitment	US$25,000,000
Other Net Operating Activities (3)	US$15,000,000
Net Proceeds from the Offering	US$34,675,504
Total:	**US$167,000,504**

Notes:

(1) Assumes completion of the Moxie Business Combination on January 1, 2020. See "*Recent Developments – The Moxie Business Combination*" and "*Risk Factors – Risks related to the Moxie Business Combination and the Spring Oaks Acquisition*".

(2) In May 2019, Moxie completed two capital raises aggregating to a total of US$43,000,000 cash, consisting of (i) newly issued convertible debt in the aggregate amount of US$36,000,000 and (ii) the issuance of series C preferred units in the aggregate amount of US$7,000,000 (the "**Moxie Capital Raise**"). In connection with the Moxie Capital Raise, existing convertible notes payable of Moxie totaling US$7,000,000 were converted into series C-1 preferred units. Of the US$43,000,000 cash raised (excluding debt converted) in connection with the Moxie Capital Raise, US$5,000,000 was subsequently loaned to the Company in July 2019 in connection with the Moxie Loan. The Moxie Agreement contains customary negative and affirmative covenants on the part of Moxie regarding the conduct of its business prior to closing, including that it will cause the business to be conducted in the ordinary course. In addition, unless consented to in writing by GGB, Moxie will use commercially reasonable efforts to maintain and preserve intact its current business and the rights, good will and relationships of its employees, customers, suppliers, and others having business relationships with it. The Moxie Agreement also contains specific negative covenants as to certain impermissible activities of Moxie prior to closing, which provide that, unless consented to by GGB, it will not, among other things, change its cash management practices; incur, make any commitment or agree with respect to any capital expenditure or incur any liabilities that exceed $200,000 in the aggregate; pay or approve of reimbursement to any shareholders or directors; and, take any action that would restrict, inhibit or adversely affect the ability of Moxie to conduct its business as presently conducted.

(3) As at March 31, 2019, the Company operated one dispensary and one cultivation facility through its cannabis segment and six mall-based CBD kiosk shops (the first of which opened in mid-February 2019) through its CBD segment. For the three-month period ended March 31, 2019, the Company reported (i) revenue of approximately US$5,500,000, (ii) cost of goods sold of approximately US$5,400,000 and (iii) selling and marketing expenses of approximately US$1,900,000 (which included start-up costs associated with the Company's CDB operations). Since March 31, 2019, the Company has opened 95 mall-based CBD kiosk shops. During May 2019, the second cultivation facility became operational, and the Company anticipates expanding by adding two additional dispensaries (one in connection with the Henderson Acquisition and one in Reno, Nevada) and opening approximately 64 mall-based CBD kiosk shops through its CBD segment. The Company expects that it will be able to open the 64 additional mall-based CBD kiosk shops within the next 3-4 months and has existing lease agreements in place to do so. The cost to the Company of opening the two additional dispensaries and the additional CBD kiosk shops is included in the US$20,000,000 of capital expenditures and working capital detailed in the "*Uses for the Next 12 Months*" table above. See "*Use of Proceeds – Operations over the Next 12 Months*". The Company intends to fund the additional two dispensaries and the additional 64 mall-based CBD kiosk locations as follows: for one of the dispensaries, which the Company will acquire following the expected closing of the Henderson Acquisition, the Company intends to use the net proceeds of the Offering to fund the cash portion of the purchase price. For the remaining dispensary and the 64 additional mall-based CBD kiosk shops, the Company has sufficient committed funds to finance these initiatives through a combination of the following: (i) the net proceeds of the Offering, (ii) the Moxie Loan and (iii) the Backstop Convertible Debentures. In the next 12 months, the Company expects to (i) generate revenue of approximately US$120,000,000 and (ii) incur cost of goods sold of approximately US$50,000,000, and selling and marketing expenses of approximately US$60,000,000, resulting in net other operating activities of approximately US$10,000,000. In addition, the Company expects to realize other net operating activities of approximately US$5,000,000 through the Moxie Business Combination. The Company's gross margin in Q1 2019 included significant start-up and one-time costs associated with launching the CBD business and does not reflect the economies of scale that will apply in future quarters. See "*Forward-Looking Information"*, "*Regulatory Overview*" and "*Risk Factors*".

In addition, the Company is currently engaged in discussions, and has signed a letter of intent, with United Capital Partners LLC to obtain additional debt financing of up to US$50,000,000 (the "**Proposed Debt Financing**"). If secured, it is anticipated that the Proposed Debt Financing would be used by the Company to fund, in part, the Company's presently identified capital

and operating expenditures related to the opening of new dispensaries, new mall-based CBD kiosk shops and the acquisition or build-out of a cultivation facility in Florida. There are no assurances that the Proposed Debt Financing will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus. See *"Risk Factors – Securing Additional Financing".*

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Company has agreed to sell and the Underwriters have agreed to, severally, and not jointly nor jointly or severally, purchase, as principals, on the Closing Date, 20,500,000 Offered Units at the Offering Price, for aggregate gross proceeds of $50,225,000 payable in cash to the Company against delivery of the Offered Units. The Offering Price was determined by arm's length negotiation between the Company and the Underwriters, with reference to the prevailing market price of the Common Shares. The obligations of the Underwriters under the Underwriting Agreement are several (and not joint nor joint and several), are subject to certain closing conditions and may be terminated at the Underwriters' discretion on the basis of "disaster out", "material change out", "restrictions on distribution out", "adverse order out" and "breach out" provisions in the Underwriting Agreement and may also be terminated upon the occurrence of certain other stated events. The Underwriters are, however, obligated to take up and pay for all of the Offered Units if any Offered Units are purchased under the Underwriting Agreement.

The Company has granted to the Underwriters an Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days from and including the Closing Date, to purchase up to an additional 3,075,000 Over-Allotment Units at the Offering Price to cover the Underwriters' over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriters to acquire: (i) up to an additional 3,075,000 Over-Allotment Units at the Offering Price; (ii) up to 3,075,000 Over-Allotment Shares at the Over-Allotment Share Price; (iii) up to 1,537,500 Over-Allotment Warrants at the Over-Allotment Warrant Price; or (iv) any combination of Over-Allotment Units at the Offering Price, Over-Allotment Shares at the Over-Allotment Share Price and Over-Allotment Warrants at the Over-Allotment Warrant Price, provided that the aggregate number of Over-Allotment Shares which may be issued under the Over-Allotment Option does not exceed 3,075,000 Over-Allotment Shares and the aggregate number of Over-Allotment Warrants which may be issued under the Over-Allotment Option does not exceed 1,537,500 Over-Allotment Warrants. The Over-Allotment Option is exercisable by the Underwriters giving notice to the Company in the time herein provided, which notice shall specify the number of Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants to be purchased. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants forming part of the Underwriters' over-allocation position acquires those Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In consideration for the services provided by the Underwriters in connection with the Offering, and pursuant to the terms of the Underwriting Agreement, the Company has agreed to pay the Underwriters the Underwriters' Fee.

The Offering is being made in the provinces of British Columbia, Alberta, Ontario and Nova Scotia. The Offered Units will be offered in each of the selling provinces through the Underwriters or their affiliates who are registered to offer the Offered Units for sale in such provinces and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Offered Units in the United States and such other jurisdictions outside of Canada and the United States as agreed upon by the Company and the Underwriters.

The Company has given notice to list the Unit Shares, the Warrant Shares and the Warrants on the CSE. Listing will be subject to the Company fulfilling all the listing requirements of the CSE. There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See "*Risk Factors*".

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

Pursuant to the Underwriting Agreement, the Company and each of its senior officers and directors, has agreed not to, and in the case of any person other than the Company, has executed an undertaking in favour of the Underwriters, pursuant to which each has agreed not to, directly or indirectly, offer, issue, sell, grant, secure, pledge, or otherwise transfer, dispose of or monetize, or engage in any hedging transaction, or enter into any form of agreement or arrangement the consequence of which is to alter economic exposure to, or announce any intention to do so, in any manner whatsoever, any Common Shares or securities convertible into, exchangeable for, or otherwise exercisable to acquire Common Shares or other equity securities of the Company for a period of ninety (90) days after the Closing Date, without the prior written consent of the Underwriters, such consent not to be unreasonably withheld, except, as applicable in the case of the Company or the applicable person, in conjunction with: (i) the grant or exercise of stock options and other similar issuances pursuant to any share incentive plan of the Company and other share-based compensation arrangements; (ii) the exercise of outstanding warrants; (iii) obligations of the Company in respect of existing agreements; (iv) the issuance of securities by the Company in connection with acquisitions in the normal course of business; (vi) the issuance of securities on conversion of outstanding convertible securities or convertible debt; or (v) in the case of a person other than the Company, in order to accept a bona fide take-over bid made to all securityholders of the Company or similar business combination transaction.

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

Canaccord and/or its affiliates from time to time have provided in the past, and may provide in the future, investment banking, financial advisory, broker-dealer and commercial banking services to the Company and its subsidiaries and affiliates in the ordinary course of business for which they have received, or may receive, customary fees and commissions, including in connection with Canaccord providing financial advisory services and a fairness opinion as part of the Moxie Business Combination.

Accordingly, the Company may be considered a "connected issuer", as such term is defined in National Instrument 33-105 – *Underwriting Conflicts*, of Canaccord for the purposes of applicable securities legislation in each of the provinces of Canada. Other than the Underwriters' Fee to be allocated to the Underwriters pursuant to the terms of the Underwriting Agreement, the proceeds of the Offering will not be allocated or applied, directly or indirectly, for the benefit of Canaccord. The decision to offer Offered Units was made solely by the Company and the terms upon which the Offered Units are being offered were determined by arm's length negotiations between the Company and the Underwriters.

The Offered Units offered hereby, and the Unit Shares and Warrant Shares issuable upon exercise of the Warrants, have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, a person in the United States or a U.S. Person.

The Underwriters have agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable United States federal and state securities laws, it will not offer or sell the Offered Units at any time to, or for the account or benefit of, any person in the United States or any U.S. Person as part of its distribution. The Underwriting Agreement permits the Underwriters to re-offer and re-sell the Offered Units that it has acquired pursuant to the Underwriting Agreement to "qualified institutional buyers" (as defined in Rule 144A of the U.S. Securities Act) that are, or are acting for the account or benefit of, a person in the United States or a U.S. Person in compliance with Rule 144A under the U.S. Securities Act (and pursuant to similar exemptions under applicable state securities laws). Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Offered Units outside the United States to non-U.S. Persons only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Offered Units that are offered or sold to, or for the account or benefit of, a person in the United States or a U.S. Person, and any Unit Shares and Warrant Shares issued upon the exercise of the Warrants, will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and will be subject to restrictions to the effect that such securities have not been registered under the U.S. Securities Act or any applicable state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Offered Units to, or for the account or benefit of, a person in the United States or a U.S. Person. In addition, until forty (40) days after the commencement of the Offering, an offer or sale of the Offered Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with exemptions from registration under the U.S. Securities Act and applicable state securities laws.

Subscriptions will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about August 21, 2019, or such other date as may be agreed upon by the Company and Underwriters, but in any event not later than forty-two (42) days after the date of the receipt of the (final) short form prospectus. It is anticipated that the Offered Units will be delivered under the book-based system through CDS or its nominee and deposited in electronic form. A purchaser of Offered Units will receive only a customer confirmation from the registered dealer from or through which the Offered Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Offered Units on behalf of owners who have purchased Offered Units in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required.

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

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Description of Offering

The Offering contemplates the issuance and sale of Offered Units.

Description of Common Shares and Proportionate Voting Shares

The authorized capital of the Company consists of an unlimited number of Common Shares and an unlimited number of Proportionate Voting Shares. As at the close of business on August 14, 2019, there were 179,745,863 Common Shares and 59,795 Proportionate Voting Shares issued and outstanding. The aggregate percentage of votes attached to the Common Shares and the Proportionate Voting Shares is 85.7% and 14.3%, respectively.

Notice and Voting Rights of Common Shares and Proportionate Voting Shares

Each holder of Common Shares and Proportionate Voting Shares is entitled to receive notice of and to attend all meetings of shareholders of the Company. Holders of Proportionate Voting Shares are entitled to five hundred (500) votes per Proportionate Voting Share on all matters subject to shareholder vote. Holders of Common Shares are entitled to one (1) vote per Common Share on all matters subject to shareholder vote. Except as otherwise required by law, holders of Common Shares and Proportionate Voting Shares must vote such shares as a single class.

Dividend Rights

All dividends which are declared in the discretion of the directors on the Common Shares shall be declared and paid on the Common Shares at the time outstanding, and vice versa, in the proportion hereinafter provided for. If, as and when dividends are declared by the directors, each Proportionate Voting Share is entitled to five hundred (500) times the amount paid or distributed per Common Share.

Rights on Liquidation or Winding Up

In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of its assets among the shareholder of the Company for the purpose of winding-up its affairs, whether voluntarily or involuntarily, all the property and assets of the Company available for distribution to the holders of the Common Shares and Proportionate Voting Shares will be paid or distributed on the basis that each Proportionate Voting Share will be entitled to five hundred (500) times the amount distributed per Common Share, but otherwise there is no preference or distinction among or between the Common Shares and Proportionate Voting Shares.

Restrictions on Transfer

Under applicable Canadian securities laws, an offer to purchase the Proportionate Voting Shares would not necessarily require that an offer be made to purchase the Common Shares. The holders of all the outstanding Proportionate Voting Shares have entered into a customary coattail agreement with the Company and a trustee (the "**Coattail Agreement**"). The Coattail Agreement contains provisions customary for dual class, listed corporations designed to prevent transactions that otherwise would deprive the holders of the Common Shares of rights under applicable provincial take-over bid legislation to which they would have been otherwise entitled. The foregoing is a summary of the material attributes and characteristics of the Coattail Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Coattail Agreement, a copy of which has been filed with the Canadian securities regulatory authorities and available on SEDAR at www.sedar.com.

For a full description of the material attributes and classes of securities of the Company, including the conversion provisions of the Common Shares and the Proportionate Voting Shares, please see the AIF on SEDAR, available on SEDAR at www.sedar.com.

Warrants

The following is a summary of the principal attributes of the Warrants and certain anticipated provisions of the Warrant Indenture mentioned hereunder. The summary does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture. A copy of the Warrant Indenture may be obtained on request from the Company's secretary and will be available electronically on SEDAR at www.sedar.com and reference should be made to the Warrant Indenture for the full text of the attributes of the Warrants.

Each Warrant entitles its holder, upon the payment of the exercise price of $3.50, to purchase one Warrant Share for a period of 3 years from the Closing Date.

The Company will designate the Warrant Agent, in its Toronto office, as agent for the Warrants. Prior to the closing of the Offering, the Company may name any other agent with respect to the Warrants.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

(i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of Common Shares by way of a stock dividend or other distribution (other than a dividend paid in the ordinary course or a distribution of Common Shares upon the exercise of any outstanding warrants or options);

(ii) the subdivision, redivision or change of the Common Shares into a greater number of shares;

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

(iv) the issuance to all or substantially all of the holders of Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, of Common Shares on such record date; and

(v) the issuance or distribution to all or substantially all of the holders of Common Shares of securities, including rights, options or warrants to acquire shares of any class or securities exchangeable or convertible into any such shares or property or assets and including evidences of indebtedness, or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events:

(i) the reclassification of Common Shares;

(ii) the amalgamation, arrangement or merger with or into any other corporation or other entity (other than an amalgamation, arrangement or merger which does not result in any reclassification of the Company's outstanding Common Shares or a change of the Common Shares into other shares); or

(iii) the transfer of the Company's undertakings or assets as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or number of Warrant Shares will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or a change in the number of Warrant Shares purchasable upon exercise by at least one one-hundredth (1/100th) of a Common Share, as the case may be.

The Company will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, the Company will give notice to Warrant holders of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

No fraction of a Warrant Share will be issued upon the exercise of a Warrant and no cash payment will be made in lieu thereof. Warrant holders are not entitled to any voting rights or pre-emptive rights or any other rights conferred upon a person as a result of being a holder of Common Shares.

From time to time, the Company and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the

Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 20% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution or (2) adopted by an instrument in writing signed by the holders of not less than 66 2/3% of the aggregate number of all then outstanding Warrants.

The Warrants will not be exercisable in the United States or by or on behalf of a "U.S. Person", nor will certificates representing the Warrant Shares issuable upon exercise of the Warrants be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available.

PRIOR SALES

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

Date of Issue	Type of Security Issued	Issue, Exercise or Conversion Price per Security ($)	Number of Securities Issued or Issuable
September 18, 2018[1]	Common Shares [3]	$0.50	50,000 [2]
October 12, 2018 [9]	RTO Acquireco Shares	$2.00 [2] [10]	15,271,040 [2] [10]
November 2, 2018 [9]	RTO Acquireco Shares	$2.00 [2] [10]	1,717,614 [2] [10]
November 9, 2018 [1]	Common Shares	$1.44	46,127,001
November 9, 2018 [1]	Proportionate Voting Shares	$720.00	38,194
November 9, 2018 [1]	Common Shares	$2.00	1,870,662
November 9, 2018 [1]	Common Shares	$1.44	14,436,637
November 13, 2018 [1]	Common Share Options	$3.05	150,000
November 13, 2018 [1]	Common Shares [3]	$0.50	277,000
November 20, 2018 [1]	Common Shares [4]	$1.80	17,361
November 21, 2018 [1]	Common Shares [3]	$0.50	50,000
November 22, 2018 [1]	Common Shares [3]	$1.80	17,361
December 4, 2018 [5]	Common Shares	$2.00	12,228,960
December 5, 2018 [1]	Common Shares [4]	$1.80	10,416
December 7, 2018 [1]	Common Shares [4]	$1.80	26,040
December 13, 2018 [1]	Common Shares	$3.13	426,992
December 14, 2018 [1]	Common Share Warrants	$3.16	7,609,746[7]
December 21, 2018 [1]	Common Shares [4]	$1.80	34,722
December 28, 2018	Common Shares [4]	$1.80	3,204,860
December 31, 2018	Common Shares [4]	$3.00	31,000
January 3, 2019	Common Shares [4]	$3.00	25,000

January 8, 2019	Common Shares [4]	$1.80	48,609
January 9, 2019	Common Shares [4]	$1.80	34,722
January 10, 2019	Common Shares [4]	$1.80	17,361
January 11, 2019	Common Shares [4]	$1.80	123,263
January 15, 2019	Common Shares [4]	$1.80	69,444
January 17, 2019	Common Shares [4]	$1.80	434,027
January 22, 2019	Common Shares [4]	$1.80	79,861
January 22, 2019	Common Shares [4]	$1.80	347,222
January 24, 2019	Common Shares	$2.88	1,741,244
January 25, 2019	Common Shares [4]	$1.80	26,041
January 29, 2019	Common Shares [4]	$1.80	8,681
January 29, 2019	Common Shares [4]	$1.80	17,361
January 29, 2019	Common Shares [4]	$1.80	17,360
January 30, 2019	Common Shares [4]	$1.80	26,041
February 5, 2019	Common Shares [9]	$3.00	10,000
February 5, 2019	Common Shares [9]	$1.80	20,837
February 8, 2019	Common Shares	$5.85	1,000,000
February 8, 2019	Common Share Warrants	$5.85	1,000,000
February 12, 2019	Common Shares [4]	$3.00	5,500
February 12, 2019	Common Shares [4]	$1.80	26,041
February 12, 2019	Common Shares [4]	$1.80	34,722
February 14, 2019	Common Shares [4]	$1.80	8,680
February 14, 2019	Common Shares [4]	$1.80	8,680
February 14, 2019	Restricted Share Units	$5.70	2,120,000
February 19, 2019	Common Shares [4]	$1.80	225,694
February 19, 2019	Common Shares [4]	$1.80	17,361
February 27, 2019	Common Shares [4]	$1.80	34,722
February 28, 2019	Common Shares [4]	$1.80	38,194
March 7, 2019	Common Shares [4]	$3.00	2,500
March 8, 2019	Common Shares [4]	$4.62	250,000
March 14, 2019	Common Shares [4]	$1.80	173,611
March 18, 2019	Common Shares [4]	$1.80	911,806
March 26, 2019	Common Shares [4]	$1.80	34,722
April 1, 2019	Common Shares [4]	$1.80	350,000
April 23, 2019	Common Shares [4]	$1.80	52,083
April 25, 2019	Common Shares [4]	$1.80	10,416
April 30, 2019	Common Shares [4]	$1.80	48,610
April 30, 2019	Common Shares [4]	$3.00	6,000
May 3, 2019	Common Shares [4]	$1.80	112,847
May 3, 2019	Common Shares [4]	$1.80	112,847
May 3, 2019	Common Shares [4]	$1.80	225,694
May 8, 2019	Common Shares [4]	$1.80	170,833
May 9, 2019	Common Shares [4]	$1.80	451,389
May 13, 2019	Common Shares [4]	$1.80	392,361

May 13, 2019	Common Shares [4]	$1.80	69,444
May 13, 2019	Common Shares [4]	$1.80	17,361
May 13, 2019	Proportionate Voting Shares [4]	$900.00[6]	19,097
May 13, 2019	Common Shares [4]	$1.80	546,875
May 15, 2019	Common Shares [4]	$1.80	104,166
May 16, 2019	Common Shares	($3.26)	(27,300,000) [8]
May 21, 2019	Common Shares	$4.26	212,636
May 21, 2019	Common Shares	$4.26	500,000
May 21, 2019	Common Share Warrants	$4.26	500,000
May 22, 2019	Restricted Share Units	$4.07	295,000
June 24, 2019	Common Share Warrants	$3.03	3,973,230[7]
June 28, 2019	Common Shares [4]	$1.80	37,290
July 16, 2019	Common Shares [4]	$1.80	8,680
July 18, 2019	Common Shares [4]	$1.80	138,888
July 24, 2019	Common Shares [4]	$1.80	69,444
July 31, 2019	Common Shares [11]	$3.16	7,289,145
July 31, 2019	Common Shares [11]	$2.28	8,238,749

Notes:

(1) Issued by Xanthic Biopharma Inc., which changed its name to Green Growth Brands Inc. on December 28, 2018.
(2) Adjusted for the 4:1 share consolidation completed in conjunction with the RTO Transaction.
(3) Issued pursuant to the exercise of options.
(4) Issued pursuant to the exercise of warrants.
(5) Prior to the RTO Transaction, RTO Acquireco completed a private placement for gross proceeds of $55,000,000, whereby the subscriber subscribed for 17,781,687 RTO Acquireco Shares at approximately $1.72 per Acquireco Share and 14,239,470 RTO Acquireco Share purchase warrants, which were exchanged on closing of the RTO Transaction for Common Share Warrants which could be exercised at an exercise price of $2.00 per Common Share for an additional 12,228,960 Common Shares. The Subscriber exercised its Common Share Warrants prior to closing of the RTO Transaction and was issued 12,228,960 Common Shares upon payment of the aggregate exercise price on December 4, 2018.
(6) Issued pursuant to the exercise of Proportionate Voting Share Warrants.
(7) On June 24, 2019, the Company cancelled the Henderson Warrant and issued the Revised Henderson Warrant. See "*Recent Developments*".
(8) On May 16, 2019, the Company repurchased 27.3 million Common Shares from GAOC. See "*Recent Developments*".
(9) Issued by the RTO Acquireco prior to the closing of the RTO Transaction.
(10) Adjusted for the share exchange ratio of 3.435228781 applied on closing of the RTO Transaction.
(11) Issued in connection with the Spring Oaks Acquisition.

TRADING PRICE AND VOLUME

The Common Shares are listed and quoted for trading on the CSE under the trading symbol "GGB" and on the OTCQB under the symbol "GGBXF". The following table shows the monthly range of high and low prices per Common Share at the close of market on the CSE as well as total monthly volumes of Common Shares traded on the CSE for the 12-month period prior to the date of this Prospectus.

Period	High ($)	Low ($)	Monthly Trading Volume
2019			
August 1 - 14 2019	$2.20	$1.97	3,966,800
July 2019	$3.40	$2.09	13,807,900
June 2019	$3.78	$2.61	7,178,900
May 2019	$5.52	$3.49	12,786,400
April 2019	$5.01	$3.66	9,162,300
March 2019	$5.50	$4.43	6,317,400

February 2019	$6.00	$4.77	7,826,300
January 2019	$6.40	$4.09	21,574,400
2018			
December 2018	$5.27	$2.48	9,437,300
November 2018(1)	$4.25	$2.30	10,013,200
October 2018(1)	$N/A	$N/A	Nil
September 2018(1)	$N/A	$N/A	Nil
August 2018(1)	$N/A	$N/A	Nil

Note:

(1) Trading of the Common Shares on the CSE was halted on July 13, 2018 until completion of the RTO Transaction. Following completion of the RTO Transaction, the Common Shares were listed and commenced trading on the CSE under the stock symbol "GGB" on November 13, 2018.

REVERSE TAKE-OVER DISCLOSURE

On November 9, 2018, the Company completed the RTO Transaction as defined in section 1.1(1) of National Instrument 51-102 – *Continuous Disclosure Obligations*. Information regarding the RTO Acquiror in the Prospectus is incorporated by reference through the RTO Information Circular and other documents referenced under the heading, "*Documents Incorporated By Reference*".

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stikeman Elliott LLP, counsel to the Company, and DLA Piper (Canada) LLP, counsel to the Underwriters, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires an Offered Unit pursuant to this Offering. For purposes of this summary, references to Common Shares include Unit Shares and Warrant Shares unless otherwise indicated. This summary applies only to a purchaser who is a beneficial owner of Common Shares and Warrants acquired pursuant to this Offering and who, for the purposes of the *Income Tax Act* (Canada) (the "**Tax Act**"), and at all relevant times: (i) deals at arm's length and is not affiliated with the Company or the Underwriter; and (ii) holds the Common Shares and Warrants as capital property (a "**Holder**").

Common Shares and Warrants will generally be considered to be capital property to a Holder unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based upon: (i) the current provisions of the Tax Act and the regulations thereunder ("**Regulations**") in force as of the date hereof; (ii) all specific proposals to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof ("**Proposed Amendments**"); and (iii) counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**"). No assurance can be given that the Proposed Amendments will be enacted or otherwise implemented in their current form, if at all. If the Proposed Amendments are not enacted or otherwise implemented as presently proposed, the tax consequences may not be as described below in all cases. This summary does not otherwise take into account or anticipate any changes in law, administrative policy or assessing practice, whether by legislative, regulatory, administrative, governmental or judicial decision or action, nor does it take into account the tax laws of any province or territory of Canada or of any jurisdiction outside of Canada.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors with respect to their particular circumstances.

Allocation of Cost

A Holder who acquires an Offered Unit pursuant to this Offering will be required to allocate the purchase price paid for each Offered Unit on a reasonable basis between the Unit Share and the half Warrant comprising each Offered Unit in order to determine their respective costs to such Holder for the purposes of the Tax Act. For its purposes, the

Company has advised counsel that, of the $2.45 subscription price for each Offered Unit, it intends to allocate $2.24 to each Unit Share and $0.21 to each half Warrant and believes that such allocation is reasonable. The Company's allocation, however, is not binding on the CRA or on a Holder. The adjusted cost base to a Holder of each Unit Share comprising a part of an Offered Unit acquired pursuant to this Offering will be determined by averaging the cost of such Unit Share with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the acquisition.

Exercise of Warrants

No gain or loss will be realized by a Holder upon the exercise of a Warrant. When a Warrant is exercised, the cost to the Holder of the Warrant Share so acquired will be the aggregate of the adjusted cost base, for that Holder, of the Warrant and the price paid for the Warrant Share upon exercise of the Warrant. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging the cost of the Warrant Share acquired upon the exercise of a Warrant with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the exercise of the Warrant.

Holders Resident in Canada

This section of the summary applies to a Holder who, at all relevant times, is, or is deemed to be, resident in Canada for the purposes of the Tax Act ("**Resident Holder**"). This section of the summary is not applicable to a Holder: (i) that is a "financial institution" within the meaning of section 142.2 of the Tax Act; (ii) that is a "specified financial institution" as defined in subsection 248(1) of the Tax Act; (iii) that has elected to report its Canadian tax results in a currency other than the Canadian currency; (iv) an interest in which is a "tax shelter investment" for the purposes of the Tax Act, or (v) has entered into or will enter into a "derivative forward agreement", as defined in subsection 248(1) of the Tax Act, in respect of Common Shares or Warrants. Such Holders should consult their own tax advisor.

Additional considerations, not discussed herein, may be applicable to a Resident Holder that is a corporation (or does not deal at arm's length with a corporation) that is, or becomes as part of a transaction or series of transactions or events that includes the acquisition of the Offered Units, controlled by a non-resident corporation, individual, trust, or group of the foregoing that do not deal with each other at arm's length for the purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their own tax advisors with respect to an investment in Offered Units.

A Resident Holder whose Common Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have the Common 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 for advice as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances. Such election is not available in respect of Warrants.

Dividends

A Resident Holder will be required to include in computing its income for a taxation year any taxable dividends received or deemed to be received on the Common Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations. Taxable dividends received from a taxable Canadian corporation which are designated by such corporation as "eligible dividends" will be subject to an enhanced gross-up and dividend tax credit regime in accordance with the rules in the Tax Act. In the case of a Resident Holder that is a corporation, the amount of any such taxable dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. 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" or a "subject corporation", as defined in the Tax Act, will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the year. This tax will generally be refunded to the corporation when sufficient dividends are paid while it is a private corporation or a subject corporation.

Dispositions of Common Shares and Warrants

A Resident Holder who disposes of or is deemed to have disposed of a Common Share or Warrant (other than on the exercise of a Warrant) will generally realize a capital gain (or capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base to the Resident Holder of the Common Share or Warrant immediately before the disposition or deemed disposition. Generally, the expiry of an unexercised Warrant will give rise to a capital loss equal to the adjusted cost base to the Resident Holder of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "*Taxable Capital Gains and Losses*".

Taxable Capital Gains and Losses

A Resident Holder will generally be required to include in computing its income for the taxation year of disposition, one-half of the amount of any capital gain (a "**taxable capital gain**") realized in such year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder will generally be required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") against taxable capital gains realized in the taxation year of disposition. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of a Common Share by a Resident Holder that is a corporation may, in certain circumstances, be reduced by the amount of dividends received or deemed to have been received by it on such Common Shares to the extent and under the circumstances specified in the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Other Income Taxes

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

In general terms, a Resident Holder who is an individual (other than certain trusts) that receives or is deemed to have received taxable dividends on the Common Shares or realizes a capital gain on the disposition or deemed disposition of Common Shares or Warrants may be liable for alternative minimum tax under the Tax Act. Resident Holders that are individuals should consult their own tax advisors in this regard.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act: (i) is not, and is not deemed to be, resident in Canada; and (ii) does not use or hold the Common Shares or Warrants in the course of a business carried on or deemed to be carried on in Canada ("**Non-Resident Holder**"). This summary does not apply to a Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere or an "authorized foreign bank" (as defined in the Tax Act) and such Holders should consult their own tax advisors.

Dividends

Dividends paid or credited or deemed under the Tax Act to be paid or credited by the Company to a Non-Resident Holder on the Common Shares will generally be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. For example, where a Non-Resident Holder is a resident of the United States, is fully entitled to the benefits under the *Canada-United States Income Tax Convention (1980)* and is the beneficial owner of the dividend, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Dispositions

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of a Common Share or Warrant unless the Common Share or Warrant is, or is deemed to be, "taxable Canadian property" of the Non-Resident Holder for the purposes of the Tax Act and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, a Common Share or Warrant will not constitute taxable Canadian property of a Non-Resident Holder provided that the Common Shares are listed on a "designated stock exchange" for the purposes of the Tax Act (which currently includes the CSE) at the time of disposition of such Common Shares or Warrant, unless at any time during the 60 month period immediately preceding the disposition, (i) at least 25% of the issued shares of any class or series of the capital stock of the Company were owned by or belonged to any combination of (a) the Non- Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm's length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) at such time, more than 50% of the fair market value of such shares was derived, directly or indirectly, from any combination of real or immovable property situated in Canada, "Canadian resource property" (as defined in the Tax Act), "timber resource property" (as defined in the Tax Act), or options in respect of, interests in, or for civil law rights in such properties, whether or not such property exists.

In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of a Common Share or Warrant that is taxable Canadian property to that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention, the consequences described above under the heading "*Holders Resident in Canada — Taxable Capital Gains and Losses*" will generally be applicable to such disposition. Such Non-Resident Holders should consult their own tax advisors.

ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, counsel to the Company, and DLA Piper (Canada) LLP, counsel to the Underwriters, based on the current provisions of the Tax Act, the Regulations and Proposed Amendments, the Unit Shares, Warrants and Warrant Shares, if issued on the date hereof, would be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plan, registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**") or tax-free savings account ("**TFSA**", and collectively "**Registered Plans**"), provided that (i) in the case of the Unit Shares and Warrant Shares, the Unit Shares or Warrant Shares are listed on a "designated stock exchange," as defined in the Tax Act (which includes the CSE) and (ii) in the case of the Warrants, the Warrant Shares are qualified investments as described in (i) above and neither the Company, nor any person with whom the Company does not deal at arm's length for the purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the particular Registered Plan.

Notwithstanding the foregoing, if the Unit Shares, Warrant Shares or Warrants are a "prohibited investment" (as defined in the Tax Act) for a particular RRSP, RRIF, RDSP, RESP or TFSA, the annuitant, holder, or subscriber of the particular Registered Plan, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Unit Shares, Warrant Shares and Warrants will not be a "prohibited investment" for a trust governed by an RRSP, RRIF, RDSP, RESP or TFSA provided the annuitant of the RRSP or RRIF, the holder of the TFSA or RDSP, or the subscriber of the RESP, as

the case may be, deals at arm's length with the Company for purposes of the Tax Act and does not have a "significant interest", within the meaning of ss. 207.01(4) of the Tax Act, in the Company. In addition, the Unit Shares and Warrant Shares will not be a prohibited investment if such securities are "excluded property", for purposes of the prohibited investment rules, for an RRSP, RRIF, RDSP, RESP or TFSA. Annuitants under an RRSP or RRIF, holders of a TFSA or RDSP and subscribers under an RESP should consult their own tax advisors as to whether the Unit Shares, Warrant Shares or Warrants will be a prohibited investment for such RRSP, RRIF, TFSA, RESP or RDSP in their particular circumstances.

PROMOTERS

During the two years immediately preceding the date of this Prospectus, the promoters of the Company have been and are as follows:

Name	Type of Securities Held	Number of Securities Held[23]	Percentage of Outstanding Class
All Js Greenspace LLC	Common Shares	36,090,144	10.1%
All Js Greenspace LLC	Proportionate Voting Shares	62,868	100.0%
Chiron Ventures Inc.	Common Shares	12,042,656	3.4%

AUDIT COMMITTEE

As at the date of this Prospectus, the Audit Committee consists of the following members: Carli Posner, Igor Galitsky, and Steven Stoute. The following is a brief summary of the education or experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by the Company to prepare its annual and quarterly consolidated financial statements.

The Issuer's Audit Committee consists of Carli Posner, Igor Galitsky, and Steven Stoute. The following is a summary biography Ms. Posner serves as Chief Executive Officer of Notable Life Media Group and Signature C Entertainment. In these roles, she leads the operations of each of these entities, to include review and approval related to the budgeting and financing processes. Her prior roles include positions with the Canadian Broadcasting Corporation and the National Hockey League. Ms. Posner holds a bachelor's degree in Fine Arts from the University of Victoria.

Mr. Galitsky previously served as President of Xanthic Biopharama, Inc. and is one of the entity's founders. He has extensive experience in the cannabis sector, having operated in the industry in various capacities since 2001, including prior executive positions with the Issuer and participation on the Canadian Cannabis Coalition, a national coalition founded in 1999, comprised of over 150 leading grassroots, business, political, medicinal, legal, academic and international stakeholders. Mr. Galitsky also operated his own consulting firm, through which he assisted several Canadian licensed medical producers in successfully launching operations, developing standard operating procedures, and consulting on construction, cultivation, licensing, and extracting. Prior to his experience in the cannabis industry, Mr. Galitsky founded and operated a sportswear company, where he oversaw sales, financing, operations, and marketing functions, and was responsible for the execution of the company's corporate strategy and eventual sale to an Italian sportswear conglomerate. Subsequent to this experience, Mr. Galitsky oversaw and was responsible for a real estate portfolio with more than $60,000,000 in assets. He also currently serves on the board of directors at Platinex Inc., which focuses on development of an online community and portal by publishing timely and informative articles in respect of the cannabis industry. Mr. Galitsky holds a bachelor's degree in business administration from Seneca College.

[23] Assumes the issuance by the Company of (i) Proportionate Voting Shares to All Js Greenspace LLC and (ii) Common Shares to Chiron Ventures Inc. in connection with the Backstop Fee upon completion of the Offering.

Mr. Stoute currently serves as Chief Executive Officer of Translation Enterprises, an advertising and marketing agency with clients that include the National Basketball Association, Kaiser Permanente, and State Farm Insurance. In his capacity as Chief Executive Officer, he is responsible for, among other things, the evaluation and analysis of complex financial statements and reports to include interaction with (and oversight of) subordinates actively engaged in compiling such statements and reports. Prior to that role, he served as Chief Executive Officer for Carol's Daughter, a developer of hair and beauty products that was acquired by L'Oreal under Mr. Stoute's guidance. He also served as an executive Vice President for Interscope Records. Mr. Stoute's various executive level positions have provided him with a firm understanding of the internal controls related to financial reporting and an ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are reasonably comparable to the breadth and complexity of the issues that can be expected to be raised by the Company's financial statements.

RISK FACTORS

An investment in the Offered Units is speculative and involves certain risks. When evaluating the Company and its business, prospective purchasers of the Offered Units should consider carefully the information set out in this Prospectus and the risks described below and in the documents incorporated by reference in this Prospectus, including those risks identified and discussed under the heading "*Risk Factors*" in the RTO Information Circular, the AIF and the Interim Company MD&A, all of which are incorporated by reference into this Prospectus.

The risks and uncertainties described or incorporated by reference herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company is unaware of or that are currently deemed immaterial, may also adversely affect the Company and its business.

Risks related to the Moxie Business Combination and the Spring Oaks Acquisition

Failure to realize the anticipated benefits of the Moxie Business Combination

The Moxie Business Combination remains subject to the risk that it may not be completed, or if completed, will be completed on the terms that are materially different from those disclosed in this Prospectus. The Moxie business operates in a highly competitive and regulated marketplace. There can be no assurance that management of the Company will be able to fully realize the expected benefits of the Moxie Business Combination, including from a margin, accretion and cash flow perspective. There is a risk that some or all of the expected benefits will fail to materialize or may not occur within the time periods anticipated by management of the Company. The realization of such benefits may be affected by a number of factors, many of which are beyond the control of the Company.

There are risks related to the integration of the Moxie business

The ability to realize the anticipated benefits of the Moxie Business Combination including, among other things, those set forth under the heading "*The Moxie Business Combination*" above, will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on the ability to realize the anticipated growth and potential synergies from integrating the Moxie business within the Company's existing business. This integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the ability of the Company to achieve the anticipated benefits of the Moxie Business Combination.

Reliance on key personnel

The success of the integration of the Moxie business into the Company is dependent on certain key management and technical personnel. The loss of these individuals could have a material adverse effect on the Company's business, revenues, operating results and financial condition post-acquisition.

Potential undisclosed liabilities associated with the Moxie Business Combination

Although the Company has conducted what it believes to be a prudent and thorough level of investigation in connection with the Moxie Business Combination, an unavoidable level of risk exists that there may be liabilities and contingencies that management did not discover in its due diligence and the Company may not be indemnified or adequately indemnified for some or all of these liabilities and contingencies. The discovery of any material liabilities or contingencies could have a material adverse effect on the Company's business, financial condition and results of operations.

No assurance of the Moxie business' future performance

Historic and current performance of the Moxie business may not be indicative of success in future periods. The future performance of the Moxie business may be influenced by, among other factors, economic downturns, technological and regulatory changes and other factors beyond the control of the Company. As a result of any one or more of these factors, the operations and financial performance of the Moxie business may be negatively affected, which may adversely affect the Company's financial results.

Historical Financial Information

The historical financial information relating to the Moxie business included in this Prospectus has been derived from third parties' historical accounting records. The Company believes that the assumptions underlying the combined and consolidated financial statements are reasonable. The combined financial statements, however, may not reflect what the Company's financial position, results of operations or cash flows will be in the future.

Limited Indemnities under the Moxie Agreement

Pursuant to the terms of the Moxie Agreement, each of D18 ANACAPA LLC, LAMS HOLDINGS, LLC, and KPM84 LLC (the "**Pro Rata Members**") have agreed to, severally and not jointly, indemnify the Company and certain of its affiliates in respect of certain matters, including, without limitation, (i) losses related to a specified commercial matter; and (ii) specified potential tax liabilities, in each case identified as potential liabilities of Moxie during the Company's due diligence of Moxie. With respect to claims relating to the specified commercial matter, the claims period is 24 months from the closing date of the Moxie Business Combination and is subject to an overall cap of US$10,000,000. With respect to claims relating to the specified potential tax liabilities, the claims period is 7 years from the closing date of the Moxie Business Combination, with no threshold or cap. During such 7-year period, the Pro Rata Members have agreed to retain their pro rata portion of US$30,000,000 of any combination of cash, Common Shares or Exchangeable LP Units. In the event the Moxie Business Combination is consummated, and the Company incurs material losses or liabilities relating to Moxie, including losses or liabilities for which the Pro Rata Members have agreed to indemnify the Company, there can be no assurance that the Company will be able to enforce these indemnities and/or recover some or all of the value of such losses.

Certain Common Shares issued in connection with the Moxie Business Combination not subject to a lock up period

Following the closing of the Moxie Business Combination, the former members of Moxie, the shareholders of MXY C and MXY D and the holders of the Pure Entities will hold between 11.9% and 26.4% of the fully-diluted equity of GGB (using the treasury method and assuming no other issuances of GGB securities, other than pursuant to this Offering (excluding the securities issuable pursuant to the exercise of the Over-Allotment Option)). While the majority of such Common Shares to be issued on closing of the Moxie Business Combination will be subject to lock-up agreements for a period of up to twelve (12) months from the closing of the Moxie Business Combination, with 1/12th of such locked-up Common Shares to be released each month during the lock-up period, the remaining Common Shares issued to such holders will not be subject to any lock up restrictions. As a result, any sales of substantial numbers of the Common Shares in the public market or the perception that such sales might occur may cause the market price of the Common Shares to decline.

Information about the Moxie business and liability to investors for Prospectus misrepresentations

All information relating to the Moxie business in this Prospectus has been obtained from Moxie. Although the Company has conducted what it believes to be a prudent and thorough level of investigation in connection with the Moxie Business Combination, an unavoidable level of risk remains regarding the accuracy and completeness of such information. Pursuant to the terms of the Moxie Agreement, Moxie has agreed to indemnify the Company from and against all claims to which it may be subject or may suffer, in any way caused by, or arising, directly or indirectly from or in consequence of any misrepresentation or alleged misrepresentation in any information included in this Prospectus regarding Moxie and its affiliates furnished to the Company in writing by Moxie for the inclusion in this Prospectus. While the Company has no reason to believe such information is misleading, untrue or incomplete, there is no certainty of accuracy or completeness of such information or of the failure by Moxie to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to the Company.

Spring Oaks Acquisition related risks

The ability to realize the anticipated benefits of the Spring Oaks Acquisition will depend in part on management successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner.

Risks Specifically Related to the Cannabis Industry

Cannabis is Illegal under Federal United States Law

Investors are cautioned that in the United States, cannabis is largely regulated at the State level. To the Company's knowledge, some form of cannabis has been legalized in 33 States, the District of Columbia, and the territories of Guam and Puerto Rico as of February 2019. Additional States have pending legislation regarding the same. Although each State in which the Company operates (and is currently proposing to operate) authorizes, as applicable, medical and/or adult-use cannabis production and distribution by licensed or registered entities, and numerous other States have legalized cannabis in some form, 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 federal law under any and all circumstances under the CSA. The concepts of "medical cannabis", "retail cannabis" and "adult-use cannabis" do not exist under U.S. federal law. Marijuana is a Schedule I drug under the CSA. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. Although the Company believes that its business activities are compliant with applicable state and local laws of the United states, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may result in a material adverse effect on the Company. Even where the Company's cannabis-related activities are compliant with applicable State and local law, such activities remain illegal under United States federal law. The enforcement of relevant laws is a significant risk. United States CBP enforces the laws of the United States. Crossing the border while in violation of the CSA and other related United States federal laws may result in denied admission, seizures, fines and apprehension. CBP officers administer the United States Immigration and Nationality Act to determine the admissibility of travelers, who are non-U.S. citizens, into the United States. An investment in the Company, if it became known to CBP, could have an impact on a shareholder's admissibility into the United States and could lead to a lifetime ban on admission. See "*Risk Factors - United States Border Entry*".

Medical cannabis has been protected against enforcement by enacted legislation from the United States Congress in the form of the Rohrabacher-Farr Amendment, which prevents federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to the United States Congress restoring such funding. This amendment has historically been passed as an amendment to omnibus appropriations bills, which by their nature expire at the end of a fiscal year or other defined term. Subsequent to the issuance of the Sessions Memo, the United States Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained the Rohrabacher-Farr Amendment language (referred to in 2018 as the Leahy Amendment) and continued the protections for the medical cannabis marketplace and its lawful participants from interference by the Department

of Justice. The Rohrbacher-Farr Amendment again was included in the Consolidated Appropriations Act of 2019, which was signed by President Trump on February 14, 2019 and funds the departments of the federal government through the fiscal year ending September 30, 2019. Notably, such Amendments have always applied only to medical cannabis programs, and have no effect on pursuit of adult-use cannabis activities.

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

United States Regulatory Uncertainty

The activities of the Company are subject to regulation by governmental authorities. The Company's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products in each jurisdiction in which it operates. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company. Furthermore, although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to import, distribute or, in the future, produce marijuana. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of marijuana, or more stringent implementation thereof could have a substantial adverse impact on the Company.

As a result of the conflicting views between State legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in the Cole Memo addressed to all United States district attorneys acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several states have enacted laws relating to cannabis for medical purposes. The Cole Memo outlined certain priorities for the United States Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memo noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the United States Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memo standard. In light of limited investigative and prosecutorial resources, the Cole Memo concluded that the United States Department of Justice should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority.

In March 2017, then Attorney General Sessions again noted limited federal resources and acknowledged that much of the Cole Memo had merit; however, he had previously stated that he did not believe it had been implemented effectively and, on January 4, 2018, former Attorney General Sessions issued the Sessions Memorandum, which rescinded the Cole Memo. The Sessions Memorandum rescinded previous nationwide guidance specific to the prosecutorial authority of United States Attorneys relative to cannabis enforcement on the basis that they are unnecessary, given the well-established principles governing federal prosecution that are already in place. Those principles are included in chapter 9.27.000 of the United States Attorneys Manual and require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community. As a result of the Sessions Memorandum, federal prosecutors are now

free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of State-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how active U.S. federal prosecutors will be in relation to such activities. As discussed above, should the Rohrabacher-Leahy Amendment not be renewed, there can be no assurance that the United States federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state laws. Furthermore, the Sessions Memorandum did not discuss the treatment of medical cannabis by federal prosecutors. While dozens of United States attorneys from across the country have affirmed that their view of federal enforcement priorities has not changed, there can be no assurances that such views are universally held or will continue in the near future. In California, at least one United States Attorney has made comments indicating a desire to enforce the CSA, stating that the Sessions Memorandum and the rescission of the Cole Memo "returns trust and local control to federal prosecutors" to enforce the CSA. These and other so called "enforcement hawks" in California or elsewhere may choose to enforce the CSA in accordance with federal policies prior to the issuance of the Cole Memo. As such, there can be no assurance that the United States federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with State law. Contrastingly, Andrew Lelling, the United States Attorney for the District of Massachusetts, issued a statement explaining that while marijuana is illegal under federal law, his "office's resources […] are primarily focused on the opioid epidemic." In this statement, United States Attorney Lelling also clarified that his marijuana enforcement efforts will be focused on overproduction, targeted sales to minors, and organized crime and interstate transportation of drug proceeds. On November 7, 2018, Mr. Sessions tendered his resignation as Attorney General at the request of President Donald Trump. Attorney General Sessions was replaced by William Barr on February 14, 2019. In a written response to questions from U.S. Senator Cory Booker made as a nominee, Attorney General Barr stated "I do not intend to go after parties who have complied with state law in reliance on the Cole Memorandum." Attorney General Barr served in the same position under former President George H.W. Bush and promoted an anti-drug stance during his tenure. However, during his Senate confirmation hearing, Mr. Barr testified (similar to his written responses) that although he disagrees with efforts by states to legalize marijuana, he "won't go after" marijuana companies in states that have authorized regulated adult-use. He stated further that he would not upset settled expectations that have arisen as a result of the Cole Memo, notwithstanding his predecessor's rescission of the Cole Memo. Notwithstanding this testimony, there is no guarantee that Attorney General Barr plans to or will forbid federal prosecution of state-licensed marijuana companies. It is important to note that in the United States, individual United States attorneys operate within state- or district-level jurisdictions and enjoy a substantial degree of autonomy in determining which criminal actions to pursue. While dozens of United States attorneys from across the country have affirmed that their view of federal enforcement priorities has not changed, there can be no assurances that such views are universally held or will continue in the near future. As such, there can be no assurance that the United States federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with State law. Any potential federal prosecution of state-licensed marijuana companies could involve significant restrictions being imposed upon the Company, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Company, as well as the Company's reputation, even if such proceedings were concluded successfully in favour of the Company. In the extreme case, such proceedings could ultimately involve the prosecution of key executives of the Company or the seizure of corporate assets; however as of the date hereof, the Company believes that proceedings of this nature are remote. In sum, there is no certainty as to how the Department of Justice, Federal Bureau of Investigation and other government agencies will handle cannabis matters in the future. There can be no assurances that the Trump administration would not change the current enforcement policy and decide to strongly enforce the federal laws. The Company regularly monitors the activities of the current administration in this regard.

Money Laundering Laws and Access to Banking

The Company is subject to a variety of laws and regulations in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States.

In February 2014, the FinCen issued the FinCEN Memo providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Memo states that in some circumstances, it is permissible for banks to provide

services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FinCEN Memo.

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

United States Border Entry

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

Heightened Scrutiny of Cannabis Companies in Canada and the United States

The Company's existing operations in the United States, and any future operations, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in the United States and Canada. Given the heightened risk profile associated with cannabis in the United States, CDS Clearing and Depository Services Inc. ("**CDS**") may implement procedures or protocols that would prohibit or significantly impair the ability of CDS to settle trades for companies that have cannabis businesses or assets in the United States.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("TMX MOU") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The TMX MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The TMX MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no assurances given that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability to settle trades. In particular, Shares in the Company would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the shares through the facilities of a stock exchange.

Settlement by Securityholders Resident in the United States

Given the heightened risk profile associated with cannabis in the United States, capital markets participants may be unwilling to assist with the settlement of trades for U.S. resident securityholders of companies with operations in the United States cannabis industry which may prohibit or significantly impair the ability of securityholders in the United States to trade the securities or any shares. In the event residents of the United States are unable to settle trades of the securities or any shares, this may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices and the liquidity of these securities.

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

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

Availability of Favorable Locations

In Massachusetts and other states, the local municipality has authority to choose where any cannabis establishment will be located. These authorized areas are frequently removed from other retail operations. Because the cannabis industry remains illegal under United States federal law, the disadvantaged tax status of businesses deriving their income from cannabis, and the reluctance of the banking industry to support cannabis businesses, it may be difficult for the Company to locate and obtain the rights to operate at various preferred locations. Property owners may violate their mortgages by leasing to the Company, and those property owners that are willing to allow use of their facilities may require payment of above fair market value rents to reflect the scarcity of such locations and the risks and costs of providing such facilities.

Restrictions on Deduction of Certain Expenses

Section 280E of the Internal Revenue Code generally prohibits businesses from deducting or claiming tax credits with respect to expenses paid or incurred in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of Schedule I and II of the CSA) which is prohibited by U.S. federal law or the law of any state in which such trade or business is conducted. Section 280E currently applies to businesses operating in the cannabis industry, irrespective of whether such businesses that are licensed and operating in accordance with applicable state laws. The application of Internal Revenue Code Section 280E generally causes such businesses to pay higher effective U.S. federal tax rates than similar businesses in other industries. The impact of Internal Revenue Code Section 280E on the effective tax rate of a cannabis business generally depends on how large the ratio of non-deductible expenses is to the business's total revenues. GGB expects to be subject to Internal Revenue Code Section 280E. The application of Internal Revenue Code Section 280E to GGB may adversely affect GGB's profitability and, in fact, may cause GGB to operate at a loss. While recent legislative proposals, if enacted into law, could eliminate or diminish the application of Internal Revenue Code Section 280E to cannabis businesses, the enactment of any such law is uncertain. Accordingly, Internal Revenue Code Section 280E may to apply to GGB indefinitely.

Lack of Access to United States Bankruptcy Protections

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

Inability to Enforce Contracts

It is a fundamental principle of law that a contract will not be enforced if it involves a violation of law or public policy. Because cannabis remains illegal at a federal level in the United States, judges in multiple states have on a number of occasions refused to enforce contracts for the repayment of money when the loan was used in connection with activities that violate United States federal law, even if there is no violation of state law. There remains doubt and uncertainty that the Company will be able to legally enforce contracts it enters into if necessary. The Company cannot be assured that it will have a remedy for breach of contract, which would have a material adverse effect on the Company.

Competition

The Company may face increasing and intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

If the number of users of marijuana in the United States increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

The Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition. The cannabis industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Company in a number of ways, including losing customers, revenue and market share, or forcing the Company to expend greater resources to meet new or additional competitive threats, all of which could harm the Company's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Company's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability.

Limitations on Ownership of Licenses

In certain states, the cannabis laws and regulations limit not only the number of cannabis licenses issued, but also the number of cannabis licenses that one person may own. For example, in Massachusetts, no person may have an ownership interest, or control over, more than three medical licenses or three adult-use licenses in any category – for example, cultivation, product manufacturing, transport or retail. Such limitations on the acquisition of ownership of additional licenses within certain states may limit the Company's ability to grow organically or to increase its market share in such states.

The Cannabis Industry is Difficult to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, financial condition or prospects of the Company. Reliable data on the medical and adult-

use cannabis industry is not available. As a result of recent and ongoing regulatory and policy changes in the medical and adult-use cannabis industry, the market data available is limited and unreliable. United States federal and state laws prevent widespread participation and hinder market research. Therefore, market research and projections by the Company of estimated total retail sales, demographics, demand, and similar consumer research, are based on assumptions from limited and unreliable market data, and generally represent the personal opinions of the Company's management team as of the date of this Prospectus.

Agricultural Risks

The Company's business involves the growing of marijuana, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks.

Service Providers

As a result of any adverse change to the approach in enforcement of United States cannabis laws, adverse regulatory or political change, additional scrutiny by regulatory authorities, adverse change in public perception in respect of the consumption of marijuana or otherwise, third party service providers to the Company could suspend or withdraw their services, which may have a material adverse effect on the Company's business, revenues, operating results, financial condition or prospects.

Re-Classification of Cannabis or Changes in United States Controlled Substance Laws and Regulations

If cannabis is re-categorized as a Schedule II or lower controlled substance, the ability to conduct research on the medical benefits of cannabis would most likely be more accessible; however, if cannabis is re-categorized as a Schedule II or other controlled substance, the resulting re-classification would result in the need for approval by the FDA if medical claims are made for the Company's products, such as medical cannabis. As a result, the manufacture, importation, exportation, domestic distribution, storage, sale and use of such products may be subject to a significant degree of regulation by the DEA. In that case, the Company may be required to be registered (licensed) to perform these activities and have the security, control, recordkeeping, reporting and inventory mechanisms required by the DEA to prevent drug loss and diversion. Obtaining the necessary registrations may result in delay of the manufacturing or distribution of the Company's products. The DEA conducts periodic inspections of certain registered establishments that handle controlled substances. Failure to maintain compliance could have a material adverse effect on the Company's business, financial condition and results of operations. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to restrict, suspend or revoke those registrations. In certain circumstances, violations could lead to criminal proceedings.

Potential FDA Regulation

Should the United States federal government legalize cannabis, it is possible that the FDA would seek to regulate it under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations including good manufacturing practices related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the agency and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact on the cannabis industry is uncertain, including what costs, requirements, and possible prohibitions may be imposed. If the Company is unable to comply with the regulations or registration as prescribed by the FDA it may have an adverse effect on the Company's business, operating results, and financial condition.

U.S. regulations relating to hemp-derived CBD products are unclear and rapidly evolving

The Company is a business also involved in the production, distribution or sale of hemp-derived CBD products. Participation in the market for hemp-derived CBD products in the United States and elsewhere may require the Company to employ novel approaches to existing regulatory pathways. Although the passage of the Farm Bill in December 2018 legalized the cultivation of hemp in the United States to produce products containing CBD and other non-THC cannabinoids, it is unclear how the FDA will respond to the approach taken by a target business that the

Company acquires, or whether the FDA will propose or implement new or additional regulations. In addition, such products may be subject to regulation at the state or local levels. Unforeseen regulatory obstacles may hinder the Company's ability to successfully compete in the market for such products.

Possible yet unanticipated changes in federal and state law could cause any of the Company's current products, as well as products that the Company intends to launch, containing hemp-derived CBD oil to be illegal, or could otherwise prohibit, limit or restrict any of the Company's products containing CBD

The 2018 Farm Bill delegates the authority to the states to regulate and limit the production of hemp and hemp derived products within their territories. Although many states have adopted laws and regulations that allow for the production and sale of hemp and hemp derived products under certain circumstances, no assurance can be given that such state laws may not be repealed or amended such that the Company's intended products containing hemp-derived CBD would once again be deemed illegal under the laws of one or more states now permitting such products, which in turn would render such intended products illegal in those states under federal law even if the federal law is unchanged. In the event of either repeal of federal or of state laws and regulations, or of amendments thereto that are adverse to the Company's intended products, the Company may be restricted or limited with respect to those products that it may sell or distribute, which could adversely impact its intended business plan with respect to such intended products.

Additionally, the FDA has indicated its view that certain types of products containing CBD may not be permissible under the FDCA. The FDA's position is related to its approval of Epidiolex, a marijuana-derived prescription medicine to be available in the United States. The active ingredient in Epidiolex is CBD. On December 20, 2018, after the passage of the 2018 Farm Bill, FDA Commissioner Scott Gottlieb issued a statement in which he reiterated the FDA's position that, among other things, the FDA requires a cannabis product (hemp-derived or otherwise) that is marketed with a claim of therapeutic benefit, or with any other disease claim, to be approved by the FDA for its intended use before it may be introduced into interstate commerce and that the FDCA prohibits introducing into interstate commerce food products containing added CBD, and marketing products containing CBD as a dietary supplement, regardless of whether the substances are hemp-derived. Although the Company believes its existing and planned CBD product offerings comply with applicable federal and state laws and regulations, legal proceedings alleging violations of such laws could have a material adverse effect on its business, financial condition and results of operations.

The FDA limits the Company's ability to discuss the medical benefits of CBD

Under FDA rules it is illegal for companies to make "health claims" or claim that a product has a specific medical benefit, without first getting FDA approval for such claim. The FDA has not recognized any medical benefits derived from CBD, which means that the Company is not legally permitted to advertise any health claims related to CBD. Because of the perception among many consumers that CBD is a health/medicinal product, the Company's inability to make health claims about the CBD in its product may limit its ability to market and sell the product to consumers, which would negatively impact the Company's revenues and profits.

Certain states of the United States may limit or prohibit the sale and consumption of CBD and CBD products, notwithstanding the removal of CBD from hemp from the federal schedule of illegal drugs

It is not clear what impact the removal of CBD from hemp from the federal schedule of illegal drugs on the laws of states which independently prohibit CBD from any source, including hemp. Approximately eleven states of the United States either limit or prohibit the sale and consumption of CBC and CBD products. The Company believes that it cannot legally sell its products containing CBD ingredients in those states, until the laws of those states are changed to legalize CBD from hemp, and the Company is deprived of sales revenues from distributors and consumers in those states. Without access to consumers in those states, the Company expect its sales to be less than it might otherwise experience if it were able to legally sell its CBD products in all fifty states of the United States.

Sources of hemp-derived CBD depend upon legality of cultivation, processing, marketing and sales of products derived from those plants under state law

Hemp-derived CBD can only be legally produced in states that have laws and regulations that allow for such production and that comply with the 2018 Farm Bill, apart from state laws legalizing and regulating medical and adult-use cannabis or marijuana, which remains illegal under federal law and regulations. The Company purchases all of our hemp-

derived CBD from licensed growers and processors in states where such production is legal. In the event of repeal or amendment of laws and regulations which are now favorable to the cannabis/hemp industry in such states, the Company would be required to locate new suppliers in states with laws and regulations that qualify under the 2018 Farm Bill. If the Company were to be unsuccessful in arranging new sources of supply of its raw ingredients, or if its raw ingredients were to become legally unavailable, the Company's intended business plan with respect to such products could be adversely impacted.

Because the Company's distributors may only sell and ship its products containing hemp-derived CBD in states that have adopted laws and regulations qualifying under the 2018 Farm Bill, a reduction in the number of states having such qualifying laws and regulations could limit, restrict or otherwise preclude the sale of intended products containing hemp-derived CBD

The interstate shipment of hemp-derived CBD from one state to another is legal only where both states have laws and regulations that allow for the production and sale of such products and that qualify under the 2018 Farm Bill. Therefore, the marketing and sale of the Company's intended products containing hemp-derived CBD is limited by such factors and is restricted to such states. Although the Company believes it may lawfully sell any of its finished products, including those containing CBD, in a majority of states, a repeal or adverse amendment of laws and regulations that are now favorable to the distribution, marketing and sale of finished products it intends to sell could significantly limit, restrict or prevent the Company from generating revenue related to its products that contain hemp-derived CBD. Any such repeal or adverse amendment of now favorable laws and regulations could have an adverse impact on the Company's business plan with respect to such products.

Due to recent expansion into the CBD industry, the Company may have a difficult time obtaining the various insurances that are desired to operate its business, which may expose the Company to additional risk and financial liability.

Insurance that is otherwise readily available, such as general liability, and directors and officers' insurance, may become more difficult for the Company to find, and more expensive, due to its recent launch of certain products containing hemp-derived CBD. There are no guarantees that the Company will be able to find such insurances in the future, or that the cost will be affordable to it. If the Company is forced to go without such insurances, it may prevent the Company from entering into certain business sectors, may inhibit its growth, and may expose the Company to additional risk and financial liabilities.

Risks Related to the Offered Units and GGB's Business

Discretion in the Use of Proceeds

Management will have discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditure. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering other than as described under the heading ''Use of Proceeds'' if they believe it would be in the Company's best interest to do so and in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company's results of operations may suffer.

No Market for Warrants

There is currently no market through which the Warrants may be sold; however, the Company has applied to list the Warrants on the Exchange. Accordingly, the purchasers may not be able to resell the securities purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation.

Negative Cash Flow from Operations

During the three and nine months ended March 31, 2019, the Company sustained net losses from operations and had negative cash flow from operating activities. The Company's cash and cash equivalents as at March 31, 2019 was approximately $5,466,451. The Company's cash and cash equivalents as at June 30, 2019 was approximately

US$10,000,000. Although the Company anticipates it will have positive cash flow from operating activities in future periods, to the extent that the Company has negative cash flow in any future period, certain of the proceeds from the Offering may be used to fund such negative cash flow from operating activities.

Conversions and Potential Future Sales of Common Shares Could Adversely Affect Prevailing Market Prices for the Common Shares

Subject to the restrictions set forth in the articles of GGB, Common Shares may at any time, at the option of the holder, be converted into Proportionate Voting Shares on the basis of 500 Common Shares for one Proportionate Voting Share. Each issued and outstanding Proportionate Voting Share may at any time, at the option of the holder, be converted into 500 Common Shares.

Further, GGB cannot predict the size of future issuances of Common Shares or the effect, if any, that future issuances and sales of Common Shares will have on the market price of the Common Shares. Sales of substantial amounts of Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares.

Securing Additional Financing

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing. There are no assurances that the Proposed Debt Financing will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. See ''*Issuers with U.S. Cannabis Related Business — Ability to Access Public and Private Capital*''. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. The Company will require additional financing to fund its operations until positive cash flow is achieved. See ''*Risk Factors — Negative Cash Flow from Operations*''.

The Backstop Parties may not fulfill their respective Commitments on the terms currently contemplated, or at all.

While the Backstop Commitment represents a binding commitment of each of the Backstop Parties there can be no guarantee that each of the Backstop Parties will fulfil their respective Commitments on the terms currently contemplated or at all. The Backstop Commitment is also subject to the satisfaction of various conditions and if completed, the issuance of the Backstop Convertible Debentures may have terms, including, but not limited to, the conversion price per Proportionate Voting Share or Common Shares (as the case may be) that are different than the terms currently expected and described in this Prospectus.

Any significant failure or deterioration of GGB's quality control systems could have a material adverse effect on GGB's business and operating results.

The quality and safety of GGB's products are critical to the success of its business and operations. As such, it is imperative that GGB's quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although GGB strives to ensure that it and any of its service providers have implemented and adhere to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on GGB's business and operating results.

New Tax Legislation

There have been several recent legislative, judicial and administrative changes to the U.S. federal income tax laws, including changes pursuant to the enactment of P.L. 115-97, which is informally titled the "Tax Cuts and Jobs Act," in December 2017. In many respects, the individual and collective impact of these changes in law on the U.S. federal income taxation of corporations and their shareholders is uncertain and may not become evident for some time. Moreover, additional changes to U.S. federal income tax laws are likely to continue in the future, and any such changes could adversely impact GGB or its shareholders.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about GGB or its business, the Common Share trading price and volume could decline

The trading market for Common Shares will depend in part on the research and reports that securities or industry analysts publish about GGB or its business. If no securities or industry analysts commence covering GGB, the trading price for Common Shares would be negatively impacted. If GGB obtains securities or industry analyst coverage and if one or more of the analysts who cover GGB downgrade Common Shares or publish inaccurate or unfavorable research about GGB's business, GGB's trading price may decline. If one or more of these analysts cease coverage of GGB or fail to publish reports on GGB regularly, demand for Common Shares could decrease, which could cause the Common Share trading price and volume to decline.

The Company is, and may be, subject to various litigation claims that could result in significant expenditures and impact the Company's operations

As a growing company, GGB increasingly faces the risk of litigation and other claims against it. By the nature of the Company's operations, it is exposed to the potential for a variety of litigation. These claims can raise complex factual and legal issues that are subject to risks and uncertainties and could require significant management time. In particular, the Company's subsidiary, NOR, is currently intervening in several cases pending in the Eighth Judicial District, Clark County, Nevada. These claims, brought by Serenity Wellness Center LLC and others, challenge the method by which the Department of Taxation in Nevada awarded retail cannabis licenses on December 5, 2018 (the "**Complaint**"). The Complaint seeks relief for, among other things, alleged violations of state- and federal-level due process rights, violations of equal protection rights, and further requests that a writ of mandamus be issued compelling the Department of Taxation to conduct a new review of the plaintiffs' adult-use dispensary applications on their merits and/or approve them. NOR has also been named as a defendant in another case in the Eighth Judicial District, Clark County, Nevada, which asserts a similar challenge. As of the filing of this Prospectus, a preliminary injunction hearing remains ongoing on the matter. Although the Company has taken the requisite steps to protect its interests in these matters, to include the intervention and active participation in the lawsuit, there can be no assurance of a positive outcome or what relief, if any, the Court may provide in the event of an adverse outcome. The litigation, even in the event of a positive final outcome, may cause delay in the opening of proposed adult-use dispensary locations. While such matters remain ongoing, and have not yet been resolved, the Company's inability to defend itself against a significant litigation claim, could have a material adverse effect on its financial results. Moreover, any litigation involving the Company, even if it is not held liable, could negatively affect its reputation among customers and the public, thereby making it more difficult for the Company to compete effectively, and could have a material adverse effect on the Company's financial results. Although the Company maintains liability insurance to mitigate potential claims, it cannot be certain that its coverage will be adequate for liabilities actually incurred or that insurance will continue to be available on economically reasonable terms or at all.

Moratoriums in the State of Nevada could have adverse effect upon the Company's operations

Moratoriums on additional adult-use dispensaries remain in place in the State of Nevada for Unincorporated Clark County, North Las Vegas, Henderson, and Carson City. Such moratoriums could negatively affect the Company's ability to open its proposed adult-use dispensary locations on or before the state-implemented deadline of December 5, 2019. The Company is engaged at the local and state level to protect its interests, however, there can be no assurance that the Company will be successful in its lobbying efforts related to these moratoriums, or that the subject localities (or the State of Nevada) will provide relief from the pending December 5, 2019 deadline for dispensaries to be operative.

The moratoriums or lack of such relief to be provided by the subject localities (or the State of Nevada) could have a material adverse effect on the Company's operations.

Use of Customer Information and Other Personal and Confidential Information

GGB collects, process, maintains and uses data, including sensitive information on individuals, available to GGB through online activities and other customer interactions with its business. GGB's current and future programs may depend on its ability to collect, maintain and use this information, and its ability to do so is subject to evolving international, U.S. and Canadian laws and enforcement trends. GGB strives to comply with all applicable laws and other legal obligations relating to privacy, data protection and customer protection. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another, conflict with other rules, conflict with GGB's practices or fail to be observed by its employees or business partners. If so, GGB may suffer damage to its reputation and be subject to proceedings or actions against it by governmental entities or others. Any such proceeding or action could hurt GGB's reputation, force it to spend significant amounts to defend its practices, distract its management or otherwise have an adverse effect on its business.

The Market Price of the Common Shares may be Highly Volatile

Market prices for cannabis companies have at times been volatile and subject to substantial fluctuations. The stock market, from time-to-time, experiences significant price and volume fluctuations unrelated to the operating performance of particular companies. Future announcements concerning GGB or its competitors, including those pertaining to financing arrangements, government regulations, developments concerning regulatory actions affecting GGB, litigation, additions or departures of key personnel, cash flow, and economic conditions and political factors in the United States may have a significant impact on the market price of the Common Shares. In addition, there can be no assurance that the Common Shares will continue to be listed on the CSE.

The market price of the Common Shares could fluctuate significantly for many other reasons, including for reasons unrelated to GGB's specific performance, such as reports by industry analysts, investor perceptions, or negative announcements by its subscribers, competitors or suppliers regarding their own performance, as well as general economic and industry conditions. For example, to the extent that other large companies within its industry experience declines in their stock price, the share price of the Common Shares may decline as well. In addition, when the market price of a company's shares drops significantly, shareholders often institute securities class action lawsuits against the company. A lawsuit against GGB could cause it to incur substantial costs and could divert the time and attention of its management and other resources.

Sales of a Substantial Number of the Common Shares may Cause the Price of the Common Shares to Decline

Any sales of substantial numbers of the Common Shares in the public market or the exercise of significant amounts of the Common Share warrants or the perception that such sales or exercise might occur may cause the market price of the Common Shares to decline. The market price of the Common Shares could be adversely affected upon the expiration of lock up periods applicable to certain GGB shareholders.

Further Equity Financing May Dilute the Interests of GGB Shareholders and Depress the Price of the Common Shares

If GGB raises additional financing through the issuance of equity securities (including securities convertible or exchangeable into equity securities) or completes an acquisition or merger by issuing additional equity securities, such issuance may substantially dilute the interests of shareholders of GGB and reduce the value of their investment. The articles of GGB permit the issuance of an unlimited number of Common Shares, and GGB shareholders will have no pre-emptive rights in connection with a future issuance. The Board has the discretion to determine the price and the terms of issue of future issuances. Moreover, additional Common Shares may be issued by GGB on the exercise of awards under any of GGB's equity incentive plans and upon the exercise of outstanding Common Share warrants. The market price of the Common Shares could decline as a result of issuances of new shares or sales by shareholders of Common Shares in the market or the perception that such sales could occur. Sales by shareholders of GGB might also make it more difficult for GGB itself to sell equity securities at a time and price that it deems appropriate.

GGB may lose Foreign Private Issuer Status in the Future, which could Result in Significant Additional Costs and Expenses

The Proportionate Voting Shares are being issued to meet the definition of "foreign private issuer," as such term is defined in Rule 405 of Regulation C under the U.S. Securities Act. GGB will be a "foreign private issuer," and will not be subject to the same requirements that are imposed upon U.S. domestic issuers by the Securities and Exchange Commission ("**SEC**"). GGB may in the future lose its foreign private issuer status if a majority of its Common Shares are held in the U.S. and it fails to meet the additional requirements necessary to avoid loss of foreign private issuer status, such as if: (1) a majority of its directors or executive officers are U.S. citizens or residents; (2) a majority of its assets are located in the U.S.; or (3) its business is administered principally in the U.S.

If GGB loses its foreign private issuer status and decides, or is required, to register as a U.S. domestic issuer, the regulatory and compliance costs will be significantly more than the costs incurred as a Canadian foreign private issuer. In such event, GGB would not be eligible to use foreign issuer forms and would be required to file periodic and current reports and registration statements on U.S. domestic issuer forms with the SEC, which are generally more detailed and extensive than the forms available to a foreign private issuer.

Certain Remedies may be Limited

GGB's governing documents may provide that the liability of its members of the Board and its officers is limited to the fullest extent permitted under the laws of the Province of Ontario. Thus, GGB and its shareholders may be prevented from recovering damages for certain alleged errors or omissions made by the members of the Board and its officers. GGB's governing documents may also provide that GGB will, to the fullest extent permitted by law, indemnify members of its Board and its officers for certain liabilities incurred by them by virtue of their acts on behalf of GGB.

Past Performance Not Indicative of Future Results

The prior operational performance of GGB is not indicative of any potential future operating results of GGB. There can be no assurance that the historical operating results achieved by GGB or its affiliates will be achieved by GGB, and GGB's performance may be materially different.

Financial Projections May Prove Materially Inaccurate or Incorrect

Any of GGB's financial estimates, projections and other forward-looking information or statements included herein were prepared by GGB without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking information or statements. Such forward-looking information or statements are based on assumptions of future events that may or may not occur, which assumptions may not be disclosed herein. Investors should inquire of GGB and become familiar with the assumptions underlying any estimates, projections or other forward-looking information or statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operation expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results GGB might achieve.

MATERIAL CONTRACTS

The following are the only material contracts of the Company or its subsidiaries, other than contracts entered into in the ordinary course of business: (i) the Moxie Agreement; (ii) the Underwriting Agreement; (iii) the Warrant Indenture; and (iv) the licenses set forth under "*Regulatory Overview*". Material leases of the Company and its subsidiaries include leases pertaining to (i) the Company's corporate head office located at 4300 East Fifth Ave., Columbus, Ohio 43219; (ii) the operation of the The+Source dispensary location at 2550 S Rainbow Blvd, Las Vegas, Nevada 89146; (iii) NOR's corporate head office located at 2015 E Windmill Lane, Las Vegas, Nevada 89123; (iv) a production and cultivation site located at 3705 E Post Rd., Las Vegas, Nevada 89120-7201; (v) a proposed temporary dispensary located at 5270 Longley Lane, Suite 103, Reno, Nevada 89511; (vi) a proposed permanent dispensary located at 5210 Longley Lane,

Reno, Nevada 89511; (vii) a proposed dispensary located at 2370 S. Homestead Rd., Pahrump, Nevada 89048; (viii) a proposed dispensary located at 1725 S. Rainbow Blvd., Suite 21, Las Vegas, Nevada 89146; (ix) a proposed dispensary located at 7085 W. Craig Rd, Las Vegas, Nevada 89129; and (x) a proposed dispensary located at 58 Pleasant St., Northampton, Massachusetts 01060.

LEGAL MATTERS AND INTEREST OF EXPERTS

MNP LLP, Chartered Professional Accountants, is the auditor of the Company and performed the audit in respect of the audited financial statements of the Company as at and for the year ended June 30, 2018.

Macias Gini & O'Connell LLP, Certified Public Accountants, performed the audit in respect of (i) the audited combined financial statements of Moxie and affiliates as at and for the year ended December 31, 2018 and (ii) the audited consolidated financial statements of NOR as at and for the year ended June 30, 2018 and 2017. Macias Gini & O'Connell LLP, Certified Public Accountants, was, at the time of its audit and report for the year ended December 31, 2018, independent of Moxie in accordance with the United States Public Company Accounting Oversight Board. Macias Gini & O'Connell LLP, Certified Public Accountants, was, at the time of its audit and report for the year ended June 30, 2018, independent of NOR in accordance with the United Sates Generally Accepted Accounting Principles.

There is no person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named as having prepared or certified a report, valuation, statement or opinion in this Prospectus other than Stikeman Elliott LLP, DLA Piper (Canada) LLP, MNP LLP and Macias Gini & O'Connell LLP.

Legal matters in connection with the Offering of Offered Units under "Canadian Federal Income Tax Considerations" and "Eligibility for Investment" as well as certain other legal matters relating to the issue and sale of the Offered Units will be passed upon on behalf of the Company by Stikeman Elliott LLP and on behalf of the Underwriter by DLA Piper (Canada) LLP. As of the date of this Prospectus, the partners and associates of: (a) Stikeman Elliott LLP, as a group, (b) DLA Piper (Canada) LLP, as a group, (c) MNP LLP, as a group and (d) Macias Gini & O'Connell LLP, as a group, each beneficially owned, directly or indirectly, less than 1% of the outstanding Common Shares.

AUDITOR, TRANSFER AGENT AND REGISTRAR

MNP LLP is the independent auditor of the Company and is independent within the meaning of the Code of Ethics of the Chartered Professional Accountants of Quebec.

The registrar and transfer agent for the Common Shares is Capital Transfer Agency, ULC at its offices at 390 Bay Street, Suite 920, Toronto, ON M5H 2Y2.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain 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 of Canada, 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, revisions 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.

FINANCIAL STATEMENT INDEX

MXY HOLDINGS LLC AND AFFILIATES

Combined Financial Statements

As of and for the Years Ended
December 31, 2018 (audited)
and December 31, 2017 (unaudited)

MXY HOLDINGS LLC AND AFFILIATES
Combined Financial Statements
Year Ended December 31, 2018 and 2019

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Certified Public Accountants

Independent Auditor's Report

Members' and Board of Directors
MXY Holdings, LLC and Affiliates.
Long Beach, California

Opinion on the Combined Financial Statements

We have audited the accompanying combined balance sheet of MXY Holdings, LLC and Affiliates (the "Company") as of December 31, 2018, the related combined statements of operations, changes in members'' equity, and cash flows for the year then ended and the related notes (collectively referred to as the "combined financial statements"). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018, and the results of their operations and their cash flows for each of the year ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 2, the Company has completed a roll up of the Affiliates subsequent to December 31, 2018 but prior to issuance, resulting in the financial statements as of December 31, 2018 being reported on a combined basis of the related entities. See Notes 1 and 2 for further discussion on basis of accounting.

Change in Accounting Principles

As discussed in Note 2 to the combined financial statements, the Company has changed its accounting method for recognizing revenue from contracts with customers in fiscal year 2018 due to the adoption of Topic 606, Revenue from Contracts with Customers.

As discussed in Note 2 to the combined financial statements, the Company has changed its accounting method for leases in fiscal year 2018 due to the adoption of Topic 842, Leases.

Basis for Opinion

These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's combined financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Macias Gini & O'Connell
We have served as the Company's auditor since 2019
Newport Beach, CA
July 16, 2019

MXY HOLDINGS AND AFFILIATES LLC
Combined Balance Sheets
As of December 31, 2018 (audited) and 2017 (unaudited)

		2018 (Audited)	2017 (Unaudited)
ASSETS			
Current Assets:			
Cash and Cash Equivalents		$ 1,637,334	$ 82,923
Restricted Cash		191,331	-
Accounts Receivable, Net	*Notes 2,11*	510,814	-
Inventory	*Notes 2,4*	2,524,825	34,891
Prepaid Expenses and Other Current Assets		295,777	121,560
Total Current Assets		5,160,080	239,374
Property and Equipment, Net	*Note 7*	4,098,956	939,799
Construction in Progress	*Note 5*	1,164,365	-
Investments in Joint Ventures	*Note 6*	635,195	426,167
Right-of-Use Assets		585,017	611,299
Deferred Tax Asset	*Note 12*	107,608	-
Other Assets		60,282	-
Total Non-current Assets		6,651,423	1,977,265
TOTAL ASSETS		**$ 11,811,504**	**$ 2,216,639**
LIABILITIES AND MEMBERS' EQUITY			
Current Liabilities:			
Accounts Payable		$ 1,091,163	$ -
Accrued Liabilities	*Note 11*	2,804,390	17,592
Operating Lease Liability	*Note 10*	175,959	141,373
Notes Payable	*Note 8*	184,036	-
Convertible Notes Payable	*Note 8*	7,209,425	-
Total Current Liabilities		11,464,973	158,965
Long-Term Liabilities:			
Operating Lease Liability, net of current	*Note 10*	499,864	573,492
Deferred Revenue	*Note 11*	561,538	576,923
Other Liability		10,848	90,767
Total Long-Term Liabilities		1,072,251	1,241,182
TOTAL LIABILITIES		12,537,224	1,400,147
MEMBERS' (DEFICIT) EQUITY		(725,720)	816,493
TOTAL LIABILITIES AND MEMBERS' EQUITY		**$ 11,811,504**	**$ 2,216,639**

MXY HOLDINGS AND AFFILIATES LLC
Combined Statements of Operations and Changes in Members' Equity
For the Year Ended December 31, 2018 (audited) and 2017 (unaudited)

		2018 (Audited)	2017 (Unaudited)
Revenues	*Notes 2,11*	$ 5,534,034	$ 514,102
Cost of Goods Sold		2,661,957	-
Gross Profit		2,872,077	514,102
Operating Expenses:			
General and Administrative	*Note 2*	3,790,397	1,250,161
Sales and Marketing	*Note 2*	592,228	114,181
Depreciation	*Note 7*	222,680	295,328
Total Operating Expenses		4,605,306	1,659,670
Loss from Operations		(1,733,229)	(1,145,568)
Other Income (Expense):			
Interest (Expense), Net		(546,048)	(8,576)
Income from Equity in Joint Ventures	*Note 6*	207,311	(173,833)
Other Income		219,653	27
Total Other Income (Expense)		(119,084)	(182,382)
Loss Before Provision for Income Tax		(1,852,314)	(1,327,950)
Provision for Income Tax		(233,839)	-
Net Loss		**$ (2,086,153)**	**$ (1,327,950)**

Members' Equity (Deficit) - as of January 1, 2017 (unaudited)	**$ 2,447,273**
Net Loss	(1,327,950)
Contributions	97,170
Distributions	(400,000)
Members' Equity (Deficit) - as of December 31, 2017 (unaudited)	**$ 816,493**
Net Loss	(2,086,153)
Contributions	543,940
Members' Equity (Deficit) - as of December 31, 2018	**$ (725,720)**

MXY HOLDINGS AND AFFILIATES LLC
Combined Statements of Cash Flows
For the Year Ended December 31, 2018 (audited) and 2017 (unaudited)

	2018 (Audited)	2017 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (2,086,153)	$ (1,327,950)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities		
Activities:		
Depreciation	222,680	295,328
Investments Earnings from Joint Ventures	(207,310)	(426,167)
Deferred Revenue	(15,385)	592,308
Loss on Sale of Equipment	21,853	55,578
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(510,813)	-
Receivable from unconsolidated affiliate	-	2,102,923
Inventory	(2,457,154)	7,609
Other Current Assets	(174,217)	-
Deferred Tax Asset	(107,608)	-
Right-of-Use Asset	151,787	52,113
Accounts Payable	1,091,163	-
Accrued Liabilities	2,786,799	(195,900)
Accrued Interest - Lease Liabilities	16,679	6,880
Accrued Interest - Notes Payable	210,075	-
Other Assets	(60,282)	(58,959)
NET CASH USED IN OPERATING ACTIVITIES	**(1,117,885)**	**1,103,763**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(12,158)	(652,316)
Expenditures for Construction in Progress (CIP)	(1,151,168)	-
Tenant Improvement Upgrades	-	(41,172)
Proceeds from Sale of Property and Equipment	14,003	-
NET CASH USED IN INVESTING ACTIVITIES	**(1,149,323)**	**(693,488)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Convertible Short Term Debt issued June 2018	1,688,170	-
Proceeds from Convertible Short Term Debt issued Oct 2018	2,912,500	-
Proceeds from TI Building Financing	-	-
Principal payments on Lease Liabilities	(181,227)	(38,451)
Principal Payments on Other Long Term Debt	(379,114)	(9,233)
Principal Payments on Other Short Term Debt	(79,919)	-
Contributions from members	52,540	97,170
Distributions to members	-	(400,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**4,012,951**	**(350,515)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,745,743**	**59,760**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	82,923	23,163
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 1,828,665**	**$ 82,923**
Supplemental information:		
1 Interest Paid on Short-Term Convertible Debt	$ 296,410	$ -
2 Interest Paid on other Short-Term Debt	18,752	-
Non-cash transactions:		
1 Proceeds from Convertible Debt used towards purchase of Real Estate	$ 2,961,830	$ -
2 Purchase of Real Estate	(2,961,830)	-
3 Proceeds from Convertible Debt raised June 2018 used to extinguish prior convertible debt P&I	3,300,000	-
4 Payoff of prior convertible debt principal	(3,000,000)	-
5 Payoff of prior convertible debt interest and fees	(300,000)	-
6 Commencement of Operating Leases	125,505	663,412
7 Contributions of equipment and inventory	491,400	-
8 Proceeds from Financing of Tenant Improvements	-	183,025

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements
For the Year Ended December 31, 2018

1. NATURE OF OPERATIONS

MXY Holdings and affiliates (the "Company" or "MXY") are vertically integrated medicinal and recreational cannabis companies based in Long Beach, California holding three California cannabis licenses: production, distribution, and non-storefront retail. Through its California operations, the Company produces high quality medicinal and recreational products, which are sold wholesale to various dispensaries, and retail directly to consumers through its own delivery drivers. The Company offers two well-known brands, Moxie and MX, which are sold through dispensaries in California, Nevada, and Pennsylvania. The Company differentiates itself through the consistent high quality of its brand, availability, and scope of product offering. The combined companies are as follows:

Legal Entity	Business Operations	Year Business Started	State of Domicile
MXY Holdings LLC ("MXY")	Management company	2018	DE
Pure CA LLC ("PCA")	California Manufacturer and Distributor	2018	CA
2990 MLK Jr LLC ("2990")	California Real Estate Lessor	2018	NV
California Leasing & Consulting LLC ("CLC")	California equipment lessor	2018	CA
Patrick Clio Equipment, LLC ("PCE")	California equipment lessor	2015	CA
Seven Ten Holdings, LLC ("STH"	IP Brand Holder	2015	NV
Seven Ten Management, LLC ("STM")	Nevada consulting company	2015	NV
Violet Holdings, LLC ("VH")	New Jersey product advisor	2018	NJ

MXY Holdings, LLC through contribution agreements has the right to acquire 100% of Pure CA, LLC, conditional on final regulatory approval, which is anticipated to settle in Q3'2019.

In 2015, the four Founders of the Moxie brand setup three companies (Patrick Clio LLC, Seven Ten Holdings LLC, and Seven Ten Management LLC) to support the processing and sales of high-quality cannabis products for medicinal purposes. In 2018, California legalized cannabis for both medicinal and recreational purposes, and with that change in legal status of cannabis products, the Founders setup MXY Holdings LLC and commenced operations at its California affiliated companies (2990 MLK Jr LLC, California Leasing & Consulting LLC, Pure CA LLC) for the purposes of processing and distributing cannabis products statewide. All affiliates shared some common owners relying upon each other for service and support, including equipment and real estate leasing.

In the state of Nevada, the Moxie founders, through Seven Ten Management LLC, have worked through locally licensed partners during both 2017 and 2018, where the Company had influence on marketing policy, employee selection/management, and oversight on the use of its brand.

The Moxie founders partnered with local operators in the state of Pennsylvania to develop facilities there in 2017, with cultivation, processing and distribution operations functioning in that state by mid-2018. The Company's investment in the Pennsylvania operations was held through its individual investors through 2018, the interest of which were eventually rolled up to MXY Holdings by Q2'2019. See Note 13.

Prior to 2018, the companies lacking access to capital market, financed their operations through careful management of operational cash flows. At the start of 2018, the Company acquired the property held by 2990 MLK Jr LLC financed by a loan from an investor to be used for its California operations. Subsequent to that property acquisition in June 2018, the Company used convertible debt to buy out an existing investor and pay off the loan collateralized by real estate and other principal assets. While significant efforts were engaged for a legal reorganization to create a consolidated group, that process was not completed until April 2019. See Note 13.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Non-Controlling Interest

Non-controlling interest represents the portion of equity (net assets) in an entity not attributable, directly or indirectly, to a parent. A non-controlling interest is sometimes called a minority interest and is immaterial at December 31, 2018.

Basis of Preparation

The combined financial statements of the Company at December 31, 2018 and for the year then ended have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The combined unaudited balance sheet as of December 31, 2017 and the related unaudited combined statements of operations, changes in members' equity and of cash flows for the year ended December 31, 2017, which are presented for the comparative purposes, have been prepared by management in accordance with US GAAP.

Basis of Combination

The accompanying combined financial statements include entities which are controlled either through common control or common management. Common control exists when the same group of shareholders and/or Board members have the power, directly or indirectly, to govern the financial operating policies of multiple entities and to expose them to the variable returns from their activities. Common management exists when entities operate under the terms of management service agreements that empower the same group of people or entities to directly or indirectly govern the financial and operating policies of multiple entities and to expose them to variable returns from their activities.

Use of Estimates

Management uses estimates and assumptions in preparing its combined financial statements in accordance with US GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash deposits in financial institutions and other deposits that are readily convertible into cash.

The Company places its cash both with high quality financial institutions and in a private vault and may be redeemed upon demand. The Federal Deposit Insurance Corporation ("FDIC") provides coverage of at least $250,000 available to depositors under the FDIC's general deposit insurance rules. From time to time the Company has account balances with its financial institutions that are in excess of the insured amounts given the industry limited access to banking, and, therefore, those excess account balances are uninsured. At December 31, 2018 and December 31, 2017, cash balances in excess of the FDIC insurance limit were approximately $898k and $0, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash that is restricted as to withdrawal or use under the terms of certain contractual agreements are recorded in Restricted Cash on the combined balance sheet. Restricted cash at December 31, 2018 related to certain debt instruments which required the Company to restrict certain cash amounts to be used for principal and interest payments pursuant to the debt agreement (See Note 8).

Restricted Cash in Statement of Cash Flows

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash,* which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The accounting standard update became effective January 1, 2018 using a retrospective transition method for each period presented. Upon adoption, ASU 2016-18 has resulted in a change in the presentation of restricted cash in the statement of cash flows for current and prior periods presented.

Accounts Receivable

Accounts Receivable are stated at an amount management expects to collect from outstanding balances. The Company recognizes an outstanding receivable when its products are delivered to its customers and risk of product loss is transferred. Payment terms have traditionally been Cash on Delivery (COD), but the evolution of the industry standards has resulted in an increased number of customers which are granted payment terms, ranging from net 7 days to net 30 days, based on the credit worthiness of the customer and other business factors. Management records an allowance for doubtful accounts based on its assessment of the current status of individual accounts. At December 31, 2018, the allowance for doubtful accounts was approximately $85k.

Concentration Risk

Pure CA LLC, the main California operating entity of the Company, did not have customers which generated concentration more than 10% of revenue for the year ended December 31, 2018 and December 31, 2017. The Company had one vendor comprising 14% respectively, of total combined 2018 Costs of Goods Sold, Construction in Progress and Operating costs.

Inventory

Inventory includes cannabis and cannabis-related products and is valued at the lower of cost and net realizable value. Cost is determined using the standard cost method for production and retail inventory, and standards approximate actual cost. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to sell. Packaging and supplies are initially valued at cost. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory is written down to net realizable value. As of December 31, 2018 and December 31, 2017, the Company determined that no reserves were necessary and no write offs were recorded.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right-of-use Asset / Lease Liability

The Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02 "Leases (Topic 842)" during the 3rd quarter of 2017 upon the execution of the lease for its California office headquarters. The Company leases are first evaluated to determine whether they are classified as a finance lease or as an operating lease. A lease is a finance lease if any of the following criteria are met: (a) ownership transfers, (b) the lease includes an option to purchase the underlying asset, (c) the lease term is for the major part of the remaining economic life of the underlying asset, (d) the present value of the lease payments equals or exceeds the fair value of the underlying asset, or (e) the underlying asset is of a specialized nature that is expected to have no alternative use to the lessor at the end of the lease term. All of the Company's leases are classified as operating leases. Operating leases are considered short-term commitments if the lease term is 12 months or less and does not include a purchase option whose exercise is reasonably certain. If this short-term exemption applies, the lease payments are recognized as expense and no asset or liability is recorded. If the short-term exemption does not apply, the Company records an operating lease right-of-use asset and a corresponding operating lease liability equal to the present value of the lease payments. All of the Company's leases prior to the 3rd quarter of 2017 met the short-term exemption and, accordingly, modification to prior period results was not required. The Company's original commercial office lease was amended to include a second space in February 2018 and as it did not meet the short-term exemption, the present value of the lease payments was recorded as a right-of-use asset with a corresponding lease liability in the combined balance sheet. Rent expense is recognized on a straight-line basis over the life of the lease.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method using the following methods and estimated useful lives:

Category	Depreciation Method	Estimated Useful Life
Manufacturing Equipment	Depreciated Over the Estimated Useful Life of the Asset	5-7 years
Leasehold Improvements	Amortized Over the Life of the Lease or the Estimated Useful Life of the Improvement, whichever is Less	10 Years
Furniture and Fixtures	Depreciated Over the Estimated Useful Life of the Asset	5 Years
Building	Depreciated Over the Estimated Useful Life of the Asset	40 Years
Automobiles	Depreciated Over the Estimated Useful Life of the Asset	3 Years
Software	Depreciated Over the Estimated Useful Life of the Asset	3 Years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. No adjustments were deemed necessary at December 31, 2018. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Statement of Operations and Changes in Members' Equity in the year the asset is derecognized.

Repairs and maintenance that do not improve efficiency or extend economic life are charged to expense as incurred. Total repairs and maintenance for the year-ended December 31, 2018 was approximately $54k.

Capitalized Interest

The Company does not finance Construction in Progress. Accordingly, no interest expense in capitalized.

Impairment of Long-Lived Assets

Long-lived assets such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, but no less frequently than annually. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest charges) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. There were no impairments recorded during the years ended December 31, 2018 and December 31, 2017.

Management is required to apply judgment in estimating future cash flows as well as asset fair values, including forecasting useful lives of the assets, assessing the probability of different outcomes, and selecting the discount rate that reflects the risk inherent in future cash flows. If the carrying value is not recoverable, the Company assesses the fair value of long-lived assets using commonly accepted techniques, and may use more than one method, including, but not limited to, recent third-party comparable sales and discounted cash flow models. If actual results are not consistent with assumptions and estimates, or if assumptions and estimates change due to new information, the Company may be exposed to an impairment charge in the future.

Investment in Business Venture

The Company accounts for investments in entities for which it is able to exercise influence over, but do not control, the investee, and are not the primary beneficiary of the investee's activities. The Company's portion of an equity method investee's net income or loss is included in other income (loss) in the combined statement of operations. In the event that the cost basis in an investment exceeds the fair value of the underlying business, the Company records an impairment charge to reduce the carrying value to the estimated fair value. See Note 6.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company and most of its affiliates are limited liability companies that have elected to be treated as a partnership for federal income tax purposes. The production affiliate has elected to be treated as a C-corporation. Under federal law, the taxable income or loss of a partnership is allocated to its members.

A C-Corporation, on the other hand it taxed on its taxable income, which for federal basis has 280E limitation, causing a tax assessment on essentially Gross Profit prohibiting the deduction of indirect (non-production) expenses. For state purposes, indirect expenses are permitted deductions.

FASB ASC Topic No. 740, "Accounting for Uncertainty in Income Taxes" ("ASC 740"), clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on de-recognition of tax benefits, classification on the combined balance sheet, interest and penalties, accounting in interim periods, disclosure and transition. The Company did not recognize any tax benefits from uncertain tax positions during the years ended December 31, 2018 and December 31, 2017.

As the Company operates in the cannabis industry, it is subject to the limits of Internal Revenue Code (IRC) Section 280E under which the Company is only allowed to deduct expenses directly related to the cost of sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

Revenue Recognition

In accordance with ASC 606, revenue is recognized at both Pure CA LLC and Seven Ten Management LLC when a company satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A contract, whether a verbal or written sales order, is established with customers prior to order fulfillment with agreement upon unit prices, delivery dates, and payment terms. The transaction price is based on market pricing while considering the value of the Moxie brand and quality.

The transaction price is allocated to each product sold based upon the negotiated unit sales price associated with each product line scheduled for delivery within the order. Satisfaction of our performance obligation occurs upon delivery to the customer's premises, the point of when risk of losses passes onto the customer. For entities other than Pure CA, LLC, revenue is recognized entirely between the combined affiliates and is eliminated in the combined financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Legal Entity	Performance Obligation	Written Contract	Transaction Price
MXY Holdings LLC	Management Services	Management services contract	Contractually specified
2990 MLK Jr LLC	Real property lease	Lease Contract	Contractually specified
California Leasing & Consulting LLC	Equipment lease	Lease Contract	Contractually specified
Patrick Clio Equipment, LLC	Equipment lease	Lease Contract	Contractually specified
Seven Ten Holdings, LLC	IP brand license	License Contract	Contractually specified

The Company enters into exclusive distributor and license agreements through Seven Ten Holdings, LLC that are within the scope of ASC Topic 606. The license agreements generate royalties based the negotiated value of the brand IP over a 39-year period, subject to extension. Since the consideration for the initial license fee is for the right to sell the licensed product in the respective territory with no other required conditions to be met, revenue is recognized ratably over the term of the license agreement. For the year ended 2018, the Company recognized approximately $15k of license revenue from a related party.

Cost of Goods Sold

Cost of goods sold (COGS) includes the costs directly attributable to the production of finished goods including raw materials, packaging costs, production labor, and applied overhead. The unit costs of COGS are estimated using standard costing, the basis of which is evaluated at least quarterly, or when there are material changes in the underlying manufacturing costs.

Shipping and Handling

Payments by customers for shipping and handling costs are included in revenue on the combined statements of operations. These costs are included in cost of goods sold. Shipping and handling for inventory is included as a component of inventory in the combined balance sheets, and in COGS in the combined statements of operations when the product is sold.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivables, purchase options, accounts payables and accrued liabilities, and notes payable. The carrying values of these financial instruments approximate their fair values as of December 31, 2018, respectively.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

There have been no transfers between fair value levels during the year.

The carrying value of financial assets and liabilities recorded at fair value is measured on a recurring or nonrecurring basis. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. The Company had no financial assets or liabilities carried and measured on a nonrecurring basis during the reporting periods. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared. The Company had no financial assets or liabilities carried and measured on a recurring basis during the reporting periods. The carrying value of short-term financial instruments, including cash and cash equivalents, accounts receivable, purchase options, accounts payable and accrued expenses, and short-term borrowings approximate fair value due to the relatively short period to maturity for these instruments. The long-term borrowings approximate fair value since the related rates of interest approximates current market rates.

Related Parties

A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control. Related parties also include principal owners, management, members of the immediate families of principal owners and management and other parties if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties, or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests, is also a related party.

Debt with Equity-linked Features

The Company may issue debt that has embedded conversion features. When applicable, the Company must first assess whether the conversion feature meets the requirements to be treated as a derivative. If the conversion feature within convertible debt meets this requirement the fair value of the convertible debt derivative is estimated using a Binomial Model, using the value on the date of issuance, the risk-free interest rate associated with the life of the debt, and the estimated volatility of the Company's member units. If the conversion feature is not treated as a derivative, it may be a beneficial conversion feature ("BCF"). A BCF exists if the conversion price of the convertible debt instrument is less than the member units on the commitment date. This typically occurs when the conversion price is less than the fair value of the units on the date the instrument was issued. The value of a BCF is equal to the intrinsic value of the feature, the difference between the conversion price and the Members' equity into which it is convertible. In accordance with ASC 470 (Debt) and ASC 505 (Equity), the Company performed such analysis for its convertible notes and determined that such notes are contingently convertible and, accordingly the embedded conversion feature shall not be recognized until the contingencies are resolved (see Note 8).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative Liabilities

The Company evaluates convertible debt features or other contracts to determine if those contracts or embedded components qualify as derivatives to be separately accounted for under the relevant sections of ASC Topic 815-40, Derivative Instruments and Hedging: Contracts in Entity's Own Equity. This accounting treatment could result in the classification of the fair value of a financial instrument as a derivative instrument and is marked-to-market at each combined balance sheet date and recorded as a liability. In this event, the change in fair value is recorded in the combined statement of operations as other income or other expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Financial instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815-40 are reclassified to a liability account at the fair value of the instrument on the reclassification date. The Company determined that the embedded conversion feature of the convertible debts meets the definition of a derivative but as the conversion features are contingent (see above), such derivatives are not recognized until such contingencies are resolved.

Debt Extinguishment

Any gain or loss associated with debt extinguishment is recorded in the combined statements of operations in the period in which the debt is considered extinguished. Third party fees incurred in connection with a debt restructuring accounted for as an extinguishment are capitalized. Fees paid to third parties associated with a term debt restructuring accounted for as a modification are expensed as incurred.

Share-Based Payments

The Company issues profit interest units to its employees which are measured at their estimated fair market value on date of grant based on the estimated price of a unit of profit interest. Historical data and other relevant factors are used to estimate the fair market value. As of December 31, 2018, the Company estimated the fair market value of a profit interest unit to be de minimus. The estimated fair market value of the profit interest units granted is recognized over their vesting periods. Management evaluated the profit interest units for debt versus equity classification and determined such units are to be classified as equity.

Sales & Marketing Expense

Advertising, promotional and selling expenses consisted of sales and marketing expenses, and promotional activity expenses. Sales and Marketing expenses mostly relate to event sponsorships and travel/lodging associated with marketing initiatives. Expenses are recognized when incurred and for the years ended December 31, 2018 and December 31, 2017, sales and marketing expenses totaled $592k and $114k, respectively.

General and Administrative Expense

General and administrative expenses consisted of professional service fees, rent and utility expenses, meals, travel and entertainment expenses, and other general and administrative overhead costs. Expenses are recognized when incurred and for the years ended December 31, 2018 and December 31, 2017, general and administrative expenses totaled $3.79M and $1.25M, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently issued Accounting Pronouncements

FASB ASU 2018-07 - *"Compensation – Stock Compensation (Topic 718)"* - In June 2018, the FASB issued ASU 2018-07. This update is intended to reduce cost and complexity and to improve financial reporting for share-based payments issued to non-employees (for example, service providers, external legal counsel, suppliers, etc.). The ASU expands the scope of Topic 718, Compensation—Stock Compensation, which currently only includes share-based payments issued to employees, to also include share-based payments issued to non-employees for goods and services. Consequently, the accounting for share-based payments to non-employees and employees will be substantially aligned. This standard will be effective for financial statements issued by public companies for the annual and interim periods beginning after December 15, 2018. Early adoption of the standard is permitted. The standard will be applied in a retrospective approach for each period presented. Management does not currently expect this ASU to have a significant impact on the combined (consolidated) financial statements and related disclosures.

FASB ASU 2017-04 - *"Simplifying the Test for Goodwill Impairment (Topic 350)"* – In January 2017, the FASB issued 2017-04. The guidance removes "Step Two" of the goodwill impairment test, which required a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The ASU is effective for annual reporting periods beginning after December 15, 2019, and for interim periods within those years, with early adoption permitted. Management does not currently expect this ASU to have a significant impact on the combined (consolidated) financial statements and related disclosures.

Non-employee Stock-based Compensation – In June 2018, the FASB issued ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting,* which more closely aligns the accounting for employee and nonemployee stock-based compensation. Under the new standard, companies will no longer be required to value non-employee awards differently from employee awards. This accounting standard update will be effective beginning in the first quarter of fiscal 2020 using a modified retrospective approach. The Company anticipates that the new standard will not materially impact the Company's combined (consolidated) financial statements.

Fair Value Measurement - In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which amends ASC 820, *Fair Value Measurement*. ASU 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. The accounting standard update will be effective beginning in the first quarter of fiscal 2021, with removed and modified disclosures to be adopted on a retrospective basis, and new disclosures to be adopted on a prospective basis. The Company is in the initial stages of evaluating the impact of the new standard on its combined (consolidated) financial statements.

3. GEOGRAPHIC BREAKDOWN OF SIGNIFICANT OPERATIONS

The Company's operating segments are business units that manufacture and sell concentrates, extracts, and other cannabis-related products. These operating segments were determined by location of manufacturing and distribution facilities. Operating segments are defined as components of an enterprise for which separate financial information is available and which is evaluated regularly by Management in determining how to allocate resources and in assessing performance.

3. GEOGRAPHIC BREAKDOWN OF SIGNIFICANT OPERATIONS (Continued)

The Company's Chief Executive Officer and Executive Chairman, with the assistance of the executive management team, has been identified as the chief decision maker. Management directs the allocation of resources to operating segments based on the profitability and cash flows of each respective segment.

The Company evaluates performance based on operating income. Administrative functions such as finance, treasury, and information systems are centralized. However, where applicable, portions of the administrative function expenses are allocated between the operating segments. The operating segments do not share manufacturing or distribution facilities. In the event any materials and/or services are provided to one operating segment by the other, the transaction is valued according to the Company's transfer policy, which approximates market price. The costs of operating the manufacturing plants are captured discretely within each segment. The Company's property, plant and equipment, inventory, and accounts receivable are captured and reported discretely within each operating segment.

Summary financial information for operating segments by geographic location is as follows:

	California	Nevada	Other	Eliminations	Total
Gross Revenue	$ 6,606,544	$ 455,166	$ 710,905	$ (2,238,581)	$ 5,534,034
Gross Profit	2,311,710	131,334	665,488	(236,455)	2,872,077
Gross Margin	35%	29%	94%		52%
Selling, General & Admin exp	4,270,633	76,745	125,230	132,699	4,605,307
Operating Income (Loss)	$ (1,958,923)	$ 54,589	$ 540,258	$ (369,153)	$ (1,733,229)

4. INVENTORY

As of December 31, 2018 and 2017, inventory consisted of:

	2018	2017
Raw Materials	$ 543,432	$ 34,891
Work in Process	1,431,291	-
Finished Goods	550,102	-
Total Inventory	**$ 2,524,825**	**$ 34,891**

5. CONSTRUCTION IN PROGRESS (CIP)

CIP consists of initial costs associated with construction of manufacturing facilities, including material, equipment and interest expenses. When CIP is completed the assets will be transferred to facilities assets. No provision for depreciation is made on CIP until such time that the relevant assets are available and ready to use.

In August 2018, the Company, through one of its 2990 MLK Jr LLC affiliate, engaged an outside contractor to buildout its California manufacturing facility in Lynwood, CA. The project's estimated total costs are approximately $4.9M, with construction projected for completion in August 2019. Through December 31, 2018, the cost incurred totaled approximately $1.1M with an estimate to complete of approximately $3.86M.

5. CONSTRUCTION IN PROGRESS (CIP) (Continued)

Once completed, California cannabis production will move to the newly built-out 10,600 square foot facility. Amounts payable to the general contractor at December 31, 2018 totaled $379k, and the current retention payable balance is $66k.

6. INVESTMENTS IN BUSINESS VENTURES

The Company has investments in two private business ventures in the Pennsylvania cannabis market, providing both business and product consulting support as needed to the onsite management team, as well as the license of its Brand, Moxie. The two Pennsylvania based investments include: "Company A", a cannabis cultivator and processor servicing the Pennsylvania medicinal cannabis market and "Company B", a real estate and equipment lessor supporting the local cannabis manufacturing operations.

The Company through contribution agreements has the right to acquire 17.18% of Company A, conditional on final regulatory approval, and 31.65% of Company B, respectively. Major decisions for both Company A and Company B require the unanimous consent of the respective boards, which involve senior MXY employees on both boards, resulting in MXY's ability to exercise influence over both entities. Accordingly, the equity method of accounting is the most appropriate method for the Company's current investment interests. The Company acquired both investments through the use of its brand and processing expertise to local partners in Pennsylvania, along with small cash contributions in Company A and an IP brand contribution in Company B. The Company, through its Seven Ten Holdings affiliate, received four Class C units in Company B, valued at $600k, by negotiation with other third party Company B investors, where the IP brand was estimated at 4 times the per unit cash value, or $150k, of Company B Class B units. These investments were established at the formation of Company A in February 2017 and Company B in July 2017. These investments were held through common ownership by Moxie investors who agreed to exchange the investment for equity in MXY Holdings during a legal reorganization completed in April 2019 (see Note 13). A rollforward of the Company's investments in these entities is as follows:

	Company A	Company B	Combined
Balance 1/1/17	-	-	-
Contributions	$ -	$ 600,000	$ 600,000
Allocable share of profits	(107,931)	(65,903)	(173,833)
Balance at 12/31/17	$ (107,931)	$ 534,097	$ 426,167
Contributions	1,718	-	1,718
Allocable share of profits	(112,357)	319,668	207,311
Balance at 12/31/18	$ (218,570)	$ 853,765	$ 635,195

During the year ended December 31, 2018, the Company recognized revenue for the use of this IP license related to this agreement of $15k. Additionally, the Company agreed to provide sales and marketing, operational, and quality oversight support to Company B throughout the fiscal year through a Management Services Agreement that expires on December 31, 2019. During the year ended December 31, 2018, the Company recognized revenue of $240k relating to such services provided.

Deferred revenue from license agreement at year-end December 31, 2018 is $578k of which $561k relates to the long-term portion and $15k relates to the current portion which is booked in Accrued Liabilities.

6. INVESTMENTS IN BUSINESS VENTURES (Continued)

A summary of audited financial information of the unconsolidated Business ventures, is as follows at December 31, 2018:

	Company A	Company B	Total BV Investments
Total Assets	3,034,562	13,464,705	16,499,267
Total Liabilities	4,349,654	1,091,827	5,441,481
Business Venture Equity	(1,315,092)	12,372,878	11,057,786
Total Liabilities and Business Venture Equity	**$ 3,034,562**	**$ 13,464,705**	**$ 16,499,267**

	Company A	Company B	Total BV Investments
Net Income/(Loss)	**(654,000)**	**1,010,009**	**356,009**
Summary of MXY's investment	17.18%	31.65%	
in unconsolidated earnings of Business Ventures	(112,357)	319,668	207,311

The proportionate share of MXY's earnings was recorded in the Statement of Operations. The Company's policy is that the investment will be reduced below zero at times as management believes the investee operations will ultimately be profitable in the short term and long term. The Company does not believe the investment is impaired nor is the Company obligated to make any capital contributions for its negative investment.

Colombian Purchase Rights Agreement

During 2018, the principals of Cannacol S.A.S. (Cannacol), a simplified stock company organized in Colombia, approached MXY about raising capital and monetizing their interest in a local farm and manufacturing license. In December 2018, MXY entered into a purchase rights agreement with all the shareholders of Cannacol to purchase all the outstanding shares of stock of Cannacol for $450k. Management has determined the estimated fair market value of the rights agreement option was immaterial at the date of agreement and December 31, 2018.

The Company has incurred and expensed legal and consulting fees to evaluate this opportunity and to register its seeds within Colombia. In addition, by verbal agreement, MXY Holdings LLC agreed to provide $5k of monthly funding to Cannacol to keep the farm functioning and operational until the option expired. The Company currently has $26k of capitalized costs in Other Current Assets representing the cost to purchase and register cannabis seed in Colombia.

The Company is not obligated to exercise the purchase right and is in the process of evaluating whether to exercise this right. The rights agreement matures in September 14, 2019.

7. PROPERTY AND EQUIPMENT

As of December 31, 2018 and 2017, property and equipment consisted of the following:

	2018	2017
Manufacturing Equipment	$ 859,411	$ 466,638
Office Furniture & Equipment	438,255	454,468
Vehicles	19,402	-
Tenant Improvements	205,514	224,197
Building	987,277	-
Land	1,974,553	-
Total Property & Equipment	4,484,411	1,145,303
Less: Accumulated Depreciation	(385,455)	(205,504)
Property & Equipment, Net	$ 4,098,956	$ 939,799

Depreciation expense of $222,680 and $295,328 was recorded for the years ended December 31, 2018 and 2017, respectively. Repairs and maintenance costs incurred totaled $54k for the year ended December 31, 2018, with no repairs and maintenance costs incurred during the year ended December 31, 2017.

8. NOTES PAYABLE

Convertible Note

In January 2018, certain debt financing totaling $3 million was provided by an outside to fund the purchase of the land and real estate for the California manufacturing facility. The initial investment was structured as a secured, convertible debt bearing interest at 7.5% per annum, compounded monthly with a maturity date of March 1, 2018. In June 2018, pursuant to a Settlement and Release Agreement (SRA), the Company and the Note holder agreed to rescind the transaction, resulting in the conversion features being eliminated, the debt being paid in full including interest of $296,000. The Company incurred legal and other transaction of $563k. In connection with the SRA, the Company entered into a note payable of $563k to settle a portion of the additional fees to be paid over a 10 months period. The note was originally collateralized by a deed of trust on the building purchased. The balance was paid in monthly installments through April 2019, at which time the note was paid in full using the restricted cash described in Note 2. The lien on the building was released once the debt was paid in full.

Convertible Notes Outstanding

In June 2018 the Company issued two convertible notes to members in the amounts of $1.2M and $3.45M for an aggregate amount of approximately $4.65M, representing all related party debt. In addition, in October 2018, the Company issued three convertible notes in the aggregate of approximately $2.35M, representing all related party debt.

The Convertible Notes are secured by all of the assets, tangible and intangible, of the Company. All interest becomes due and payable under a conversion event. No principal or interest payments were made in 2018 on these convertible notes. As of December 31, 2018, convertible notes payable consists of five notes totaling $7.2M, including $0.2M of accrued interest. Representatives of the two largest note holders are actively participating in management of the Company. The convertibles notes are summarized as follows:

8. NOTES PAYABLE (Continued)

Terms of Convertible Notes

Effective Date	Maturity Date	Annual Interest	Convertible Debt	Accrued Interest 12/31/18
June 11, 2018	June 11, 2019	7%	$3,450,000	$134,314
June 11, 2018	June 11, 2019	7%	$1,200,000	$46,718
October 29, 2018	October 29, 2019	7%	$1,620,000	$19,573
October 29, 2018	October 29, 2019	7%	$700,000	$8,458
October 29, 2018	October 29, 2019	7%	$30,000	$362
		Total	$7,000,000	$209,425

The convertible notes accrue interest at the rate of seven (7%) percent per annum computed on the basis of the actual number of days the debt is outstanding.

The lender understands that the notes and the conversion securities have not been and will not be registered under the Securities Act and that they are "restricted securities" under applicable US federal and state securities laws. The lender must hold the conversion securities indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities or unless an exemption from such registration and qualification requirements is available

Contingent Conversion

Upon qualified financing (equity sales greater than $5M), the notes automatically convert to Series C units. In the event a qualified financing does not occur, the note holder may elect by written notice to the Company with 30 days following the maturity date, to convert all unpaid principal payable due into Series C equity of the Company. Whether under a qualified financing or note holder election, all accrued and unpaid interest and the extension fee, if any, shall be immediately due and payable. The number of Series C units issuable are determined by a set formula set out in the convertible debt agreement. As the conversion features are contingent and were not resolved by December 31, 2018, the Company has not recorded the embedded conversion features within the convertible notes in accordance with ASC 470 (Debt).

Security Interest, Guarantees and Acceleration on Event of Default

The Company granted lenders a continuing security interest in the collateral of the Company. Any amounts owed to lenders after the effective date shall be secured by the first priority perfected security interest in the collateral of the Company. In addition to the security interest granted, the Company's obligations under these notes shall be guaranteed by the Company. At any time after Lender becomes aware of an Event of Default, the holders may accelerate all of the payment obligations including all outstanding principal, any accrued but unpaid interest, the Extension Fee, if any, and reasonable expenses of collection. In lieu of payment, the Required Holders may alternatively elect to instead convert the Outstanding Balance into a number of Series C Units determined by a set formula set out in the convertible debt agreements. At any time following the occurrence of an Event of Default, interest shall accrue on the Outstanding Balance beginning on the date the applicable Event of Default occurred at an interest rate equal to the lesser of fifteen percent (15%) per annum or the maximum rate permitted under Applicable Law.

8. NOTES PAYABLE (Continued)

Promissory Note

In June 2018, to cover legal fees associated with the buyout of a prior investor (see convertible note extinguished above), the Company entered into a promissory note payable to the investor in the amount of $562,500 with simple interest accruing on the outstanding principal balance of the note at a rate of 0.83% per month from and after June 1, 2018. In accordance with the note, the Company paid $46,875 monthly towards principal, and an additional amount for interest depending on the note balance outstanding. The final payment on this note, which will equal the entire outstanding principal balance of this note, together with all accrued and unpaid interest thereon will be due and payable on the earlier of May 1, 2019.

As of the year ended December 31, 2018, there was an outstanding note payable to the former member of $184,036. In accordance with the note, the amount was paid down in monthly installments and was paid in full by April 2019 which was prior to the maturity date of May 1, 2019. This outstanding balance is reserved in the restricted cash balance of $191,331.

9. MEMBERS' EQUITY (DEFICIT)

The Company's first three affiliates included in this combined statement: Seven Ten Holdings, LLC, Patrick Clio, LLC and Seven Ten Management, LLC, operated in both California and Nevada. These affiliates were owned by the Founders through 2018 and were operated as partnerships.

Pure CA, LLC, the California manufacturing entity, which was formed in 2017, began operations until January 2018, and was a single member LLC owned by 89 Emerald LLC. 2990 MLK JR LLC was also formed in 2017 to acquire real estate for California operations, and was formed as a single member LLC owned by Lams Holdings LLC. California Leasing and Consulting, LLC was formed to be the California equipment lessor owned as a single member LLC with all units owned by one individual investor. The three LLC's were held as nominee interests, whereby the investors agreed to exchange their interest in these entities for the equity to be received in MXY Holdings LLC upon completion of the legal rollup. See Note 13.

MXY Holdings LLC has three classes of equity including Series A, Series B, and Profit Sharing interests. Series A and B have 71.0% and 28.5% of the outstanding equity, respectively as of December 2018. Series A and B members both have two voting board members each on a four-member board of managers. Profit Sharing interests do not participate in voting rights. As Series B members represented the convertible note holders, their consent is required on material decisions affecting the Company, such as the adoption of material contracts, materials changes in the scope of Company's business, and corporate refinancing.

Violet Holdings LLC was formed in July 2018 to acquire processing and cultivation licenses in state of New Jersey. No operations have commenced as of December 31, 2018. MXY Holdings LLC owns, through its affiliate Anacapa NJ, LLC, 62.5% of the Series A Units, with the remainder owned by a related party, who holds a non controlling interest. Currently the board composition has not been determined given that Violet Holdings has yet to commence any significant operations.

9. MEMBERS' EQUITY (DEFICIT) (Continued)

The table below describes the ownership of the Company and its Affiliates.

Entity	Owner	%
MXY Holdings, LLC	Series A	71.0%
	Series B	28.5%
	Profits Interest - Series B	0.5%
Pure CA, LLC	89 Emerald, LLC	100%
2990 MLK Jr, LLC	Lams Holdings, LLC	100%
Patrick Clio Equipment, LLC	Founders	100%
California Leasing & Consulting, LLC	Individual Investor as Nominee	100%
Seven Ten Holdings, LLC	Founders	100%
Seven Ten Management, LLC	Founders	100%
Violet Holdings, LLC	YOI NJ, LLC	37.5%
	MXY Holdings, LLC	62.5%

Capital contributions during 2018 totaling $543,940 were received from the four original founders of the Moxie brand and included funds to cover expenses relating to facilities and equipment. No distributions were made during 2018.

	MXY	2990	PCA	PCE	CLC	STM	VH	STH	Other Sub	**Total**
Balance at 1/1/17	$ -	$ -	$ -	$ 307,182	$ -	$ (25,418)	$ -	$ 60,970	$ 2,104,539	**$ 2,447,273**
Capital Contributions - Legacy	-	-	-	6,617	-	-	-	90,553	-	**97,170**
Net Income/Retained Earnings	-	-	-	125,853	-	204,844	-	445,892	(2,104,539)	**(1,327,950)**
Partner Capital Accounts	-	-	-	(80,000)	-	(160,000)	-	(160,000)	-	**(400,000)**
Balance at 12/31/17	$ -	$ -	$ -	$ 359,652	$ -	$ 19,426	$ -	$ 437,415	$ -	**$ 816,493**
Capital Contributions - Legacy	38,586	23,197	-	-	443,706	-	-	38,451	-	**543,940**
Net Income	(2,509,359)	(1,300,784)	1,764,624	(72,283)	(75,668)	264,668	(71,040)	(86,311)	-	**(2,086,153)**
Balance at 12/31/18	$ (2,470,773)	$ (1,277,587)	$ 1,764,624	$ 287,369	$ 368,038	$ 284,094	$ (71,040)	$ 389,555	$ -	**$ (725,720)**

SHARE BASED COMPENSATION

During the year ended December 31, 2018, the Company granted a 25,000 units of Class B profit Interest to members of senior management, the Grantees, representing 0.5% of the total equity of the Company at December 2018. The Grantees shall not have any of the rights of a Member with respect to these units unless vested in accordance with the terms of this Agreement. The Profits Interests units require no capital contribution, and only share in future profits and losses, up to previously allocated profits, and the value of liquidation events. MXY Holdings determined that the estimated fair market value of the Profits Interests granted during the year ended December 31, 2018 was immaterial. These Profit Interests vest within 4 years of issuance, or immediately upon a liquidation event. In the event of voluntary termination, or termination with cause, the holder loses all future rights to the unvested Profit Interests. Such Profit Interests were issued in accordance with the terms of the Operating Agreement.

9. MEMBERS' EQUITY (DEFICIT) (Continued)

From the date of grant, the Company will treat the Grantee as the owner of the units when calculating the distributive share of Company income, gain, loss, deduction, and credit in computing the Grantee's income tax liability for the entire period during which the Grantee owns the Profits Interest Units.

Subsequent to December 31, 2018, the Company granted 495,952 of additional Profit Interest to various members of management and consultants who helped facilitate the May 2019 capital raise (See Note 13) The units granted to these members and consultants carry the same terms as outlined above. The Company determined that the estimated fair market value of the Class B Profit Interest units granted subsequent to December 31, 2018 were immaterial.

10. COMMITMENTS AND CONTINGENCIES

LEASE COMMITMENTS: RIGHT-OF-USE ASSETS

The Company has capitalized operating leases for its corporate offices in accordance with ASC 842. The leases have remaining terms of less than four years expiring in July 2022. As of December 31, 2018, assets recorded under operating leases were $585,017 and accumulated amortization associated with these leases totaled $203,900. The components of Operating Lease expense are as follows:

	Year-ended December 31, 2018	Year-ended December 31, 2017
Operating Lease Cost	$ 168,467	$ 151,787
Cash Paid for amounts included in the measurement of Operating Lease Liabilities	$ 181,227	$ 38,451
Right of Use Assets obtained in exchange for Operating Lease Obligations	$ 585,017	$ 611,299
Remaining lease term	3.6yrs	4.6yrs
Discount rate	2.25%	2.25%

10. COMMITMENTS AND CONTINGENCIES (Continued)

Minimum Lease Payments are as follows:

Minimum Lease Payments are as follows:

Year-Ended		Amount
2019	$	189,019
2020		194,690
2021		200,530
2022		118,998
Total Lease Payments		703,237
Less effects of discounting		(27,414)
Lease Liabilities recognized	$	675,823
Current Portion of Lease Liabilities	$	175,959
Long-Term Portion of Lease Liabilities	$	499,864

Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its consolidated operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation as of December 31, 2018, marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

In August 2018, the Company, through one of its affiliates, engaged an outside contractor to buildout its California manufacturing facility in Lynwood, CA. As of June 2019, the buildout plans are pending Los Angeles County Fire approval. As the construction is estimated for completion in August 2019, the Company faces a potential risk of delayed occupancy until County Fire approval has been granted. The quantification of loss associated with this risk is the loss of potential earnings and suspended manufacturing growth by remaining in the temporary, onsite manufacturing facility longer than anticipated.

The Company engaged the law firm Buchalter, a Professional Corporation, for certain matters in late 2017 and early 2018, including the convertible notes. Buchalter was subsequently replaced as counsel and the Company received invoices over which it initiated an arbitration proceeding disputing such fees and making a claim for damages. Management has a high level of confidence in recouping its expenses and losses. The downside would be paying the invoice in the amount of $250k or less.

Marijuana is currently a Controlled Substances Act Schedule I drug as defined by federal law and is therefore, considered an illegal activity under federal statute. Civil and criminal punishment can be assessed against the Company and anyone who sells, holds, grows, or imports-controlled substances. Schedule I of the Controlled Substances Act lists drugs, including marijuana, that the federal government has determined to have; 1) a high potential for abuse, 2) no currently accepted medical use in the United States, and 3) lack of safety for use even under medical supervision.

10. COMMITMENTS AND CONTINGENCIES (Continued)

Although the United States Department of Justice has been encouraged not to prosecute marijuana distributors who comply with state and local laws, the federal law is still effective and the Drug Enforcement Agency can investigate, and even raid, marijuana business that are legal under state and local statutes and regulations. If this were to occur, the Company would experience a material adverse effect on its financial condition, results of operations, and cash flows.

Some employment contracts and offer letters do provide for severance in the case of involuntary terminations without cause. The severance payouts range from one to six months of base salary. There are no severance commitments and liabilities as of December 2018.

Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2018, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

11. RELATED PARTY TRANSACTIONS

From time to time, the Company enters into transactions with companies owned by members of the Company. During the year ended December 31, 2018, the Company entered into a revenue sharing arrangement with another cannabis brand, Fresh off the Bud (FOB), whereby FOB owners could use the Company's processing facilities and some technical resources. In exchange the FOB owners, one of which later became a member and senior manager of the Company, would split revenue. This arrangement was transformed after Q1'2018, where the Company employed FOB resources for a cost plus margin reimbursement. Subsequent to Q2'2018, no further business dealing occurred concerning the FOB brand. Sales generated from this revenue sharing arrangement during 2018 were approximately $500,000.

At the start of 2018, the Company acquired $519k of raw materials and WIP inventory from an entity associated with the Company Founders. The valuation of the inventory and payable were determined by an agreed-upon transaction price and were subsequent adjusted down after cannabis was legalized. The adjusted balance of that payable is included in accrued liabilities in the accompanying combined balance sheet.

The Company provides sales and marketing, operational, and quality oversight support to under a Management Services Agreement that expires on December 31, 2019. During the year ended December 31, 2018, the Company recognized revenue of approximately $240k relating to such services provided recorded in Revenue.

The Company purchases some packaging on behalf of both its affiliates and investment partners as part of its branding agreements. The Company sold approximately $192k to its unconsolidated Business venture partners during 2018 with an outstanding receivable of approximately $30k as of December 31, 2018.

11. RELATED PARTY TRANSACTIONS (Continued)

The Company records deferred revenue from an investment partner in connection with an IP License agreement. At December 31, 2018, related party deferred revenue totaled $577k with $562k recorded in long-term liabilities and $15k recorded in short-term accrued liabilities.

Advisory fees are paid to companies who are also principal members or Board members in the Company. Total advisory fees of approximately $348,000 were incurred during 2018 and remains outstanding in the accrued liabilities in the accompanying combined balance sheet at December 31, 2018.

The table below summarizes the related party activity during the year ended December 31, 2018.

Description	Counterparty	Revenue	Expense	Outstanding A/R
IP Licensing Revenue	Company B	$ 15,000	$ -	$ -
Product Sales	FOB	$ 500,000	$ (425,000)	$ -
Packaging Revenue	Company A	$ 192,000	$ (182,400)	$ 30,000
Management Fees Earned	Company B	$ 240,000	$ -	$ -
Product Purchases	Founders	$ -	$ (519,000)	$ -

12. INCOME TAXES

Basis of Presentation (Income Taxes)

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the tax reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

The Company's effective income tax rate can vary significantly for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized.

Significant Accounting Policies (Income Taxes)

Income tax expense is comprised of current and deferred tax. Income tax is expensed except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to the tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized on temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for amounts relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that do not affect either accounting or taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

12. INCOME TAXES (Continued)

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position.

Income Taxes

The Company and most of its affiliates are limited liability companies that are taxed as partnerships for federal and state income tax purposes. The production affiliate has elected to be treated as a C-Corporation for federal and state income tax purposes. Under federal law, the taxable income or loss of a partnership is allocated to its members, therefore there is no federal or state income tax at the partnership level, with the exception of certain state minimum taxes and taxes based on gross receipts. A C-Corporation, on the other hand, is taxed on its taxable income at both the federal and state level.

As a C-Corporation, the Company's production affiliate is subject to U.S. Internal Revenue Code Section 280E at the federal level. This code section disallows deductions and credits attributable to a trade or business of trafficking in controlled substances. Under U.S. tax, cannabis is a schedule I controlled substance. The Company has take the position that any costs included in the cost of goods sold should not be treated as amounts subject to Section 280E. For state purposes, non-cost of goods sold are permitted deductions for the production affiliate.

FASB ASC Topic No. 740 "Accounting for Uncertainty in Income Taxes" ("ASC 740"), clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on de-recognition of tax benefits, classification on the combined balance sheet, interest and penalties, accounting in interim periods, disclosure and transition. The Company did not recognize any tax benefits from uncertain tax positions during the year ended December 31, 2018.

Income tax expense attributable to loss from operations consists of the following at December 31, 2018:

	2018
Current	
Federal	325,436
State	16,011
Total Current	**341,447**
Deferred	
Federal	(70,458)
State	(37,150)
Total Deferred	**(107,608)**
Total Tax Expense	**233,839**

Tax attributes are subject to review, and potential adjustment, by tax authorities.

12. INCOME TAXES (Continued)

Significant components of the Company's deferred tax assets and liabilities included in the financial statements are as follows:

	2018
Deferred Tax Assets:	
Non-capital losses	$ -
Reserves and accruals not currently deductible	12,144
Leases	85,206
Intangible asset basis difference	10,258
Total Deferred Tax Assets	**107,608**
Valuation Allowance	-
Net Deferred Tax Assets	**$ 107,608**

Based on available evidence during the year ending December 31, 2018, the Company determined it was more likely than not that the net deferred tax assets for federal and state income tax purposes will be realized. Therefore, a valuation allowance has not been established against the deferred tax assets.

The Company currently files income tax returns in the United States and the State of California. The Company is not currently under examination by income tax authorities in federal or state jurisdictions. All tax returns remain open for examination by the federal and state authorities for three and four years, respectively, from the date of filing with taxable income or from the date of utilization of any NOL.

On December 22, 2017, the Tax Cuts and Jobs Act (H.R.1) (the "Tax Act") was signed into law. The Tax Act contains significant changes to corporate taxation, including (i) the reduction of the corporate income tax rate from a maximum rate of 35% to 21%, (ii) the acceleration of expensing for certain business assets, (iii) the one-time transition tax related to the transition of U.S. International tax from a worldwide tax system to a territorial tax system, (iv) the repeal of domestic production activities deduction, (v) additional limitations on the deductibility of interest expense, (vi) expanded limitations on executive compensation, (vii) acceleration of tax revenue recognition, (viii) capitalization of research and development expenditures and (vix) creation of new minimum taxes such as the base erosion anti-abuse tax ("BEAT") and Global Intangible Low Taxed Income ("GILTI") tax.

The Company has not yet made a policy election with respect to its treatment of potential base erosion anti-abuse tax ("BEAT") and Global Intangible Low Taxed Income ("GILTI"). Companies can either account for taxes on BEAT and GILTI as incurred or recognize deferred taxes when basis differences exist that are expected to affect the amount of the BEAT and GILTI inclusion upon reversal. The Company is still in the process of analyzing the provisions of the Act associated with BEAT and GILTI and the expected impact of BEAT and GILTI on the Company in the future.

The provisional amount related to the deferred tax balances are based on information available at this time and may change due to a variety of factors, including, among others, (i) anticipated guidance from the U.S. Department of Treasury about implementing the Tax Act, (ii) potential guidance from the Securities and Exchange Commission or the Financial Accounting Standards Board related to the Tax Act, (iii) any impact resulting from our December 31, 2018 financial closing and reporting processes, and (iv) management's further assessment of the Tax Act and related regulatory guidance.

12. INCOME TAXES (Continued)

We are not complete in our assessment of the impact of the Tax Act on our business and combined financial statements. We will continue our assessment of the impact of the Tax Act on our business and combined financial statements throughout the one-year measurement period as provided by SAB 118.

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through July 16, 2019, which is the date these combined financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2018 have been incorporated into these combined financial statements.

New Jersey Real Estate Sale and Advisory Agreement

In January 2019, the Company, through its Violet Holdings, LLC affiliate, was unsuccessful in its bid to obtain cannabis licenses in New Jersey and the rights to purchase the real estate were sold for $300k. Costs to acquire the real estate option in 2018 were $100k resulting in the Company reporting a gain of $200k at the time of sale. As a trade-off for selling the real estate option, the Company entered into an agreement offering advisory services due to its extensive experience in product and brand development in the cannabis industry through a profit split with the license holder receiving a fixed fee. As an advisor, the intellectual property remains the property and sole responsibility of the Company. Operations are expected to commence in Q4 2019 and advisory revenue will be recognized accordingly as sales begin.

Legal Roll Up

In early April 2019, the Company completed its legal transformation whereby investors of individual affiliate companies exchanged all or part of their equity units in specific LLC's for the equity units of MXY Holdings LLC. The result was the formation of a controlled group with MXY Holdings LLC as the parent company, and former affiliates became subsidiaries. The new structure simplifies the relationship among the companies for legal, tax, and accounting purposes. Concurrent with the effective date of the legal rollup, the Company converted all remaining wholly owned subsidiaries to c-corporations for tax filing purposes.

Nevada Investment

In late April 2019, the Company executed both an advisory and brand license agreement with the principals of a Nevada company with the licenses to cultivate and produce both recreational and medicinal cannabis products in the state of Nevada. The advisory agreement provides the Company with monthly fees in exchange for managerial assistance on improving the quality of their operations and financial results. A share transfer agreement and a new operating agreement, giving the Company a percentage of equity for the use of its brand and expertise, is anticipated for July 2019 when an effective date back to May 2019.

Capital Raise & Conversion of Convertible Notes

The capital raise was funded in mid-May 2019 totaling $43M consisting of newly issued convertible debt of $36M and Series C preferred equity of $7M. The funding of the capital raise triggered the conversion of existing convertible notes payable into series C preferred units and payoff of the convertible notes accrued interest of $383,945.

13. SUBSEQUENT EVENTS (Continued)

The Series C preferred units are at an effective purchase price of $7.9128 per unit and/or by purchase and sale for cash at a purchase price of $19.5503 per unit. The units are part of an offering by the Company of up to 1,242,694 units resulting from the conversion of the principal outstanding pursuant to the convertible notes and purchase and sale of up to an additional $7M of units.

Additional funds of $514,083 were used to pay off certain accrued expenses. The remaining funds from the capital raise will be used for Company growth initiatives from unrelated third parties.

Fire in California Manufacturing Facility

In February 2019, the Company suffered a fire in its California temporary manufacturing facility in Lynwood, CA. Equipment and inventory with a cost of approximately $257k were destroyed. Costs of cleanup were $21,050, and estimated costs of repair to the temporary manufacturing facility are approximately $122k.

In May 2019, the Company received approximately $370k from insurance proceeds related to the above losses. Monies allocated to the lost equipment resulted in an economic gain of approximately $39k.

Execution of Business Combination Agreement

In July 2019, MXY Holdings LLC entered into a Securities Acquisition and Contribution Agreement with Green Growth Brands Inc ("GGB). GGB is public company traded on the Toronto Stock Exchange and operates through two principal segments: producing/selling CBD-infused personal care products and cultivation/production/distribution/retail of cannabis products. The Acquisition Agreement provides for the creation of a Canadian limited partnership, of which GGB as the general partner, which will acquire the operating company of GGB and the outstanding units of MXY. The equity purchase price of $310M, satisfied by the issuance of GGB Common Shares or Exchangeable LP Units. As part of the agreement, MXY has agreed to make a loan of $5M in order to fund certain pending acquisitions. The close of this transaction is expected to occur within six months, subject to various closing conditions.

MXY HOLDINGS LLC AND AFFILIATES
Combined Financial Statements As of and for
the Quarters Ended
March 31, 2019 and 2018

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Combined Financial Statements:

MXY HOLDINGS LLC AND AFFILIATES

Combined Balance Sheets

As of March 31, 2019 and December 31, 2018 (audited)

		March 31, 2019	December 31, 2018
ASSETS			
Current Assets:			
Cash and Cash Equivalents		$ 901,537	$ 1,637,334
Restricted Cash		47,144	191,331
Accounts Receivable, Net	*Notes 2,11*	678,495	510,814
Inventory	*Notes 2,4*	2,907,200	2,524,825
Prepaid Expenses and Other Current Assets		94,741	295,777
Total Current Assets		4,629,117	5,160,081
Property and Equipment, Net	*Note 7*	4,020,525	4,098,956
Construction in Progress	*Note 5*	2,228,715	1,164,365
Investments in Business Ventures	*Note 6*	737,290	635,195
Right-of-Use Assets		545,922	585,017
Deferred Tax Asset		107,608	107,608
Other Assets		60,237	60,282
Total Non-current Assets		7,700,297	6,651,423
TOTAL ASSETS		**$ 12,329,414**	**$ 11,811,504**
LIABILITIES AND MEMBERS' EQUITY			
Current Liabilities:			
Accounts Payable		$ 1,696,011	$ 1,091,163
Accrued Liabilities	*Note 11*	$ 2,956,879	2,804,390
Operating Lease Liability	*Note 10*	178,023	175,959
Notes Payable	*Note 8*	42,854	184,036
Convertible Notes Payable	*Note 8*	7,330,246	7,209,425
Total Current Liabilities		12,204,013	11,464,973
Long-Term Liabilities:			
Operating Lease Liability, net of current	*Note 10*	453,578	499,864
Deferred Revenue	*Note 11*	557,692	561,538
Other Liability		-	10,848
Total Long-Term Liabilities		1,011,270	1,072,250
TOTAL LIABILITIES		13,215,283	12,537,224
MEMBERS' (DEFICIT) EQUITY		(885,869)	(725,720)
TOTAL LIABILITIES AND MEMBERS' EQUITY		**$ 12,329,414**	**$ 11,811,504**

See The Accompanying Notes To These Combined Financial Statements

MXY HOLDINGS LLC AND AFFILIATES
Combined Statements of Operations and Changes in Members' Equity
For the Quarters Ended March 31, 2019 and 2018

		For The Three Months Ended	
		March 31, 2019	**March 31, 2018**
Revenues	*Notes 2,11*	$ 1,700,070	$ 1,588,211
Cost of Goods Sold	*Notes 2,11*	576,597	974,613
Gross Profit		1,123,473	613,598
Operating Expenses:			
General and Administrative	*Note 2*	1,001,198	520,295
Sales and Marketing	*Note 2*	128,873	135,525
Depreciation		65,126	25,999
Total Operating Expenses		1,195,197	681,819
Loss from Operations		(71,724)	(68,221)
Other Income (Expense):			-
Interest (Expense), Net		(128,527)	(79,476)
Income (Loss) from Equity in Business Ventures		102,095	(25,627)
Other Income	*Note 6*	23,444	8,087
Total Other Income (Expense)		(2,988)	(97,016)
Loss Before Provision for Income Tax		(74,712)	(165,237)
Provision for Income Tax		(89,000)	(85,362)
Net Income (Loss)		**(163,712)**	**(250,599)**

Members' (Deficit) Equity - as of December 31, 2018	**$ (725,720)**
Vesting of Profit Interest Units	3,563
Net Loss	(163,712)
Members' (Deficit) Equity - as of March 31, 2019	**$ (885,869)**

See The Accompanying Notes To These Combined Financial Statements

MXY HOLDINGS LLC AND AFFILIATES

Combined Statements of Cash Flows

For the Quarters Ended March 31, 2019 And 2018

	For The Three Months Ended March 31, 2019	March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (163,712)	$ (250,599)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities		
Activities:		
Depreciation	65,126	25,999
Investment Earnings from Business Ventures	(102,095)	25,627
Deferred Revenue	(3,846)	(3,846)
Loss on Sale of Equipment	-	4,167
Profit Interest Compensation	3,563	-
Casualty Loss of Property, Plant and Equipment from Fire	139,165	-
Casualty Loss of Inventory from Fire	19,481	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(167,682)	(109,771)
Inventory	(401,856)	(904,112)
Prepaid and Other Current Assets	201,036	23,519
Right-of-Use Asset	39,095	35,941
Other Assets	45	(43,115)
Accounts Payable	604,848	52,807
Accrued Liabilities	152,489	1,602,308
Accrued Interest - Lease Liabilities	2,449	4,343
Accrued Interest - Notes Payable	120,323	73,125
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**508,429**	**536,393**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(125,860)	52,156
Expenditures for Construction in Progress (CIP)	(1,064,350)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(1,190,210)**	**52,156**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from TI Building Financing	(10,848)	-
Proceeds from Short Term Debt		38,170
Principal Payments on Short Term Debt	(140,684)	-
Principal payments on Lease Liabilities	(46,671)	(58,131)
Principal Payments on Other Short Term Debt	-	(12,564)
Contributions from members		52,540
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**(198,203)**	**20,015**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(879,984)**	**608,564**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,828,665	82,923
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 948,681**	**$ 691,487**
Supplemental information:		
1 Interest Paid on Short-Term Debt	$ 2,035	$ -
Non-cash transactions:		
1 Proceeds from Convertible Debt used towards purchase of Real Estate	$ -	$ 2,961,830
2 Purchase of Real Estate	-	(2,961,830)
3 Commencement of Operating Leases	-	125,505
4 Contributions of equipment and inventory	-	333,485

See The Accompanying Notes To These Combined Financial Statements

1. NATURE OF OPERATIONS

MXY Holdings and affiliates (the "Company" or "MXY") are vertically integrated medicinal and recreational cannabis companies based in Long Beach, California holding three California cannabis licenses: production, distribution, and non-storefront retail. Through its California operations, the Company produces high quality medicinal and recreational products, which are sold wholesale to various dispensaries, and retail directly to consumers through its own delivery drivers. The Company offers two well-known brands, Moxie and MX, which are sold through dispensaries in California, Nevada, and Pennsylvania. The Company differentiates itself through the consistent high quality of its brand, availability, and scope of product offering. The combined companies are as follows:

Legal Entity	Business Operations	Year Business Started	State of Domicile
MXY Holdings LLC ("MXY")	Management Company	2018	DE
Pure CA LLC ("PCA")	California Manufacturer and Distributor	2018	CA
2990 MLK Jr LLC ("2990")	California Real Estate Lessor	2018	NV
California Leasing & Consulting LLC ("CLC"	California equipment lessor	2018	CA
Patrick Clio Equipment, LLC ("PCE")	California equipment lessor	2015	CA
Seven Ten Holdings, LLC ("STH")	IP Brand Holder	2015	NV
Seven Ten Management, LLC ("STM")	Nevada consulting company	2015	NV
Violet Holdings, LLC ("VH")	New Jersey product advisor	2018	NJ

MXY Holdings, LLC, through contribution agreements, has the right to acquire 100% of Pure CA, LLC, conditional on final regulatory approval, which is anticipated to settle in Q3 2019.

After California legalized cannabis for both medicinal and recreational purposes in 2018, MXY Holdings LLC and its California affiliated companies (2990 MLK Jr LLC, California Leasing & Consulting LLC, Pure CA LLC) continued as the Company's chief legal entities for the purposes of processing and distributing cannabis products statewide. All affiliates shared some common owners relying upon each other for service and support, including equipment and real estate leasing.

In the state of Nevada, the Moxie founders, through Seven Ten Management LLC, continued working through locally licensed partners during Q1 2019, where the Company had influence on marketing policy, employee selection/management, and oversight on the use of its brand.

The Moxie founders began cultivation, processing and distribution operations with local operators in the state of Pennsylvania in 2018. The Company's investment in the Pennsylvania operations was held through its individual investors through Q1'2019, the interest of which were eventually rolled up to MXY Holdings by Q2'2019. The Company has included this investment in the combined statements as "Investments, Equity Method". See Note 6.

From mid-2018 through Q1'2019, the Company used convertible debt to assist with working capital commitments and financing its California construction buildout. While significant efforts were engaged for a legal reorganization to create a consolidated group, that process was not completed until April 2019. At that time, the convertible debt was converted into series C preferred units. See Note 13.

1. NATURE OF OPERATIONS (Continued)

The Company, through its Violet Holdings LLC affiliate, sold its option to acquire real estate in January 2019 after losing a bid on a local license in the state of New Jersey. The sale of the option generated $300k of revenue, and $200k of gains. Subsequent to the sale, Violet Holdings entered into an advisory contract with the buyer of the option (also a successful cannabis license recipient) to sell cannabis products under the Moxie brand sharing profits with the license holder. Operations are expected to commence in Q4 2019 and advisory revenue will be recognized accordingly as sales begin.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has a 7% minority interest in Pura Ohio Processing, LLC. The investment was initiated by partnering with local industry relationships in December 2017 accompanied by a small cash contribution. The Company accounts for the investment using the cost basis. The entity has a calendar year-end and will be taxed as a pass-through organization. Once operational, distributions will be issued on a semi-annual basis with the Company receiving 7% of the overall distribution. In January 2019, Pura Ohio Processing, LLC was awarded a processing license by the state of Ohio, but aside from the license, the legal entity has yet to commence operations through the filing date of this report. Future operations of Pura Ohio are geared towards cannabis processing servicing the Ohio medicinal cannabis market. Before operations commence, financing will need to occur before the facility can be designed and built.

Basis of Preparation

The combined financial statements of the Company at March 31, 2019 and 2018 for the quarters then ended have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The condensed consolidated balance sheet for the year ended December 31, 2018 was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. The information included in this quarterly report should be read in conjunction with the combined financial statements and notes thereto of the Company for the year ended December 31, 2018.

In the opinion of management, these combined financial statements have been prepared on the same basis as the annual combined financial statements and notes thereto of the Company and include all adjustments, consisting only of normal recurring adjustments, considered necessary for the fair presentation of the Company's financial position and operating results. The results for the three months ended March 31, 2019 are not necessarily indicative of the operating results for the year ending December 31, 2019, or any other interim or future periods.

Basis of Combination

The accompanying combined financial statements include entities which are controlled either through common control or common management. Common control exists when the same group of shareholders and/or Board members have the power, directly or indirectly, to govern the financial operating policies of multiple entities and to expose them to the variable returns from their activities. Common management exists when entities operate under the terms of management service agreements that empower the same group of people or entities to directly or indirectly govern the financial and operating policies of multiple entities and to expose them to variable returns from their activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Controlling Interest

Non-controlling interest represents the portion of equity (net assets) in an entity not attributable, directly or indirectly, to a parent. A non-controlling interest is sometimes called a minority interest and is immaterial at March 31, 2019 and December 31, 2018.

Use of Estimates

Management uses estimates and assumptions in preparing its combined financial statements in accordance with US GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash deposits in financial institutions and other deposits that are readily convertible into cash.

The Company places its cash both with high quality financial institutions and in a private vault and may be redeemed upon demand. The Federal Deposit Insurance Corporation ("FDIC") provides coverage of at least $250k available to depositors under the FDIC's general deposit insurance rules. From time to time the Company has account balances with its financial institutions that are in excess of the insured amounts given the industry limited access to banking, and, therefore, those excess account balances are uninsured. At March 31, 2019 and December 31, 2018, cash balances in excess of the FDIC insurance limit were approximately $54k and $898k, respectively.

Cash that is restricted as to withdrawal or use under the terms of certain contractual agreements are recorded in Restricted Cash on the combined balance sheet. Restricted cash at March 31, 2019 and December 31, 2018 is related to certain debt instruments which required the Company to restrict certain cash amounts to be used for principal and interest pursuant to the debt agreement (See Note 8).

Accounts Receivable

Accounts Receivable are stated at an amount management expects to collect from outstanding balances. The Company recognizes an outstanding receivable when its products are delivered to its customers and risk of product loss is transferred. Payment terms have traditionally been Cash on Delivery (COD), but the evolution of the industry standards has resulted in an increased number of customers which are granted payment terms ranging from net 7 days to net 30 days based on the credit worthiness of the customer and other business factors. Management records an allowance for doubtful accounts based on its assessment of the current status of individual accounts. At March 31, 2019 and December 31, 2018, the allowance for doubtful accounts was approximately $97k and $85k, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration Risk

Pure CA LLC, the main California operating entity of the Company, did not have any customers which generated concentration more than 10% of revenue for the quarter ended March 31, 2019. For the quarter ended March 31, 2018, Pure CA LLC had two customers which made up 32% of total revenue for that quarter. The Company had one vendor comprising 34% of total Costs of Goods Sold and Operating Costs for the quarter ended March 31, 2019, and no vendor concentrations for the quarter ended March 31, 2018.

Inventory

Inventory includes cannabis and cannabis-related products and is valued at the lower of cost and net realizable value. Cost is determined using the standard cost method for production and retail inventory, and standards approximate actual cost. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to sell. Packaging and supplies are initially valued at cost. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory is written down to net realizable value. For the quarter ended March 31, 2019, the Company wrote off approximately $20k of inventory as a result of a fire in its California manufacturing facility in February 2019. See Note 7 for more information.

Right-of-use Asset / Lease Liability

The Company adopts Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02 "Leases (Topic 842)" for its California office headquarters. The Company leases are first evaluated to determine whether they are classified as a finance lease or as an operating lease. A lease is a finance lease if any of the following criteria are met: (a) ownership transfers, (b) the lease includes an option to purchase the underlying asset, (c) the lease term is for the major part of the remaining economic life of the underlying asset, (d) the present value of the lease payments equals or exceeds the fair value of the underlying asset, or (e) the underlying asset is of a specialized nature that is expected to have no alternative use to the lessor at the end of the lease term. All of the Company's leases are classified as operating leases. Operating leases are considered short-term commitments if the lease term is 12 months or less and does not include a purchase option whose exercise is reasonably certain. If this short-term exemption applies, the lease payments are recognized as expense and no asset or liability is recorded. If the short-term exemption does not apply, the Company records an operating lease right-of-use asset and a corresponding operating lease liability equal to the present value of the lease payments. As the Company's commercial office leases do not meet the short-term exemption, the present value of the lease payments were recorded as a right-of-use asset with a corresponding lease liability in the combined balance sheet. Rent expense is recognized on a straight-line basis over the life of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method using the following methods and estimated useful lives:

Category	Depreciation Method	Estimated Useful Life
Manufacturing Equipment	Depreciated Over the Estimated Useful Life of the Asset	5-7 years
Leasehold Improvements	Amortized Over the Life of the Lease or the Estimated Useful Life of the Improvement, Whichever is Less	10 Years
Furniture and Fixtures	Depreciated Over the Estimated Useful Life of the Asset	5 Years
Building	Depreciated Over the Estimated Useful Life of the Asset	40 Years
Automobiles	Depreciated Over the Estimated Useful Life of the Asset	3 Years
Software	Depreciated Over the Estimated Useful Life of the Asset	3 Years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. No adjustments were deemed necessary at March 31, 2019 and March 31, 2018. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Statement of Operations and Changes in Members' Equity in the year the asset is derecognized.

Depreciation expense for the quarter ended March 31, 2019 and 2018 totaled $65k and $26k, respectively.

Repairs and maintenance that do not improve efficiency or extend economic life are charged to expense as incurred. Total repairs and maintenance for the quarters ended March 31, 2019 and 2018 were approximately $7k and $21k, respectively.

Capitalized Interest

The Company does not finance Construction in Progress. Accordingly, no interest expense in capitalized.

Impairment of Long-Lived Assets

Long-lived assets such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, but no less frequently than annually. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest charges) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. There were no impairments recorded during the quarters ended March 31, 2019 and 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management is required to apply judgment in estimating future cash flows as well as asset fair values, including forecasting useful lives of the assets, assessing the probability of different outcomes, and selecting the discount rate that reflects the risk inherent in future cash flows. If the carrying value is not recoverable, the Company assesses the fair value of long-lived assets using commonly accepted techniques, and may use more than one method, including, but not limited to, recent third-party comparable sales and discounted cash flow models. If actual results are not consistent with our assumptions and estimates, or our assumptions and estimates change due to new information, the Company we may be exposed to an impairment charge in the future.

Investment in Business Venture

The Company accounts for investments in entities for which it is able to exercise influence over, but does not control, the investee, and is not the primary beneficiary of the investee's activities. The Company's portion of an equity-method investee's net income or loss is included in other income (loss) in the combined statement of operations. In the event that the cost basis in an investment exceeds the fair value of the underlying business, the Company records an impairment charge to reduce the carrying value to the estimated fair value. See Note 6.

Income Taxes

The Company and most of its affiliates are limited liability companies that have elected to be treated as a partnership for federal income tax purposes. The production affiliate has elected to be treated as a C-corporation. Under federal law, the taxable income or loss of a partnership is allocated to its members.

A C-Corporation, on the other hand is taxed on its taxable income, which for federal basis has 280E limitation, causing a tax assessment on essentially Gross Profit prohibiting the deduction of indirect (non-production) expenses. For state purposes, indirect expenses are permitted deductions.

FASB ASC Topic No. 740, "Accounting for Uncertainty in Income Taxes" ("ASC 740"), clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on de-recognition of tax benefits, classification on the combined balance sheet, interest and penalties, accounting in interim periods, disclosure and transition. The Company did not recognize any tax benefits from uncertain tax positions during the quarters ended March 31, 2019 and 2018.

As the Company operates in the cannabis industry, it is subject to the limits of Internal Revenue Code (IRC) Section 280E under which the Company is only allowed to deduct expenses directly related to the cost of sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. See also Note 12.

Revenue Recognition

In accordance with ASC 606, revenue is recognized at both Pure CA LLC and Seven Ten Management LLC when a company satisfies a performance obligation by transferring a promised good or service to a customer, which occurs when the customer obtains control of that good or service. A contract, whether a verbal or written sales order, is established with customers prior to order fulfillment with agreement upon unit prices, delivery dates, and payment terms. The transaction price is based on market pricing while considering the value of the Moxie brand and quality.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The transaction price is allocated to each product sold based upon the negotiated unit sales price associated with each product line scheduled for delivery within the order. Satisfaction of our performance obligation occurs upon delivery to the customer's premises, the point of when risk of losses passes onto the customer.

For entities other than Pure CA, LLC, revenue is recognized entirely between the combined affiliates and is eliminated in the combined financial statements.

Legal Entity	Performance Obligation	Written Contract	Transaction Price
MXY Holdings LLC	Management Services	Management services contract	Contractually specified
2990 MLK Jr LLC	Real property lease	Lease Contract	Contractually specified
California Leasing & Consulting LLC	Equipment lease	Lease Contract	Contractually specified
Patrick Clio Equipment, LLC	Equipment lease	Lease Contract	Contractually specified
Seven Ten Holdings, LLC	IP brand license	License Contract	Contractually specified

The Company enters into exclusive distributor and license agreements through Seven Ten Holdings, LLC that are within the scope of ASC Topic 606. The license agreements generate royalties based the negotiated value of the brand IP over a 39-year period, subject to extension. Since the consideration for the initial license fee is for the right to sell the licensed product in the respective territory with no other required conditions to be met, revenue is recognized ratably over the term of the license agreement. For the quarters ended March 31, 2019 and 2018, the Company recognized approximately $4k and 4K, respectively, of license revenue from a related party.

Cost of Goods Sold

Cost of goods sold (COGS) includes the costs directly attributable to the production of finished goods including raw materials, packaging costs, production labor, and applied overhead. The unit costs of COGS are estimated using standard costing, the basis of which is evaluated at least quarterly, or when there are material changes in the underlying manufacturing costs.

Shipping and Handling

Payments by customers for shipping and handling costs are included in revenue on the combined statements of operations. These costs are included in cost of goods sold. Shipping and handling for inventory is included as a component of inventory in the combined balance sheets, and in COGS in the combined statements of operations when the product is sold.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivables, purchase options, accounts payables and accrued liabilities, and notes payable. The carrying values of these financial instruments approximate their fair values as of March 31, 2019 and December 31, 2018, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the quarter.

The carrying value of financial assets and liabilities recorded at fair value is measured on a recurring or nonrecurring basis. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. The Company had no financial assets or liabilities carried and measured on a nonrecurring basis during the reporting periods. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared. The Company had no financial assets or liabilities carried and measured on a recurring basis during the reporting periods. The carrying value of short-term financial instruments, including cash and cash equivalents, accounts receivable, purchase options, accounts payable and accrued expenses, and short-term borrowings approximates fair value due to the relatively short period to maturity for these instruments. The long-term borrowings approximate fair value since the related rates of interest approximates current market rates.

Related Parties

A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control. Related parties also include principal owners, management, members of the immediate families of principal owners and management and other parties if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties, or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests, is also a related party.

Debt with Equity-linked Features

The Company may issue debt that has embedded conversion features. When applicable, the Company must first assess whether the conversion feature meets the requirements to be treated as a derivative. If the conversion feature within convertible debt meets this requirement the fair value of the convertible debt derivative is estimated using a Binomial Model, using the value on the date of issuance, the risk-free interest rate associated with the life of the debt, and the estimated volatility of the Company's units. If the conversion feature is not treated as a derivative, it may be a beneficial conversion feature ("BCF"). A BCF exists if the conversion price of the convertible debt instrument is less than the member units on the commitment date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This typically occurs when the conversion price is less than the fair value of the units on the date the instrument was issued. The value of a BCF is equal to the intrinsic value of the feature, the difference between the conversion price and the Members' equity into which it is convertible. In accordance with ASC 470 (Debt) and ASC 505 (Equity), the Company performed such analysis for its convertible notes and determined that such notes are contingently convertible and, accordingly the embedded conversion feature shall not be recognized until the contingencies are resolved (see Note 8).

Derivative Liabilities

The Company evaluates convertible debt features or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under the relevant sections of ASC Topic 815-40, Derivative Instruments and Hedging: Contracts in Entity's Own Equity. This accounting treatment could result in the classification of fair value of a financial instrument as a derivative instrument and is marked-to-market at each combined balance sheet date and recorded as a liability. In this event, that change in fair value is recorded in the combined statement of operations as other income or other expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Financial instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815-40 are reclassified to a liability account at the fair value of the instrument on the reclassification date. We determined that the embedded conversion feature of the convertible debts meet the definition of a derivative but as the conversion features are contingent (see above), such derivatives are not recognized until such contingencies are resolved.

Share-based Payments

The Company issues profit interest units to its employees which are measured at their estimated fair market value on date of grant based on the estimated price of a unit of profit interest. Historical data and other relevant factors are used to estimate the fair market value. The Company estimated the total fair market value as of the grant date for all profit interest units granted through the quarter ended March 31, 2019 was approximately $60k. There were no stock based compensation equity grants during the quarter ended March 31, 2018. The estimated fair market value of the profit interest units granted is recognized over their service periods. Management evaluated the profit interest units for debt versus equity classification and determined such units are to be classified as equity.

Sales & Marketing Expense

Advertising, promotional and selling expenses consisted of sales and marketing expenses, and promotional activity expenses. Sales and Marketing expenses mostly relate to event sponsorships and travel/lodging associated with marketing initiatives. Expenses are recognized when incurred and total $129k and $136k for the quarters ended March 31, 2019 and 2018, respectively.

General and Administrative Expense

General and administrative expenses consisted of professional service fees, rent and utility expenses, meals, travel and entertainment expenses, and other general and administrative overhead costs. Expenses are recognized when incurred and totaled $1.0M and $520k for the quarters ended March 31, 2019 and 2018, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

FASB ASU 2018-07 – *"Compensation – Stock Compensation (Topic 718)"* – In June 2018, the FASB issued ASU 2018-07. This update is intended to reduce cost and complexity and to improve financial reporting for share-based payments issued to non-employees (for example, service providers, external legal counsel, suppliers, etc.). The ASU expands the scope of Topic 718, Compensation—Stock Compensation, which currently only includes share-based payments issued to employees, to also include share-based payments issued to non-employees for goods and services. Consequently, the accounting for share-based payments to non-employees and employees will be substantially aligned. This standard will be effective for financial statements issued by public companies for the annual and interim periods beginning after December 15, 2018. The Company adopted this standard on January 1, 2019, which had no material impact on the combined financial statements and related disclosures.

FASB ASU 2017-04 – *"Simplifying the Test for Goodwill Impairment (Topic 350)"* – In January 2017, the FASB issued 2017-04. The guidance removes "Step Two" of the goodwill impairment test, which required a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The ASU is effective for annual reporting periods beginning after December 15, 2019, and for interim periods within those years, with early adoption permitted. Management does not currently expect this ASU to have a significant impact on the combined financial statements and related disclosures.

Non-employee Stock-based Compensation – In June 2018, the FASB issued ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting,* which more closely aligns the accounting for employee and nonemployee stock-based compensation. Under the new standard, companies will no longer be required to value non-employee awards differently from employee awards. This accounting standard update will be effective beginning in the first quarter of fiscal 2020 using a modified retrospective approach. The Company anticipates that the new standard will not materially impact the Company's combined financial statements.

Fair Value Measurement – In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topi 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which amends ASC 820, *Fair Value Measurement*. ASU 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. The accounting standard update will be effective beginning in the first quarter of fiscal 2021, with removed and modified disclosures to be adopted on a retrospective basis, and new disclosures to be adopted on a prospective basis. The Company is in the initial stages of evaluating the impact of the new standard on its combined financial statements.

3. GEOGRAPHIC BREAKDOWN OF SIGNIFICANT OPERATIONS

The Company's operating segments are business units that manufacture and sell concentrates, extracts, and other cannabis-related products. These operating segments were determined by location of manufacturing and distribution facilities. Operating segments are defined as components of an enterprise for which separate financial information is available and which is evaluated regularly by Management in determining how to allocate resources and in assessing performance. The Company's Chief Executive Officer, along with the assistance of the executive management team, has been identified as the chief decision maker. Management directs the allocation of resources to operating segments based on the profitability and cash flows of each respective segment.

3. GEOGRAPHIC BREAKDOWN OF SIGNIFICANT OPERATIONS (Continued)

The Company evaluates performance based on operating income. Administrative functions such as finance, treasury, and information systems are centralized. However, where applicable, portions of the administrative function expenses are allocated between the operating segments. The operating segments do not share manufacturing or distribution facilities. In the event any materials and/or services are provided to one operating segment by the other, the transaction is valued according to the company's transfer policy, which approximates market price. The costs of operating the manufacturing plants are captured discretely within each segment. The Company's property, plant and equipment, inventory, and accounts receivable are captured and reported discretely within each operating segment.

Summary financial information for operating segments by geographic location is as follows at March 31, 2019:

	California	Nevada	Other	Eliminations	Total
Gross Revenue	$ 2,130,502	$ 61,214	$ 218,562	$ (710,208)	$ 1,700,070
Gross Profit	1,000,427	7,869	218,562	(103,385)	1,123,473
Gross Margin	47%	13%	100%		66%
Selling, General & Admin exp	1,122,335	6,666	35,305	30,891	1,195,197
Operating Income (Loss)	$ (121,908)	$ 1,203	$ 183,257	$ (134,276)	$ (71,724)

Summary financial information for operating segments by geographic location is as follows at March 31, 2018:

	California	Nevada	Other	Eliminations	Total
Gross Revenue	$ 1,972,841	$ 125,756	$ 232,049	$ (742,435)	$ 1,588,211
Gross Profit	722,745	21,885	186,633	(317,665)	613,598
Gross Margin	37%	17%	80%		39%
Selling, General & Admin exp	684,342	30,893	1,463	(34,879)	681,819
Operating Income (Loss)	$ 38,403	$ (9,008)	$ 185,170	$ (282,786)	$ (68,221)

4. INVENTORY

As of December 31, 2018, and March 31, 2019, inventory consisted of:

	March 31, 2019	December 31, 2018
Raw Materials	$ 528,897	$ 543,432
Work in Process	1,530,086	1,431,291
Finished Goods	848,217	550,102
Total Inventory	**$ 2,907,200**	**$ 2,524,825**

5. CONSTRUCTION IN PROGRESS (CIP)

CIP consists of initial costs associated with construction of manufacturing facilities, including material, equipment and interest expenses. When CIP is finished the assets will be transferred to facilities assets. No provision for depreciation is made on CIP until such time that the relevant assets are available and ready to use.

In August 2018, the Company, through one of its 2990 MLK Jr LLC affiliate, engaged an outside contractor to buildout its California manufacturing facility in Lynwood, CA. The project is budgeted to complete at a cost of approximately $4,900,000, with construction projected for completion in August 2019. To date the cost incurred totaled approximately $2,200,000 with an estimate to complete of approximately $2,700,000.

Once completed, California cannabis production will transition into the newly renovated 10,600 square foot facility. Amounts payable to the general contractor as of March 31, 2019 is $690k, and the current retention payable balance is $147k.

6. INVESTMENTS IN BUSINESS VENTURES

The Company has investments in two private business ventures in the Pennsylvania cannabis market, providing both business and product consulting support as needed to the onsite management team, as well as the license of its Brand, Moxie. The two Pennsylvania based investments include: “Company A”, a cannabis cultivator and processor servicing the Pennsylvania medicinal cannabis market and “Company B”, a real estate and equipment lessor supporting the local cannabis manufacturing operations.

The Company, through contribution agreement, has the right to acquire 17.18% of Company A, conditional on final regulatory approval, and 31.65% of Company B, respectively. Major decisions for both Company A and Company B require the unanimous consent of the respective boards, which involve senior MXY employees on both boards, resulting in MXY’s ability to exercise influence over both entities. Accordingly, the equity method of accounting is the most appropriate method for the Company’s current investment interests. The Company acquired both investments through the use of its brand and processing expertise to local partners in Pennsylvania, along with small cash contributions in Company A and an IP brand contribution in Company B. These investments were established at the formation of Company A in February 2017 and Company B in July 2017. These investments were held through common ownership by Moxie investors who agreed to exchange the investment for equity in MXY Holdings during a legal reorganization completed in April 2019 (see Note 13). A roll forward of the Company’s investments in these entities for the period ended March 31, 2019 is as follows:

	Company A	Company B	Combined
Balance at 12/31/18	$ (218,570)	$ 853,765	$ 635,195
Contributions			-
Allocable share of profits	(52,710)	154,805	102,095
Balance at 3/31/19	$ (271,280)	$ 1,008,570	$ 737,290

6. INVESTMENTS IN BUSINESS VENTURES (Continued)

During the quarters ended March 31, 2019 and 2018, the Company, through its Seven Ten Holdings, LLC affiliate, recognized revenue for the use of its IP brand license to Company B of approximately $4k for each quarter. Moreover, the Company agreed to provide management support such as sales and marketing, operational, and quality control oversight support to Company B during the quarters ended March 31, 2019 and 2018, recognizing revenue of approximately $108k and $60k, respectively. Management support fees are billed on a monthly basis, through the quarters ending March 31, 2019 and 2018, at $36k and $20k per month, respectively. All management support fees billed were collected as of March 31, 2019.

A summary of unaudited financial information of the unconsolidated business ventures, provided by Company A and Company B, is as follows at March 31, 2019 and March 31, 2018:

	As of March 31, 2019			As of December 31, 2018		
	Company A	Company B	Total	Company A	Company B	Total
Total Assets	3,052,639	13,911,309	16,963,948	3,034,562	13,464,705	16,499,267
Total Liabilities	4,674,540	75,788	4,750,328	4,349,654	1,091,827	5,441,481
Business Venture Equity	(1,621,902)	13,835,521	12,213,620	(1,315,092)	12,372,878	11,057,786
Total Liabilities and Business Venture Equity	**$ 3,052,639**	**$13,911,309**	**$16,963,948**	**$ 3,034,562**	**$13,464,705**	**$16,499,267**

	Quarter-ended March 31, 2019			Quarter-ended March 31, 2018		
	Company A	Company B	Total	Company A	Company B	Total
Net Income/(Loss)	**$ (306,809)**	**$ 489,117**	**$ 182,308**	**(122,800)**	**(14,312)**	**(137,112)**
Summary of MXY's investment in unconsolidated earnings of	17.18%	31.65%		17.18%	31.65%	
Business Ventures	(52,710)	154,805	102,095	(21,097)	(4,530)	(25,627)

The proportionate share of MXY's March 31, 2019 and 2018 earnings was recorded in the Combined Statements of Operations. The Company's policy is that the investment will be reduced below zero at times as management believes the investee operations will ultimately be profitable in the short term and long term. The Company does not believe the investment is impaired nor is the Company obligated to make any capital contributions for its negative investment.

Colombian Investment

During December 2018, the principals of Cannacol S.A.S. (Cannacol), a simplified stock company organized in Colombia and MXY entered into a purchase rights agreement which grants MXY the right to purchase all the outstanding shares of stock of Cannacol for $450k. Management has determined the estimated fair market value of the rights agreement option was immaterial on the date of grant and March 31, 2019.

The Company has incurred and expensed legal and consulting fees to evaluate this opportunity and to register its seeds within Colombia. In addition, by verbal agreement, MXY Holdings LLC agreed to provide $5,000 of monthly funding to Cannacol to keep the farm functioning and operational until the option expired. The Company currently has $26,000 of capitalized costs in Other Current Assets representing the cost to purchase and register cannabis seed in Colombia.

6. INVESTMENTS IN BUSINESS VENTURES (Continued)

The Company is not obligated to exercise the purchase right and is in the process of evaluating whether to exercise this right. The rights agreement matures in September 2019.

7. PROPERTY AND EQUIPMENT

In February 2019, the Company, through its Pure CA LLC affiliate, suffered a fire in its California temporary manufacturing facility in Lynwood, California. Inventory with a cost of $19k and equipment with a cost of $236k and net book value of $136k were destroyed. Cleanup costs incurred totaled $21k.

In May 2019, the Company received $370k from insurance proceeds related to the above fire resulting in an economic gain of $39k.

As of March 31, 2019, and December 31, 2018, property and equipment consisted of the following:

	March 31, 2019	December 31, 2018
Manufacturing Equipment	$ 684,417	$ 859,411
Office Furniture & Equipment	446,498	438,255
Vehicles	104,837	19,402
Tenant Improvements	205,514	205,514
Building	987,277	987,277
Land	1,974,553	1,974,553
Total Property & Equipment	4,403,096	4,484,411
Less: Accumulated Depreciation	(382,571)	(385,455)
Property & Equipment, Net	$ 4,020,525	$ 4,098,956

Depreciation expense of $65,126 and $25,999 was recorded for the quarters ended March 31, 2019, and 2018, respectively.

8. NOTES PAYABLE

Convertible Notes

In January 2018, debt financing totaling $3 million was provided by an outside investor to fund the purchase of the land and real estate for the California manufacturing facility. The initial investment was structured as a secured, convertible debt bearing interest at 7.5% per annum, compounded monthly with a maturity date of March 1, 2018. In June 2018, pursuant to a Settlement and Release Agreement (SRA), the Company and the Note holder agreed to rescind the transaction, resulting in the conversion features being eliminated, the debt being paid in full including interest of $296,000. The Company incurred legal and other transaction fees of $563k, of which $102k was recorded in General and Administrative expenses on the Statement of Operations during the quarter ended March 31, 2019. In connection with the SRA, the Company entered into a note payable of $563k to settle a portion of the additional fees to be paid over a 10 months period. The note was originally collateralized by a deed of trust on the building purchased. The balance was paid in monthly installments through April 2019, at which time the note was paid in full using the restricted cash described in Note 2. The lien on the building was released once the debt was paid in full.

8. NOTES PAYABLE (Continued)

As of March 31, 2019 and December, 31, 2018, convertible notes payable consists of five notes totaling $7.3M and $7.2M, respectively, of which accrued interest totaled $0.3M and $0.2M, respectively. The two largest note holders are actively participating in management of the Company. The convertible notes accrue interest at a rate of 7% per annum and require principal and interest to be paid by the maturity date or under a conversion event.

The Notes are secured by all of the assets, tangible and intangible, of the Company. No payments were made in the first quarter 2019 relating to convertible debt. The balance of the convertible notes are summarized as follows:

Terms of Convertible Notes

Effective Date	Maturity Date	Annual Interest	Convertible Debt	Accrued Interest 3/31/19	Accrued Interest 12/31/18
June 11, 2018	June 11, 2019	7%	$ 3,450,000	$ 193,862	$ 134,314
June 11, 2018	June 11, 2019	7%	1,200,000	67,430	46,718
October 29, 2018	October 29, 2019	7%	1,620,000	19,573	19,573
October 29, 2018	October 29, 2019	7%	700,000	20,540	8,458
October 29, 2018	October 29, 2019	7%	30,000	880	362
		Total	$ 7,000,000	$ 330,247	$ 209,425

Interest expense for the quarters ended March 31, 2019 and 2018 totaled $129k and $79k, respectively.

The lender understands that the notes and the conversion securities have not been will not be registered under the Securities Act and that they are “restricted securities” under applicable US federal and state securities laws. The lender must hold the conversion securities indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities or unless an exemption from such registration and qualification requirements is available

Contingent Conversion

Upon qualified financing (equity sales greater than $5M), the notes automatically convert to Series C units. In the event a qualified financing does not occur, the note holder may elect by written notice to the Company with 30 days following the maturity date, to convert all unpaid principal payable due into Series C equity of the Company. Whether under a qualified financing or note holder election, all accrued and unpaid interest and the extension fee, if any, shall be immediately due and payable. The number of Series C units issuable are determined by a set formula set out in the convertible debt agreement. As the conversion features are contingent and were not resolved by March 31, 2019, the Company has not recorded the embedded conversion features within the convertible notes in accordance with ASC 470 (Debt). All convertible notes were converted subsequent to March 31, 2019 due to a qualified financing. In exchange for the notes, note holders received 885k Series-C Preferred units. See Note 13.

8. NOTES PAYABLE (Continued)

Security Interest, Guarantees and Acceleration on Event of Default

The Company granted lenders a continuing security interest in the collateral of the Company. Any amounts owed to lenders after the effective date shall be secured by the first priority perfected security interest in the collateral of the Company. In addition to the security interest granted, the obligations under these notes shall be guaranteed by the Company. At any time after Lender becomes aware of an Event of Default, the holders may accelerate all of the payment obligations including all outstanding principal, any accrued but unpaid interest, the Extension Fee, if any, and reasonable expenses of collection. In lieu of payment, the Required Holders may alternatively elect to instead convert the Outstanding Balance into a number of Series C Units determined by a set formula set out in the convertible debt agreements. At any time following the occurrence of an Event of Default, interest shall accrue on the Outstanding Balance beginning on the date the applicable Event of Default occurred at an interest rate equal to the lesser of fifteen percent (15%) per annum or the maximum rate permitted under Applicable Law.

Promissory Note

In June 2018, to cover legal fees associated with the buyout of a prior investor (see convertible note extinguished above), the Company entered into a promissory note payable to the investor in the amount of $563k with simple interest accruing on the outstanding principal balance of the note at an annual rate of 10% from and after June 1, 2018. In accordance with the note, the Company paid $47k monthly towards principal, and an additional amount for interest depending on the note balance outstanding during the quarter ended March 31, 2019. The final payment on this note, which will equal the entire outstanding principal balance of this note, together with all accrued and unpaid interest thereon will be due and payable on May 1, 2019.

As of March 31, 2019 and December 31, 2018, there was an outstanding note payable to the former member of approximately $43k and $184k, respectively. In accordance with the note, the monthly payments required were made and the note was paid in full in April 2019. This outstanding balance is reserved in the restricted cash balance of approximately $47k and $191k at March 31, 2019 and December 31, 2018, respectively.

9. MEMBERS' EQUITY (DEFICIT)

The Company's first three affiliates included in this combined statement: Seven Ten Holdings, LLC, Patrick Clio, LLC and Seven Ten Management, LLC, operated in both California and Nevada. These affiliates were owned by the Founders through 2018 and were operated as partnerships.

Pure CA, LLC, the California manufacturing entity, which was formed in 2017, began operations until January 2018, and was a single member LLC owned by 89 Emerald LLC. 2990 MLK JR LLC was also formed in 2017 to acquire real estate for California operations, and was formed as a single member LLC owned by Lams Holdings LLC. California Leasing and Consulting, LLC was formed to be the California equipment lessor owned as a single member LLC with all units owned by one individual investor. The three of these LLC's mentioned were held as nominee interests, whereby the investors agreed to exchange their interest in these entities for the equity to be received in MXY Holdings LLC upon completion of the legal rollup. See Note 13.

9. MEMBERS' EQUITY (DEFICIT) (Continued)

MXY Holdings LLC has three classes of equity including Series A, Series B, and Profit Sharing interests. Series A and B have 70.4% and 28.3% of the outstanding equity, respectively as of March 31, 2019. Series A and B members both have two voting board members each on a four-member board of managers. Profit Sharing interests do not participate in voting rights. As Series B members represented the convertible note holders, their consent is required on material decisions affecting the company, such as the adoption of material contracts, materials changes in the scope of Company's business, and corporate refinancing's.

Violet Holdings LLC was formed in July 2018 to acquire processing and cultivation licenses in state of New Jersey. No operations have commenced as of March 31, 2019. MXY Holdings LLC owns, through its affiliate Anacapa NJ, LLC , 62.5% of the Series A Units, with the remainder owned by a related party, who holds a non controlling interest. Currently the board composition has not been determined given that Violet Holdings has yet to commence any significant operations.

The following table describes the ownership of the Company and its Affiliates at March 31, 2019.

Entity	Owner	%
MXY Holdings, LLC	Series A	70.4%
	Series B	28.3%
	Profits Interest - Series B	1.3%
Pure CA, LLC	89 Emerald, LLC	100%
2990 MLK Jr, LLC	Lams Holdings, LLC	100%
Patrick Clio Equipment, LLC	Founders	100%
California Leasing & Consulting, LLC	Individual Investor as Nominee	100%
Seven Ten Holdings, LLC	Founders	100%
Seven Ten Management, LLC	Founders	100%
Violet Holdings, LLC	YOI NJ, LLC	37.5%
	MXY Holdings, LLC	62.5%

No contributions or distributions were made to owners during the quarter ended March 31, 2019. The following table summarizes the changes in equity by individual entity combined within the Company.

	MXY	2990	PCA	PCE	CLC	STM	VH	STH	**Total**
Balance at 12/31/18	$ (2,470,773)	$ (1,277,587)	$1,764,624	$287,369	$368,038	$284,094	$ (71,040)	$ 389,555	**$ (725,720)**
Vesting of Profit Interest Units	3,563	-	-	-	-	-	-	-	**3,563**
Net (Loss) Income	(693,616)	(46,179)	578,738	(137,039)	(35,502)	1,346	189,508	(20,967)	**(163,712)**
Balance at 3/31/19	$ (3,160,826)	$ (1,323,766)	$2,343,362	$150,330	$332,536	$285,440	$118,468	$ 368,588	**$ (885,869)**

9. MEMBERS' EQUITY (DEFICIT) (Continued)

Share Based Compensation

During the quarter ended March 31, 2019, the Company granted a 42,500 units of Class B Profit Interest to various members of management and consultants, the "Grantees", representing 0.8% of the total equity of the Company at March 2019. The Grantees shall not have any of the rights of a Member with respect to these units unless vested in accordance with the terms of this Agreement. The Profits Interests units require no capital contribution, and only share in future profits and losses, up to previously allocated profits, and the value of liquidation events. MXY Holdings determined that the estimated fair market value of the Profits Interests, using the latest enterprise valuation, granted during the quarter ended March 31, 2019 was approximately $31k. These Profit Interests vest within 4 years of issuance, or immediately upon a liquidation event. In the event of voluntary termination, or termination with cause, the holder loses all future rights to the unvested Profit Interests. Such Profit Interests were issued in accordance with the terms of the Operating Agreement.

The table below describes the stock-based compensation expense and units issued through the quarter ended March 31, 2019. The Company did not issue any Profits Interest Units prior to Q4'2018.

Employee	Units Granted	Units Vested	Units Unvested	Estimated Market Vaue	Comp Expense	Unrecognized Stock Compensation
PIU Grants, Q1'19	25,000	6,510	18,490	$18,000	$3,563	$14,438
PIU Grants, Q4'18	25,000	4,167	20,833	$29,750	$0	$29,750
PIU Grants, Inception to Date	50,000	10,677	39,323	$47,750	$3,563	$44,188
Outside Advisor	**Units Granted**	**Units Vested**	**Units Unvested**	**Estimated Market Vaue**	**Outside Service Expense**	**Unrecognized Service Expense**
PIU Grants, Q1'19	17,500	-	17,500	$12,600	$0	$12,600
PIU Grants, Inception to Date	17,500	-	17,500	$12,600	$0	$12,600

From the date of grant, the Company will treat the Grantees as the owners of the units when calculating the distributive share of Company income, gain, loss, deduction, and credit in computing the Grantees' income tax liability for the entire period during which the Grantees own the Profits Interest Units. There were no grants of Class B Profits Interest during the quarter ended March 31, 2018.

10. COMMITMENTS AND CONTINGENCIES

Lease Commitments: Right-of-Use Assets

The Company has capitalized operating leases for its corporate offices in accordance with ASC 842. The leases have remaining terms of less than four years expiring in July 2022. As of March 31, 2019 and December 31, 2018, assets recorded under operating leases totaled $545,922 and $585,017, respectively, and accumulated amortization associated with these leases totaled $242,994 and $203,900, respectively. As of March 31, 2019 and December 31, 2018, operating lease obligations included in other current liabilities totaled $178,023 and $175,959, respectively, and operating lease obligations included in other long-term liabilities totaled $453,578 and $499,864, respectively. Operating lease expense is recorded in Operating Expenses on the on the Statement of Operations and the components of Operating Lease expense are as follows:

10. COMMITMENTS AND CONTINGENCIES (Continued)

	Quarter-ended March 31, 2019	Year-ended December 31, 2018
Operating Lease Cost	$ 42,728	$ 168,467
Cash Paid for amounts included in the measurement of Operating Lease Liabilities	$ 46,671	$ 181,227
Right of Use Assets obtained in exchange for Operating Lease Obligations	$ 545,922	$ 585,017
Remaining lease term	3.4yrs	3.6yrs
Discount rate	2.25%	2.25%

Future obligations of Operating Leases

Minimum Lease Payments are as follows:

2019	$ 142,348
2020	194,690
2021	200,530
2022	118,998
Total Lease Payments	656,565
Less imputed interest	(24,964)
Operating Lease Liabilities	$ 631,601
Current Portion of Lease Liabilities	$ 178,023
Long-Term Portion of Lease Liabilities	$ 453,578

Minimum lease payments due in 2019 of $142k reflect balances due from April-December 2019.

Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its consolidated operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation as of March 31, 2019, marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

In August 2018, the Company, through one of its affiliates, engaged an outside contractor to buildout its California manufacturing facility in Lynwood, CA. As of August 2019, the buildout plans are pending Los Angeles County Fire review and approval of designated processing equipment. As the construction is estimated for completion in October 2019, the Company faces a potential risk of delayed occupancy until County Fire approval has been granted. The quantification of loss associated with this risk is the loss of potential earnings and suspended manufacturing growth by remaining in the temporary, onsite manufacturing facility longer than anticipated.

10. COMMITMENTS AND CONTINGENCIES (Continued)

The Company engaged the law firm Buchalter, a Professional Corporation, for certain matters in late 2017 and Q1' 2018, including the convertible notes in that same quarter. Buchalter was subsequently replaced as counsel and the Company received invoices over which it initiated an arbitration proceeding disputing such fees and making a claim for damages. Management has a high level of confidence in recouping its expenses and losses. The downside would be paying the invoice in the amount of $250k or less.

Marijuana is currently a Controlled Substances Act Schedule I drug as defined by federal law and is therefore, considered an illegal activity under federal statute. Civil and criminal punishment can be assessed against the Company and anyone who sells, holds, grows, or imports-controlled substances. Schedule I of the Controlled Substances Act lists drugs, including marijuana, that the federal government has determined to have; 1) a high potential for abuse, 2) no currently accepted medical use in the United States, and 3) lack of safety for use even under medical supervision. Although the United States Department of Justice has been encouraged not to prosecute marijuana distributors who comply with state and local laws, the federal law is still effective and the Drug Enforcement Agency can investigate, and even raid, marijuana business that are legal under state and local statutes and regulations. If this were to occur, the Company would experience a material adverse effect on its financial condition, results of operations, and cash flows.

Some employment contracts and offer letters do provide for severance in the case of involuntary terminations without cause. The severance payouts range from one to six months of base salary. There are no severance commitments and liabilities as of March 2019.

Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of March 31, 2019, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

11. RELATED PARTY TRANSACTIONS

The Company purchases some packaging on behalf of both its affiliates and investment partners as part of its branding agreements. The Company sold approximately $138k to its unconsolidated business venture partners during 2019, of which $10k remains an outstanding receivable as of March 31, 2019. No packaging was sold to affiliates during the first quarter ended March 31, 2018.

The Company provides sales and marketing, operational, and quality oversight support to its business venture, Company B. During the quarters ended March 31, 2019 and 2018, the Company recognized revenue of approximately $108k and $60k, respectively, relating to such services provided recorded in Revenue, of which the entire amount was paid in full as of March 31, 2019.

At the start of 2018, the Company acquired $519k of raw materials and WIP inventory from an entity associated with the Founders. This balance remained open through March 31, 2019 and is included in accrued liabilities in the accompanying combined balance sheet.

11. RELATED PARTY TRANSACTIONS (Continued)

The Company records deferred revenue from an investment partner in connection with an IP License agreement. At March 31, 2019, related party deferred revenue totaled $573k with $558k recorded in long-term liabilities and $15k recorded in short-term accrued liabilities. At December 31, 2018, related party deferred revenue totaled $576k, with $562k in long term liabilities and $15k recorded in short-term liabilities.

Advisory fees are paid to companies who are also principal members in the Company. The balance incurred was approximately $100k during the quarter ended March 31, 2019, and $50k during the quarter ended March 31, 2018. The amounts outstanding at March 31, 2019 and December 31, 2018 were $448k and $348k, respectively, and is included in the accompanying balance sheet under accrued liabilities.

The table below summarizes the related party activity for the quarter ended March 31, 2019.

Description	Counterparty	Revenue	Expense
IP Licensing Revenue	Company B	4,000	-
Management Fees Earned	Company B	108,000	-
Packaging Revenue	Company A	138,000	(131,100)
Advisory Fees	Members	-	(99,500)
Product Purchases	Members	-	-

The table below summarizes the related party activity for the quarter ended March 31, 2018.

Description	Counterparty	Revenue	Expense
IP Licensing Revenue	Company B	4,000	-
Management Fees Earned	Company B	60,000	-
Advisory Fees	Members	-	(49,750)
Product Purchases	Founders	-	(519,000)
Product Sales	FOB	237,835	-

12. INCOME TAXES

The Company accrued $89k and $85k for income taxes in Q1 2019 and Q1 2018, respectively, based on IRC 280E regulations and gross margins.

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through August 15, 2019, which is the date these combined financial statements were available to be issued. All subsequent events requiring recognition as of March 31, 2019 have been incorporated into these combined financial statements.

13. SUBSEQUENT EVENTS (Continued)

Legal Roll Up

In early April 2019, the Company completed its legal transformation whereby investors of individual affiliate companies exchanged all or part of their equity units in specific LLC's for the equity units of MXY Holdings LLC. The result was the formation of a controlled group with MXY Holdings LLC as the parent company, and former affiliates now became subsidiaries. The new structure simplifies the relationship among the companies for legal, tax, and accounting purposes. Concurrent with the effective date of the legal rollup, the Company converted all remaining wholly owned subsidiaries to c-corporations for tax filing purposes.

Nevada Investment

In late April 2019, the Company executed both an advisory and brand license agreement with the principals of a Nevada company with the licenses to cultivate and produce both recreational and medicinal cannabis products in the state of Nevada. The advisory agreement provides the Company with monthly fees in exchange for managerial assistance on improving the quality of their operations and financial results. A share transfer agreement and a new operating agreement, giving the Company a percentage of equity for the use of its brand and expertise, is anticipated for July 2019 with an effective date back to May 2019.

Capital Raise & Conversion of Convertible Notes

The capital raise was funded in mid-May 2019 totaling $43M consisting of newly issued convertible debt of $36M and Series C preferred equity of $7M. The funding of the capital raise triggered the conversion of existing convertible notes payable into series C preferred units and payoff of the convertible notes accrued interest of $383,945. The Series C preferred units are at an effective purchase price of $7.9128 per unit and/or by purchase and sale for cash at a purchase price of $19.5503 per unit. The units are part of an offering by the company of up to 1,242,694 units resulting from the conversion of the principal outstanding pursuant to the convertible notes and purchase and sale of up to an additional $7M of units.

Additional funds of $514,083 were used to pay off some accrued expenses. The remaining funds from the capital raise will be used for company growth initiatives from unrelated third parties.

Formation of MXY Universal, LLC

In May 2019, MXY Universal, LLC was formed for the purpose of manufacturing CBD products for sale to wholesale customers. MXY Universal, LLC is a wholly-owned subsidiary of MXY Holdings, LLC, and commenced operations in June 2019.

Execution of Business Combination Agreement

In July 2019, MXY Holdings LLC entered into a Securities Acquisition and Contribution Agreement with Green Growth Brands Inc ("GGB). GGB is public company traded on the Toronto Stock Exchange and operates through two principal segments: producing/selling CBD-infused personal care products and cultivation/production/distribution/ retail of cannabis products. The Acquisition Agreement provides for the creation of a Canadian limited partnership, of which GGB as the general partner, which will acquire the operating company of GGB and the outstanding units of MXY. The equity purchase price of $310 million, satisfied by the issuance of GGB Common Shares or Exchangeable LP Units.

13. SUBSEQUENT EVENTS (Continued)

As part of the agreement, MXY has agreed to lend GGB $5M at an annual interest rate of 6% in order to fund certain pending acquisitions. This loan is scheduled to mature in July 2022. The closing of this transaction is expected to occur within six months, subject to various closing conditions.

The Moxie Agreement may be terminated in certain circumstances including by mutual agreement of the parties; by either party for a significant breach by the other party that would cause the closing conditions not to be met; by either party if the Moxie Business Combination has not been effected by June 30, 2020; by Moxie, if it does not receive a legal opinion from counsel regarding the United States federal income tax consequences of the exchange of certain units of Moxie for Exchangeable LP Units (the "Opinion Termination"); or, by GGB, if GGB enters into an agreement regarding an acquisition transaction (the "Acquisition Termination"). Subject to the terms and conditions set out in the Moxie Agreement, if either party terminates as a result of a significant breach by the other party, the breaching party will pay a termination fee of US$10,000,000 or if the Moxie Agreement is terminated by Moxie in the event of an Opinion Termination, it will pay GGB a termination fee of US$10,000,000. If the Moxie Agreement is terminated by GGB in the event of an Acquisition Termination, GGB will pay to Moxie a termination fee of US$17,500,000. GGB will satisfy payment of its termination fee, in either case, in Common Shares, and Moxie will satisfy payment of its termination fee, in either case, through forgiveness of the Moxie Loan (as defined herein) and a cash payment

Arizona Advisory Fee Agreement

In July 2019, the Company, through its Anacapa AZ, LLC subsidiary, signed an advisory fee agreement with a licensed cultivator and processor in the state of Arizona. The agreement permits the license holder to cultivate and process Moxie products in exchange for a profit sharing on products sold including a management fee. This arrangement will be fully operationalized once the license holder finishes the planned expansion of its operating facility in Q4' 2019.

Green Growth Brands Inc. (formerly Xanthic Biopharma Inc.)
Pro Forma Consolidated Financial statements of the Combined Company

As at March 31, 2019
(In United States Dollars)

INDEX TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

GREEN GROWTH BRANDS INC. (formerly Xanthic Biopharma Inc.)
Pro Forma Condensed Consolidated Statement of Financial Position
As at March 31, 2019
(unaudited)

	GGB 31-Mar-19	MXY Holdings 31-Mar-19	Notes	Pro forma Adjustments	Pro forma Consolidated
	(USD)	(USD)		(USD)	(USD)
Assets					
Current Assets					
Cash and cash equivalents	$ 5,466,451	$ 901,537	2 a) b) c) d) e) f) g) h)	$ 79,853,450	$ 86,221,438
Restricted cash	-	47,144		-	47,144
Short term investments	28,108,916	-	2 a)	(28,108,916)	-
Receivables	461,495	678,495	2 b)	52,756	1,192,746
Prepaids expenses	4,043,829	94,741	2 e)	13,467	4,152,037
Inventory	6,207,027	2,907,200	2 b) e)	549,269	9,663,496
Biological assets	500,521	-	2 b)	2,363,623	2,864,144
Note receivable	46,370	-		-	46,370
Other receivables	1,044,911	-		-	1,044,911
Deferred lease charges	727,518	-		-	727,518
Due from related parties	30,366	-	2 b)	(3,990)	26,376
	46,637,404	4,629,117		54,719,660	105,986,181
Non-Current Assets					
Property and equipment, net	3,931,168	4,020,525	2 b) e)	3,521,676	11,473,369
Deposits and other assets	3,184,233	-	2 b)	(1,000,000)	2,184,233
Deferred lease charges	2,788,819	-		-	2,788,819
Construction in progress	-	2,228,715		-	2,228,715
Investments in joint ventures	-	737,290		-	737,290
Right-of-use assets	-	545,922		-	545,922
Deferred tax assets	-	107,608		-	107,608
Other assets	-	60,237	2 e)	19,338	79,575
Note receivable	21,109,553	-		-	21,109,553
Intangible assets	39,477,074	-	2 b) e) f) h)	303,568,500	343,045,574
Goodwill	26,332,480	-	2 b)	60,744,190	87,076,670
	$ 143,460,731	**$ 12,329,414**		**$ 421,573,364**	**$ 577,363,509**
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	$ 7,238,703	$ 4,652,890	2 b) e) h)	$ 5,986,698	$ 17,878,291
Income taxes payable	287,978	-		-	287,978
Operating lease liability	-	178,023		-	178,023
Note payable	15,553,728	42,854	2 a) e)	14,032,070	29,628,652
Derivative liability	-	-	2 d)	3,830,821	3,830,821
Convertible debenture	-	7,330,246	2 d) f)	70,292,795	77,623,041
	23,080,409	12,204,013		94,142,384	129,426,806
Long-term liabilities					
Convertible debenture	-	-		17,200,000	17,200,000
Operating lease liability - non current	-	453,578		-	453,578
Deferred revenue	-	557,692		-	557,692
	-	1,011,270	-	17,200,000	18,211,270
Shareholders' Deficiency					
Share Capital	137,135,288	-	2 a) c) f) g) h)	348,002,833	485,138,121
Reserve for warrants	16,830,281	-	2 c) e) g)	(4,563,417)	12,266,864
Reserve for share based payments	1,702,983	-		-	1,702,983
Reserve for changes in equity of subsidiary	(2,837,500)	-		-	(2,837,500)
Deficit	(35,409,880)	(885,869)	2 a) d) f) h)	(33,208,436)	(69,504,185)
Accumulated other comprehensive loss	148,286	-		-	148,286
	117,569,458	(885,869)		310,230,980	426,914,569
Non-controlling interest	2,810,864	-		-	2,810,864
Total equity	120,380,322	(885,869)		310,230,980	429,725,433
	$ 143,460,731	**$ 12,329,414**		**$ 421,573,364**	**$ 577,363,509**

The accompanying notes are an integral part of these pro forma consolidated financial statements.

GREEN GROWTH BRANDS INC. (formerly Xanthic Biopharma Inc.)
Pro Forma Condensed Consolidated Statement of Net Income (Loss) and Comprehensive Income (Loss)
For the three months ended March 31, 2019
(unaudited)

	GGB 31-Mar-19	MXY Holdings 31-Mar-19	Notes	Pro forma Adjustments	Pro forma Consolidated
	(USD)	(USD)		(USD)	(USD)
Revenues	$ 5,554,684	$ 1,700,070		$ -	$ 7,254,754
Cost of goods sold	5,475,201	576,597		-	6,051,798
Gross Profit before fair value adjustments	79,483	1,123,473		-	1,202,956
Fair value change in biological assets included in inventory sold and other charges	932,191	-		-	932,191
Unrealized gain on changes in fair value of biological assets	(961,185)	-		-	(961,185)
Gross Profit	108,477	1,123,473		-	2,164,141
Operating expenses					
General and Administration	8,183,025	1,001,198	2 f)	500,000	9,684,223
Legal and professional fees	6,167,722	-		-	6,167,722
Sales and marketing	1,909,345	128,873		-	2,038,218
Stock based compensation	1,515,343	-		-	1,515,343
Depreciation and amortization	379,356	65,126		-	444,482
Other income	(1,058,785)	(23,444)		-	(1,082,229)
	17,096,006	1,171,753		500,000	18,767,759
Non-operating expenses					
Loss (gain) on equity investment	-	-		-	-
Interest expense	355,230	128,527	2 d)	61,322	545,079
Income from equity in joint ventures	-	(102,095)		-	(102,095)
Foreign exchange loss (income)	(393,077)	-		-	(393,077)
Unrealized/Realized gain on short term investments	(10,464,853)	-	2 a)	6,586,313	(3,878,540)
Transaction costs	8,651,438	-		-	8,651,438
Total Expenses	**(15,136,267)**	**(74,712)**		**(7,147,635)**	**(21,426,423)**
Listing and transaction fees	-	-		-	-
Net Income (Loss) before income taxes	**(15,136,267)**	**(74,712)**		**(7,147,635)**	**(21,426,423)**
Income taxes	287,978	89,000		-	376,978
	(15,424,245)	**(163,712)**		**(7,147,635)**	**(21,803,401)**
Other comprehensive Income (Loss)					
Exchange gain on translating foreign operations	-	-		-	-
Comprehensive Income (Loss) for the period	**(15,424,245)**	**(163,712)**		**(7,147,635)**	**(21,803,401)**
Net Loss and comprehensive loss attributable to:					
Owners of the parent	(15,410,051)	(163,712)		(7,147,635)	(22,721,398)
Non-controlling interest	(14,194)	-			(14,194)
	(15,424,245)	(163,712)		(7,147,635)	(22,735,592)
Net Income (loss) per common share					
Basic	(0.07)	n/a			(0.06)
Diluted	(0.07)	n/a			(0.06)
Weighted average number of shares outstanding					
Basic	205,498,545	n/a			358,113,167
Diluted	205,498,545	n/a			358,113,167

The accompanying notes are an integral part of these pro forma consolidated financial statements.

GREEN GROWTH BRANDS INC. (formerly Xanthic Biopharma Inc.)
Pro Forma Condensed Consolidated Statement of Net Income (Loss) and Comprehensive Income (Loss)
For the nine and twelve months ended March 31, 2019 and December 31, 2018
(unaudited)

	GGB 31-Mar-19	MXY Holdings 31-Dec-18	Notes	Pro forma Adjustments	Pro forma Consolidated
	(USD)	(USD)		(USD)	(USD)
Revenues	$ 8,555,129	$ 5,534,034		$ -	$ 14,089,163
Cost of goods sold	8,495,909	2,661,957		-	11,157,866
Gross Profit before fair value adjustments	59,220	2,872,077		-	2,931,297
Fair value change in biological assets included in inventory sold and other charges	1,525,861	-		-	1,525,861
Unrealized gain on changes in fair value of biological assets	(1,718,749)	-		-	(1,718,749)
Gross Profit	252,108	2,872,077		-	3,124,185
Operating expenses					
General and Administration	15,215,085	3,790,399		-	19,005,484
Legal and professional fees	10,224,614	-	2 f)	500,000	10,724,614
Sales and marketing	3,092,399	592,228		-	3,684,627
Stock based compensation	1,702,983	-		-	1,702,983
Depreciation and amortization	581,917	222,680		-	804,597
Other income	(1,067,021)	(219,653)		-	(1,286,674)
	29,749,977	4,385,654		500,000	34,635,631
Non-operating expenses					
Loss (gain) on equity investment	671,578	-		-	671,578
Interest expense	2,242,825	546,048	2 d)	61,322	2,850,195
Income from equity in joint ventures	-	(207,311)		-	(207,311)
Foreign exchange loss (income)	348,337	-		-	348,337
Unrealized/Realized gain on short term investments	(10,964,926)	-	2 a)	6,586,313	(4,378,613)
Transaction costs	9,651,438	-		-	9,651,438
Total Expenses	**(31,447,121)**	**(1,852,314)**		**(7,147,635)**	**(40,447,070)**
Listing and transaction fees	699,190	-		-	699,190
Net Income (Loss) before income taxes	**(32,146,311)**	**(1,852,314)**		**(7,147,635)**	**(41,146,260)**
Income taxes	663,596	233,839		-	897,435
	(32,809,907)	**(2,086,153)**		**(7,147,635)**	**(42,043,695)**
Other comprehensive Income (Loss)					
Exchange gain on translating foreign operations	148,286	-		-	148,286
Comprehensive Income (Loss) for the period	**(32,661,621)**	**(2,086,153)**		**(7,147,635)**	**(42,191,981)**
Net Loss and comprehensive loss attributable to:					
Owners of the parent	(32,634,985)	(2,086,153)		(7,147,635)	(41,868,773)
Non-controlling interest	(26,636)	-			(26,636)
	(32,661,621)	(2,086,153)		(7,147,635)	(41,895,409)
Net Income (loss) per common share					
Basic	(0.22)	n/a			(0.13)
Diluted	(0.22)	n/a			(0.13)
Weighted average number of shares outstanding					
Basic	147,855,104	n/a			317,755,993
Diluted	147,855,104	n/a			317,755,993

The accompanying notes are an integral part of these pro forma consolidated financial statements.

1. Background and basis of presentation

Background

On November 9, 2018, the company announced it had completed the previously announced business combination between Xanthic Biopharma Inc. ("Xanthic") and Green Growth Brands Ltd. ("GGB", and collectively with Xanthic the "Company"). The Company received listing approval on November 7, 2018 and commenced trading on the Canadian Securities Exchange (the "CSE") on November 13, 2018 under the symbol "GGB". For more information on this business combination and the subsequent listing on CSE see the Company's listing statement as filed on www.sedar.com.

The Company's registered office is 5300 Commerce Court West, 199 Bay Street, Toronto, ON, M5L 1B9 and its principal place of business is 4300 E. Fifth Avenue, Columbus, OH 43219.

Description of the Transaction

On July 8, 2019 GGB entered into a securities acquisition and contribution agreement (the "Moxie Agreement") with, among others, Moxie Holdings LLC ("Moxie"), under which GGB LP, of which GGB will be the general partner, will acquire the operating companies of GGB and the issued and outstanding units of Moxie, an arm's length third party, in an all-equity interest transaction. As part of the Moxie Business Combination, GGB will also be directly or indirectly acquiring shares of MXY C, INC. ("MXY C") and MXY D, INC. ("MXY D"), Delaware entities within the Moxie structure, and Moxie's equity interests in two entities, PurePenn LLC and Pure CA, LLC (collectively, the "Pure Entities"), with which Moxie has current contribution agreements (subject to regulatory approval).

The Moxie Business Combination is structured to include the formation of GGB LP, a new Ontario limited partnership of which GGB will be the general partner, with the operating companies of GGB being placed under the partnership (the "Reorganization"). The equity consideration of the Moxie Business Combination is $310,000,000 (the "Equity Consideration"). Payment of the Equity Consideration will be satisfied through the issuance of Common Shares and/or exchangeable limited partnership units in GGB LP ("Exchangeable LP Units") as follows: (i) through the issuance of Common Shares to the shareholders of MXY C and MXY D; (ii) through the issuance of either Common Shares and/or Exchangeable LP Units to the unitholders of Moxie; and (iii) through the issuance of Exchangeable LP Units to the holders of the Pure Entities (or, in the alternative, Moxie may acquire the interest in the Pure Entities for units in the capital of Moxie, prior to the closing of the Moxie Business Combination). The Exchangeable LP Units are exchangeable into Common Shares on a one-for-one basis for no additional consideration; however, the Exchangeable LP Units may not be exchanged for Common Shares for the first year following the closing of the Moxie Business Combination.

The total number of securities issuable as payment under the Moxie Business Combination is equal to that number determined by dividing the Equity Consideration by the 30-day volume-weighted average price ("VWAP") of Common Shares ending on the third trading day prior to the closing (the "Closing VWAP") (but in no case will the Closing VWAP be less than $2.07 or greater than $3.45 (being the equivalent to CAD$2.71 and CAD$4.52, based on the Bank of Canada exchange rate as of July 5, 2019)).

Basis of presentation

The accompanying unaudited pro forma condensed consolidated statement of financial position as at March 31, 2019, the unaudited pro forma condensed interim consolidated statement of comprehensive income (loss) for the three months ended March 31, 2019, and the unaudited consolidated statement of comprehensive income (loss) for the nine months ended March 31, 2019 of the Company were prepared to reflect the Company's proposal to purchase all of Moxie's issued and outstanding common shares.

The unaudited pro forma condensed consolidated statement of financial position and the unaudited pro forma condensed consolidated statements of comprehensive income (loss) of the Company are comprised of information from:

- the unaudited interim consolidated statement of financial position of GGB as at March 31, 2019;
- the unaudited interim consolidated statement of financial position of Moxie as at March 31, 2019;
- the unaudited interim consolidated statement of comprehensive income (loss) of GGB for the three months ended March 31, 2019;
- the unaudited interim consolidated statement of comprehensive income (loss) of Moxie for the three months ended March 31, 2019;
- the unaudited consolidated statement of comprehensive income (loss) of GGB for the nine months ended March 31, 2019;
- the audited consolidated statement of comprehensive income (loss) of Moxie for the period ended December 31, 2018;

The unaudited pro forma condensed consolidated financial statements do not include all of the information disclosures required by International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements as at and for the three and nine months ended March 31, 2019, the audited consolidated financial statements of the Company for the year ended June 30, 2018, the unaudited interim consolidated financial statements of Moxie as at and for the three months ended March 31, 2019, and the audited consolidated financial statements of Moxie for the year ended December 31, 2018.

The unaudited pro forma condensed consolidated statement of financial position gives effect to the proposed acquisition of Moxie as if it had occurred on March 31, 2019. The unaudited pro forma condensed consolidated statements of comprehensive loss for the three months ended March 31, 2019 and the nine and twelve months ended March 31, 2019 and December 31, 2018, respectively give effect to the proposed acquisition as if it had occurred at July 1, 2018.

The accounting policies used in the preparation of the unaudited pro forma condensed consolidated financial statements are consistent with those described in the unaudited consolidated financial statements of the Company for the three and nine months ended March 31, 2019. Certain historical Moxie amounts have been reclassified to conform to the Company's presentation.

The unaudited pro forma condensed consolidated financial statements are not necessarily indicative of the results of operations that would have occurred had the acquisition of Moxie been affected on the dates indicated, nor are the unaudited pro forma condensed consolidated financial statements indicative of future periods. Actual amounts recorded upon consummation of the proposed acquisition will differ from such unaudited pro forma condensed consolidated financial statements. Since the pro forma condensed consolidated financial statements have been developed to retroactively show the effect of a transaction that is expected to occur at a later date (even though this was accomplished by following generally accepted practice and using reasonable assumptions), there are limitations inherent in the very nature of such pro forma data.

2. Pro Forma Adjustments and Assumptions

The unaudited pro forma interim consolidated statement of financial position of the Company as at March 31, 2019 has been adjusted to reflect the following transactions as if the acquisition of Moxie had been completed on March 31, 2019:

a) On May 16, 2019, the Company announced that it had completed the previously announced repurchase of 27,300,000 Common Shares held by GA Opportunities Corp. ("GAOC") for aggregate consideration of $67,516,310 (CAD$89,000,000), or at a discounted price of approximately $3.26 per Common Share (the "GAOC Repurchase"), representing approximately 13% of outstanding Common Shares. The aggregate consideration was satisfied by delivery of a secured promissory note ("GAOC Note") in the principal amount of $29,585,798 (CAD$39,000,000) and cash in the amount of $37,930,512 (CAD$50,000,000). The GAOC Note is payable on November 15, 2019 and bears interest at 3% per annum.

Subsequent to March 31, 2019, the Company's short-term investment, which was held in Aphria shares in connection with the Aphria takeover bid had declined by $6,586,313. The proceeds of sale of its holdings in Aphria stock were used to fund a portion of the repurchase of the Company stock.

b) On December 12, 2018, the Company entered into definitive agreements to acquire a Pahrump, Nevada cultivation facility operated by Wellness Orchards of Nevada LLC ("WON") and Panorama WON LLC ("Panorama") for a total purchase price of US$13,372,162. On May 17, 2019, the Company announced it had closed on this acquisition. WON currently operates a 12,000 square foot cannabis cultivation facility in Pahrump, Nevada while Panorama owns the real property and assets upon which the cultivation facility operates. The transaction closed on May 16, 2019.

c) Subsequent to March 31, 2019, 50,000 stock options, 19,097 proportionate voting warrants and 2,925,228 warrants were exercised for gross proceeds of $16,559,520. In addition, the Company awarded 500,000 common shares and 500,000 common share purchase warrants to Arc Retail Concepts Ltd. on May 21, 2019 for advisory services provided in connection with the Company's retail distribution strategy. Further certain 212,636 restricted share units vested to certain directors and 382,169 deferred shares were cancelled.

d) On May 17, 2019, the Company announced that it had raised gross proceeds of $45,500,000 (CAD$61,200,000) pursuant to a private placement convertible debt in the form of 15% secured convertible debentures (the "Debentures") at a price of CAD$1,000 per Debenture and with a conversion price equivalent to CAD$7.00 per Common Share (the "Debenture Financing"). The net proceeds of the Debenture financing will be used for general corporate and working capital purposes. Each Debenture has a maturity date of May 17, 2020 (the "Maturity Date") and is convertible, in certain circumstances, into Proportionate Voting Shares at a conversion price per Proportionate Voting Share equal to CAD$3,500.00 (being equivalent to CAD$7.00 per Common Share) divided by the Canadian-US exchange rate on the business day prior to conversion (the "Conversion Price"). Interest on the Debentures accrues daily and is payable to the holders thereof initially on November 17, 2019 and the balance on the Maturity Date. For accounting purposes, it was determined that the conversion feature did not meet the fixed for fixed criteria under IFRS and therefore the Company bifurcated $3,830,821 portion associated with the conversion feature.

e) On June 24, 2019 with the members of Henderson Organic, pursuant to which the Henderson Warrant exercisable to acquire an aggregate of 7,609,746 Common Shares at an exercise price of $3.16 per Common Share was cancelled and replaced with a new common share purchase warrant, exercisable to acquire an aggregate of 3,973,230 Common Shares, at an exercise price of CAD$3.03 per Common Share (the "Revised Henderson Warrant"), with the difference to be satisfied via a cash payment in the amount of $8,979,500 (the "HOR Cash Payment"). The parties also amended the Loan to provide a maturity date of August 28, 2019. In consideration with the amendment to the maturity date of the Loan, the Company agreed to pay $1,000,000 to the members of Henderson Organic as a nonrefundable advance on the HOR Cash Payment. A portion of the net proceeds of this Offering will be used to pay the HOR Cash Payment.

   In addition, in connection with closing on August 28, 2019, the Company will repay the note payable in connection with the acquisition of Nevada Organic Remedies ("NOR") for $15,485,000 plus accrued interest. A portion of the net proceeds of this Offering will be used to pay the NOR acquisition note payable.

f) On July 29, 2019, the Company announced that it executed an amendment (the "Spring Oaks Amendment") to the Spring Oaks definitive agreement dated June 3, 2019. Pursuant to the Spring Oaks Amendment, the purchase price for the shares of capital stock of Spring Oaks of approximately $54,650,000 (CAD$72,039,630), subject to certain post-closing purchase price adjustments, shall be satisfied by the Company through a combination of: (i) a previously paid deposit of $1,350,000 (CAD$1,779,570) (the "Deposit"); (ii) a cash payment at closing of $2,000,000 (CAD$2,636,400), subject to certain post-closing purchase price adjustments (the "Closing Cash Consideration"); (iii) a cash payment of $3,000,000 (CAD$3,954,600) on or before August 31, 2019 (the "Deferred Cash Consideration"); (iv) the issuance of 7,133,297 Common Shares (the "Consideration Shares") to the owners of Spring Oaks representing an aggregate amount of $17,100,000 (CAD$22,541,220), at a price of $2.35 (CAD$3.16) per Consideration Share; (v) the issuance of 8,094,210 Common Shares (the "Additional Consideration Shares") to the owners

of Spring Oaks representing an aggregate amount of $14,000,000 (CAD$18,454,800), at a price of $1.72 (CAD$2.28) per Additional Consideration Share; (vi) the issuance of a two-year convertible secured promissory note in the aggregate principal amount of $11,400,000 (CAD$15,027,480) (the "Two-Year Note"); and (vii) the issuance of a one-year convertible secured promissory note in the aggregate principal amount of $5,800,000 (CAD$7,645,560) (the "One-Year Note").

In connection with the anticipated closing of the Spring Oaks Acquisition, the Company intends to pay a fee of $500,000 (CAD$659,100) to Jeremy Giles in full satisfaction and settlement of certain finder services performed on the Company's behalf (the "Giles Fee"). The Giles Fee will be paid through (i) a cash payment in the amount of $250,000 (CAD$329,550) and (ii) the issuance of Common Shares in the aggregate amount of $250,000 (CAD$329,500), at a price of $1.72 (CAD$2.28) per Common Share, representing the closing market price of a Common Share on the CSE on the trading day immediately prior to the date of the Spring Oaks Announcement. On closing of the Spring Oaks Acquisition, the Company also entered into a consulting services agreement with Jeremy Giles for governmental relations services.

g) On July 23,2019, the Company announced bought deal public offering led by Canaccord Genuity Corp for an aggregate of 20,500,000 units at a price of CAD$2.45 per unit. Each unit comprised of one common share and one half of on common share purchase warrant ("Warrant") of the Company. Each full Warrant will entitle the holder thereof to acquire one common share of the Company (a "Warrant Share") at a price of $3.50 per Warrant Share, subject to adjustment in certain events, for a period of 3 years following the closing date. The Company has estimated the net proceeds after commission of 7% and professional fees of CAD$1,000,000 to be $34,675,504 (CAD$45,709,250) excluding overallotment option by the underwriters.

Moxie business combination

h) On July 9, 2019, the Company announced that it had entered into a securities acquisition and contribution agreement, dated July 8, 2019, with, among others, MXY Holdings LLC ("Moxie") under which a new Ontario limited partnership ("GGP LP"), of which GGB will be the general partner, will acquire the operating companies of GGB and the issued and outstanding units of Moxie, an arm's length third party, in an all-equity interest transaction (the "Moxie Business Combination"). As part of the Moxie Business Combination, GGB will also be directly or indirectly acquiring shares of MXY C, Inc. and MXY D, Inc., Delaware entities within the Moxie structure, and Moxie's equity interests in two entities, PurePenn LLC and Pure CA, LLC, with which Moxie has current contribution agreements (subject to regulatory approval). The equity purchase price of the Moxie Business Combination is $310,000,000 and will be satisfied through the issuance of either Common Shares and/or exchangeable limited partnership units in GGB LP. Closing of the Moxie Business Combination is expected to occur prior to January 2020 and remains subject to the satisfaction of various closing conditions, including receipt of all necessary regulatory approvals for the transfer of the cannabis-related licenses of Moxie by local and state authorities in each of the markets where Moxie's assets and licenses are held; approval from the CSE for the listing of Common Shares issuable in connection with the Moxie Business Combination (including the Common Shares issuable upon the exchange of the exchangeable limited partnership units in GGB LP); that all required securityholder approval for Moxie, MXY C, Inc. and MXY D, Inc. is received and certain pre-closing transactions have been effected; that certain lock-up agreements have been entered into; there has been no material adverse effect in respect of either Moxie or the Company; and, that all documents required in connection with the transfer of Moxie, MXY C, Inc. and MXY D, Inc. securities have been delivered to the Company. There are no assurances that the Moxie Business Combination will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus.

In addition, subsequent to March 31, 2019 Moxie completed a capital raise totaling $43,000,000 consisting of $36,000,000 in convertible debenture and a Series C preferred shares of $7,000,000. In addition, the existing $7,000,000 convertible debentures were converted to Series C preferred shares as well.

The Moxie business combination will be accounted for as a business combination under IFRS 3. The estimated fair value of net assets acquired, and consideration paid for 100% ownership of Moxie is allocated as follows 80% in intangible assets and 20% in goodwill.

The Company plans to complete an independent valuation analysis on closing of the transaction at which time the allocation of the purchase price will determine the split between intangible assets and goodwill.

The goodwill associated with the Acquisition includes the expected synergies to be realized between Moxie and the Company including increased production capacity, immediate distribution access to over 250 dispensaries, and target revenue and profitability growth. Management reasonably believes that Moxie's potential large-scale access to multiple states that the Company currently does not have access. In addition, the Company sees synergies on supply chain efficiencies and increase scale of sourcing CBD materials.

Moxie produces cannabis concentrates and related products across multiple markets. Moxie is an MSO with distribution (or future distribution), either directly or indirectly through affiliates or investees, in California, Arizona, Nevada, Pennsylvania New Jersey and Ohio markets and its products are distributed in over 250 dispensaries across the United States. Moxie is recognized by its peers in cannabis, winning close to 100 industry awards over the years, including Brand of the Year at the 2018 California Cannabis Awards. Moxie's newest product, the DART vaporizer, won first place at the recent 2019 High Times SoCal Cannabis Cup with its Piña Colada flavor.

By using FDA grade standard operating procedures and strict safety standards in their facilities and with a genetics library consisting of hundreds of strains, Moxie provides customers with high-quality recreational and medical cannabis products. Moxie offers live resin vape cartridges, CBD vape cartridges, liquid Moxie vape cartridges and pre-rolled joints. As Moxie builds out its capacity, it will be employing its know-how and genetic library to continue to strive to be a leading product innovator.

3. Pro Forma Shareholders' equity

(Expressed in United States dollars)

	Note				Reserves										
					Share based Payments		Warrants		Proportionate Warrants		Changes in			Accumulated Other	
		Common Shares	Proportionate Shares	Share Capital	#	$	#	$	#	$	Equity of subsidiaries	Earnings (Deficit)	Non-controlling Interest	Comprehensive loss	Total
GGB's Balance at March 31, 2019		188,212,278	40,698	$137,135,288	2,745,000	$1,702,983	25,663,581	$13,236,973	19,097	$3,593,308	$(2,837,500)	$ (35,409,880)	$ 2,810,864	$ 148,286	$120,380,322
GAOC share buyback	2 a)	(27,300,000)	-	(40,569,640)	-	-	-	-	-	-	-	(33,532,983)	-	-	(74,102,623)
Warrant and option exercises and granted	2 c)	3,305,695	19,097	20,812,787	(50,000)	-	(2,425,228)	(659,959)	(19,097)	(3,593,308)	-	-	-	-	16,559,520
Convertible Debenture financing	2 d)	-	-	-	-	-	-	-	-	-	-	(61,322)	-	-	(61,322)
HOR acquisition	2 e)	-	-	-	-	-	(3,636,516)	(3,575,967)	-	-	-	-	-	-	(3,575,967)
Spring Oaks acquisition	2 f)	23,636,740	-	31,350,000	-	-		-	-	-	-	(500,000)	-	-	30,850,000
Bought deal financing	2 g)	20,500,000	-	31,409,687	-	-	10,250,000	3,265,817	-	-	-	-	-	-	34,675,504
Moxie acquisition	2 h)	149,758,454	-	304,999,999	-	-	-	-	-	-	-	-	-	-	304,999,999
Balance after GGB RTO		358,113,167	59,795	485,138,121	2,695,000	1,702,983	29,851,837	12,266,864	-	-	(2,837,500)	(69,504,185)	2,810,864	148,286	429,725,433

CERTIFICATE OF THE COMPANY

August 15, 2019

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of British Columbia, Alberta, Ontario and Nova Scotia.

(signed) "*Peter Horvath*"

Peter Horvath
Chief Executive Officer

(signed) "*Brian Logan*"

Brian Logan
Chief Financial Officer

On behalf of the Board of Directors:

(signed) "*Tim Moore*"

Tim Moore
Director

(signed) "*Carli Posner*"

Carli Posner
Director

CERTIFICATE OF THE UNDERWRITERS

August 15, 2019

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces British Columbia, Alberta, Ontario and Nova Scotia.

CANACCORD GENUITY CORP.
(signed) "*Steve Winokur*"
Managing Director

EIGHT CAPITAL
(signed) "*Patrick McBride*"
Principal, Head of Origination

CORMARK SECURITIES INC.
(signed) "*Alfred Avanessy*"
Managing Director

GMP SECURITIES L.P.
(signed) "*Kyle Gould*"
Managing Director

PARADIGM CAPITAL INC.
(Signed) "*Kevin O'Flaherty*"
Managing Director

BEACON SECURITIES LIMITED
(signed) "*Mario Maruzzo*"
Managing Director

HAYWOOD SECURITIES INC.
(signed) "*Campbell Becher*"
Managing Director

CERTIFICATE OF THE PROMOTERS OF THE COMPANY

August 15, 2019

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of British Columbia, Alberta, Ontario and Nova Scotia.

ALL JS GREENSPACE LLC
(signed) "*Ben Kraner*"
Manager

CHIRON VENTURES INC.
(signed) "*Adam Arviv*"
President and Secretary