A copy of this preliminary short form prospectus has been filed with the securities regulatory authority in the Province of New Brunswick and a copy of this draft amended and restated short form prospectus has been filed with the securities regulatory authorities in each of the Provinces of British Columbia, Alberta, Ontario and Nova Scotia, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus and draft amended and restated short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

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 only by persons permitted to sell these securities in those jurisdictions.

*The securities offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States of America (the "**United States**" or the "**U.S.**") unless exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws are available. This short form prospectus does not constitute an offer to sell or a solicitation or an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".*

***Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Heritage Cannabis Holdings Corp. at 77 Bloor Street West, Suite 600, Toronto, Ontario, M5S 1M2, Telephone: 1 888-940-5925 and are also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM PROSPECTUS IN THE PROVINCE OF NEW BRUNSWICK

DRAFT AMENDED AND RESTATED SHORT FORM PROSPECTUS DATED MARCH 3, 2021 AMENDING AND RESTATING THE SHORT FORM PROSPECTUS DATED FEBRUARY 25, 2021 IN THE PROVINCES OF BRITISH COLUMBIA, ALBERTA, ONTARIO AND NOVA SCOTIA

New Issue March 3, 2021

HERITAGE CANNABIS HOLDINGS CORP.

Minimum Offering: $10,000,000 (71,428,571 Units)
Maximum Offering: $12,040,000 (86,000,000 Units)

Price: $0.14 per Unit

This short form prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of a minimum of 71,428,571 (the "**Minimum Offering**") and a maximum of 86,000,000 (the "**Maximum Offering**") units (the "**Units**") of Heritage Cannabis Holdings Corp. (the "**Company**") at a price of $0.14 per Unit (the "**Offering Price**"). Each Unit consists of one common share in the capital of the Company (a "**Unit Share**") and one common share purchase warrant of the Company (a "**Warrant**"). Each Warrant will entitle the holder thereof, subject to adjustment in accordance with the Warrant Indenture (as defined below) to acquire one common share of the Company (a "**Warrant Share**") at an exercise price of $0.21 until the date that is 24 months following the Closing Date (as defined below). The Warrants will be governed by a warrant indenture to be entered into on or before the Closing Date between Computershare Trust Company of Canada (the "**Warrant Agent**") and the Company (the "**Warrant Indenture**"). See "Description of Securities Being Distributed".

The Offering is being made on a "best efforts" basis pursuant to the terms of an amended and restated agency agreement (the "**Agency Agreement**") among the Company and Cantor Fitzgerald Canada Corporation and Cormark Securities Inc. (the "**Co-Lead Agents**") as co-lead agents, together with Canaccord Genuity Corp. (collectively with the Co-Lead Agents, the "**Agents**"). The Offering Price and the other terms of the Offering were determined by arm's length negotiation between the Company and the Co-Lead Agents. See "Plan of Distribution".

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

The Company's common shares (each, a "**Common Share**") are currently traded on the Canadian Securities Exchange (the "**CSE**") under the symbol "CANN" and on the OTCPK under the symbol "HERTF". On March 2, 2021, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the CSE was $0.175. The Company has provided notice to the CSE to list: (i) the Unit Shares; (ii) the Warrants; (iii) the Warrant Shares; (iv) the Common Shares issuable upon exercise of the Broker Options (as defined below) (the "**Broker Unit Shares**"); (v) the Warrants issuable upon exercise of the Broker Options (the "**Broker Warrants**"); and (vi) the Common Shares issuable upon exercise of the Broker Warrants (the "**Broker Warrant Shares**"), on the CSE. Listing will be subject to the Company fulfilling all of the requirements of the CSE.

	Price to the Public	Agents' Fee[(1)]	Net Proceeds to the Company[(2)]
Per Unit	$0.14	$0.0098	$0.1302
Minimum Offering	$10,000,000	$700,000	$9,300,000
Maximum Offering	$12,040,000	$842,800	$11,197,200

(1) Pursuant to the Agency Agreement, the Company has agreed to pay to the Agents a cash fee (the "**Agents' Fee**") equal to 7.0% of the gross proceeds of the Offering, including any gross proceeds raised on exercise of the Over-Allotment Option (as defined below), subject to a reduced fee of 3.5% for such amount of the gross proceeds of the Offering that is equal to any positive result of the equation A – B, whereby "A" is equal to the gross proceeds of all Units sold to certain purchasers designated by the Company on the president's list up to a maximum of $6,000,000 (the "**President's List**") and "B" is equal to the gross proceeds of all Units sold to purchasers not on the President's List (the "**Non-Presidents List Purchasers**"). As additional compensation, the Company has agreed to issue to the Agents non-transferable options (the "**Broker Options**") to purchase such number of Units as is equal to 7.0% of the aggregate number of Units sold under the Offering (including any Over-Allotment Units (as defined below)), subject to a reduced number of Broker Options equal to 3.5% for such number of Units which equals the number of Units sold to President's List purchasers in excess of the number of Units sold to Non-President's List Purchasers. Each Broker Option entitles the holder thereof to purchase one Unit (each, a "**Broker Unit**") at an exercise price equal to the Offering Price for a period of 24 months after the Closing Date. The Broker Units will have the same terms as the Units. This Prospectus also qualifies the distribution of the Broker Options to the Agents. See "Plan of Distribution".

(2) After deducting the Agents' Fee (assuming no President's List purchasers), but before deducting the expenses of the Offering, estimated to be approximately $350,000, which will be paid from the gross proceeds of the Offering.

The Agents have been granted an over-allotment option, exercisable, in whole or in part, at the sole discretion of the Agents, at any time prior to 48 hours before the closing of the Offering (the "**Over-Allotment Deadline**"), to purchase up to an additional 12,900,000 Units (the "**Over-Allotment Units**") at the Offering Price to cover the Agents' over-allocation position, if any, and for market stabilization purposes (the "**Over-Allotment Option**"). The Over-Allotment Option may be exercised to acquire (i) up to an additional 12,900,000 Over-Allotment Units at the Offering Price; (ii) up to 12,900,000 additional Unit Shares (the "**Over-Allotment Shares**"); (iii) up to 12,900,000 additional Warrants (the "**Over-Allotment Warrants**"); or (iv) any combination of Over-Allotment Units at the Offering Price, Over-Allotment Shares and Over-Allotment Warrants, provided that the aggregate number of Over-Allotment Shares which may be issued under the Over-Allotment Option does not exceed 12,900,000 and the aggregate number of Over-Allotment Warrants which may be issued under the Over-Allotment Option does not exceed 12,900,000. The Over-Allotment Warrants will have the same terms as the Warrants. The Over-Allotment Option is exercisable by the Agents by giving notice to the Company prior to the Over-Allotment Deadline, which notice shall specify the number of Over-Allotment Units, Over-Allotment Shares and/or Over-Allotment Warrants to be purchased. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Agents' Fee" and "Net Proceeds to the Company", before deducting the expenses of the Offering, will be $13,846,000, $969,220 and $12,876,780, respectively (assuming no President's List purchasers). 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 Agents' over-allocation position acquires those Over-Allotment Units, Over-Allotment Shares and 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 options and other compensation securities that have been issued or that may be issued by the Company to the Agents pursuant to the Offering:

Agents' Position		**Maximum number of securities available**[(1)]		**Exercise period**		**Exercise price**
Over-Allotment Option		12,900,000 Over-Allotment Units		Any time prior to the Over-Allotment Deadline		$0.14 per Over-Allotment Unit $0.13 per Over-Allotment Share $0.01 per Over-Allotment Warrant
Broker Options		6,923,000 Broker Options[(2)]		For a period of 24 months from and including the Closing Date		$0.14 per Broker Unit

Notes:

(1) Assumes the completion of the Maximum Offering and the exercise of the Over-Allotment Option in full.

(2) Assumes no President's List purchasers

Unless the context otherwise requires, when used herein, all references to: (i) "Units" include: (a) the Over-Allotment Units issuable upon exercise of the Over-Allotment Option; and (b) the Broker Units; (ii) all references to "Unit Shares" include: (a) the Over-Allotment Shares issuable upon exercise of the Over-Allotment Option; and (b) the Broker Unit Shares issuable upon exercise of the Broker Options; (iii) all references to "Warrants" include: (a) the Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option; and (b) the Broker Warrants issuable upon exercise of the Broker Options; (iv) all references to "Warrant Shares" include: (a) the Common Shares issuable upon exercise of the Over-Allotment Warrants; and (b) the Common Shares issuable upon exercise of the Broker Warrants; (v) all references to "Broker Options" include the Broker Options issuable upon exercise of the Over-Allotment Option; (vi) all references to "Broker Units" include the Broker Units issuable upon exercise of the Broker Options issued in connection with the exercise of the Over-Allotment Option; (vii) all references to "Broker Unit Shares" include the Broker Unit Shares forming part of the Broker Units issuable upon exercise of the Broker Options issued in connection with the exercise of the Over-Allotment Option; and (viii) all reference to "Broker Warrants" include the Broker Warrants forming part of the Broker Units issuable upon exercise of the Broker Options issued in connection with the exercise of the Over-Allotment Option; and (ix) all references to "Broker Warrant Shares" include the Broker Warrant Shares issuable upon exercise of the Broker Warrants forming part of the Broker Units issued in connection with the exercise of the Over-Allotment Option.

The Offering is not underwritten or guaranteed by any person. The Offering is being conducted on a "best efforts" agency basis by the Agents who will conditionally offer the Units in the Provinces of British Columbia, Alberta, Ontario, New Brunswick and Nova Scotia, subject to prior sale, if, as and when issued by the Company and accepted by the Agent in accordance with the conditions contained in the Agency Agreement referred to under the "Plan of Distribution".

In connection with the Offering, and subject to applicable laws, the Agents may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

Subscriptions will be received subject to rejection or allotment in whole or in part and the Agents reserve the right to close the subscription books at any time without notice. Provided the Minimum Offering is met, closing of the Offering is expected to take place on or about March ●, 2021, or such other date as may be agreed upon by the Company and the Co-Lead Agents (the "**Closing Date**"). If subscriptions for the Minimum Offering have not been received within 90 days following the date of issuance of a receipt for this Prospectus, the Offering will not continue and the subscription proceeds will be returned to subscribers, without interest or deduction. See "Plan of Distribution".

Except for certain President's List purchasers, it is anticipated that the Units will be delivered under the book-based system through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and deposited in electronic form whereby a purchaser of the Units, including a purchaser of Units in the United States that is a "qualified institutional buyer" as defined in Rule 144A of the 1933 Act (a "**Qualified Institutional Buyer**"), will receive only a customer confirmation from the registered dealer from or through which such Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold such Units on behalf of owners who have purchased such Units in accordance with the book-based system. Except for certain President's List purchasers, no certificates will be issued unless specifically requested or required. Notwithstanding the foregoing, a purchaser of Units in the United States that is an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the U.S. Securities Act ("**Accredited Investor**") will receive definitive physical certificates representing the Units Shares and Warrants. See "Plan of Distribution".

Investing in the Units is speculative and involves significant risks. You should carefully review and evaluate certain risk factors contained in this Prospectus and in the documents incorporated by reference herein before purchasing the Units. See "Cautionary Statement Regarding Forward-Looking Information" and "Risk Factors". Potential investors are advised to consult their own legal counsel and other professional advisers in order to assess income tax, legal and other aspects of this investment.

You should rely only on the information contained in this Prospectus (including the documents incorporated by reference herein). Neither the Company nor the Agents have authorized anyone to provide you with information different from that contained in this Prospectus. Neither the Company nor any Agent is making an offer to sell or seeking offers to buy the Units in any jurisdiction where the offer or sale of Units is not permitted. You should not assume that the information contained or incorporated by reference in this Prospectus is accurate as of any date other than the date on the front page of this Prospectus or the respective dates of the documents incorporated by reference herein. The Company's business, financial condition, results of operations and prospects may have changed since that date. The Company does not undertake to update the information contained or incorporated by reference herein, except as required by applicable securities laws.

Unless otherwise indicated, all references to dollar amounts in this Prospectus are to Canadian dollars.

The Company's head office and registered office is located at 77 Bloor Street West, Suite 600, Toronto, Ontario, M5S 1M2.

In the future, the Company may be involved, directly or indirectly, in the cannabis and hemp oil industry in the U.S. where local state laws permit such activities.

The U.S. federal government regulates drugs through the Controlled Substances Act (21 U.S.C § 811), as amended (the "**CSA**") including cannabis. Cannabis is classified as a Schedule I drug. 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 accepted safety for the use under medical supervision. The U.S. Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication.

In the U.S., marijuana is largely regulated at the state level. State laws regulating cannabis are in direct conflict with the federal CSA. Although certain states authorize, medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation and transfer of cannabis and any related drug paraphernalia is illegal. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the U.S., including the August 2013 memorandum by then Deputy Attorney General, James Cole (the "**Cole Memorandum**"). With the Cole Memorandum rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law.

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 jurisdiction. Unless and until the U.S. Congress amends the CSA with respect to medical and/or adult-use cannabis, there is a risk that federal authorities may enforce current federal law. If the Company or any of its subsidiaries becomes involved in the cannabis industry in the United States in a manner which, although legal in a particular state, is illegal under the federal laws of the United States and the federal government elects to enforce such laws, or if existing applicable laws in such state are repealed or curtailed in such a manner as would result in the activities of the Company or any of its subsidiaries becoming illegal, the Company and its subsidiaries may be materially adversely affected by such enforcement measures. See *"Risk Factors"* of this Prospectus for additional information.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018 the Canadian Securities Administrators published Staff Notice 51-352 (as defined below) setting out the Canadian Securities Administrator's disclosure expectations for specific risks facing issuers with cannabis-related activities in the U.S. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. 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 U.S. cannabis industry.

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DEFINITIONS

Unless otherwise noted or the context indicates otherwise, the "Company", "Heritage", "we", "us" and "our" refer to Heritage Cannabis Holdings Corp. and its subsidiaries, and the term "cannabis" has the meaning given to such term in the *Cannabis Act* (Canada) (the "**Cannabis Act**") and the regulations made under the Cannabis Act (the "**Cannabis Regulations**").

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains forward-looking statements that relate to the Company's current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the Company's intended use of the net proceeds of the Offering;
- expectations regarding revenue, expenses and research and development operations;
- anticipated cash needs and needs for additional financing;
- the Company's intention to grow the business and its operations;
- expectations with respect to future production costs and capacity;
- growth rates, growth plans and strategies;
- the estimated cash used in operating activities for the twelve month period following the Closing Date, being $7.0 million;
- the approval and/or amendment of the Company's licenses, including the approval of the application for the flower sales license from Health Canada;
- expectations related to current supply agreements being fulfilled and the entering into of new supply agreements in the future;
- the future growth of its medical and recreational cannabis products;
- the medical benefits, safety, efficacy, dosing and social acceptance of cannabis;
- the Company's competitive position and the regulatory environment in which the Company operates;
- the Company's expected business objectives;
- the Company's ability to obtain additional funds through the sale of equity or debt commitments;
- the ability of the Company's products to access domestic and international markets;
- scientific findings regarding the long term impact of cannabis use or ability to cure medical issues; and
- estimations and anticipated effects of the COVID-19 pandemic.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this Prospectus, the Company has made various material assumptions, including but not limited to: (i) obtaining the necessary regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) general business and economic conditions; (iv) the Company's ability to successfully execute its plans and intentions; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Company's competitors; (ix) that the Company's current good relationships with its suppliers, service providers and other third parties will be maintained; (x) cash used by the Company in operating activities for the twelve month period following the Closing Date will remain consistent with the cash used in operating activities for the financial year ended October 31, 2020; and (xi) the Company will be able to find suppliers to contract with on terms that are agreeable. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, investors should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under the heading "Risk Factors".

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements. The assumptions referred to above and described in greater detail under "Risk Factors" should be considered carefully by prospective purchasers.

Certain of the forward-looking statements and forward-looking information and other information contained herein concerning the cannabis industry and the general expectations of the Company concerning the cannabis industry and concerning the Company are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors and the Company has not independently verified such third-party information.

The Company's forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this Prospectus (or as of the date they are otherwise stated to be made). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. We do not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada.

All of the forward-looking statements contained in this Prospectus are expressly qualified by the foregoing cautionary statements. Purchasers should read this entire Prospectus and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment.

FINANCIAL INFORMATION

The financial statements of the Company incorporated by reference in this Prospectus have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are reported in Canadian dollars.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, information contained in this Prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunities and market share, is based

on information from independent industry organizations, other third-party sources (including industry publications, surveys and forecasts) and management studies and estimates.

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

TRADEMARKS AND TRADE NAMES

This Prospectus includes, or may include, trademarks and trade names that are protected under applicable intellectual property laws and are the property of the Company. Solely for convenience, our trade-marks and trade names referred to in this Prospectus may appear without the ® symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks, and trade names.

ELIGIBILITY FOR INVESTMENT

In the opinion of Owens Wright LLP, counsel to the Company, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "**Tax Act**") as of the date hereof, 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**") and tax-free savings account ("**TFSA**") (collectively, "**Deferred Plans**") at the time of the issuance provided that at such time: (i) in the case of the Unit Shares and the Warrant Shares, the Common Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE) or the Company is a "public corporation" as defined in the Tax Act; and (ii) in the case of the Warrants, either (a) the Warrants are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE), or (b) the Warrant Shares are qualified investments as described in (i) above and.

Notwithstanding that the Unit Shares, Warrants and Warrant Shares may be a "qualified investment" for a Deferred Plan, the annuitant under an RRSP or RRIF, the holder of a TFSA or RDSP, or the subscriber of an RESP will be subject to a penalty tax if such Unit Shares, Warrants and Warrant Shares are a "prohibited investment" (as defined in the Tax Act) for the RRSP, RRIF, RESP, RDSP or TFSA. The Unit Shares, Warrants and Warrant Shares will generally not be a "prohibited investment" for a particular RRSP, RRIF, RESP, RDSP or TFSA provided that the annuitant under 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" (as defined in 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" (as defined in the Tax Act for purposes of these rules) for the particular TFSA, RRSP, RESP, RDSP or RRIF.

Persons who intend to hold Unit Shares, Warrants and Warrant Shares in a trust governed by a Deferred Plan should consult their own tax advisors with respect to the application of these rules in their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar regulatory authority in certain Provinces of Canada are available at www.sedar.com and are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- the annual information form of the Company for the financial year ended October 31, 2020 dated March 3, 2021 (the "**Annual Information Form**");

- the audited consolidated financial statements of the Company as at and for the financial years ended October 31, 2020 and 2019, together with the notes thereto and the reports of independent auditors thereon (the "**2020 Annual Financial Statements**");

- the management's discussion and analysis of the Company relating to the 2020 Annual Financial Statements;

- the management information circular of the Company dated February 28, 2020 prepared in connection with the Company's annual general and special meeting of shareholders held on April 16, 2020;

- the material change report dated January 27, 2021 regarding the Premium 5 Acquisition (as defined below);

- the term sheet used in connection with the Offering dated February 1, 2021 (the "**Original Term Sheet**"); and

- the term sheet used in connection with the Offering dated February 2, 2021 (with the Original Term Sheet, the "**Term Sheets**").

Material change reports (other than confidential reports), business acquisition reports, annual financial statements, interim financial statements, the associated management's discussion and analysis and all other documents of the type referred to in section 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this Prospectus and before completion of the distribution of the Units, will be deemed to be incorporated by reference into this Prospectus. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Company and readers should review all information contained in this Prospectus and the documents incorporated or deemed to be incorporated by reference herein.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained in this **Prospectus or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not constitute a part of this Prospectus, except as so modified or superseded. 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 statement or document that it modifies or supersedes. The making of such a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.**

Copies of the documents incorporated herein by reference may also be obtained on request without charge from the Corporate Secretary of the Company at 77 Bloor Street West, Suite 600, Toronto, Ontario, M5S 1M2, Telephone: 1 888-940-5925 and are also available electronically at www.sedar.com.

MARKETING MATERIALS

Any "template version" of any "marketing materials" (as such terms are defined under applicable Canadian securities laws) used by the Agents in connection with the Offering, including the Term Sheets, does not form a part of this Prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this Prospectus. Any template version of any marketing materials that has been, or will be, filed under the Company's profile on SEDAR at www.sedar.com before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into this Prospectus.

THE COMPANY

The Company was incorporated under the *Business Corporations Act* (British Columbia) on October 25, 2007 as "Trijet Mining Corp.". Upon completion of a fundamental "change of business" pursuant to CSE Policy on January 9, 2018, the Company changed its name to its present name, "Heritage Cannabis Holdings Corp." and currently operates as a cannabis licensed producer. At its August 9, 2019 annual general and special meeting of the shareholders of the Company, the shareholders approved a continuance into Ontario under the *Business Corporations Act* (Ontario) (the "**OBCA**"), which was effected on November 2, 2019.

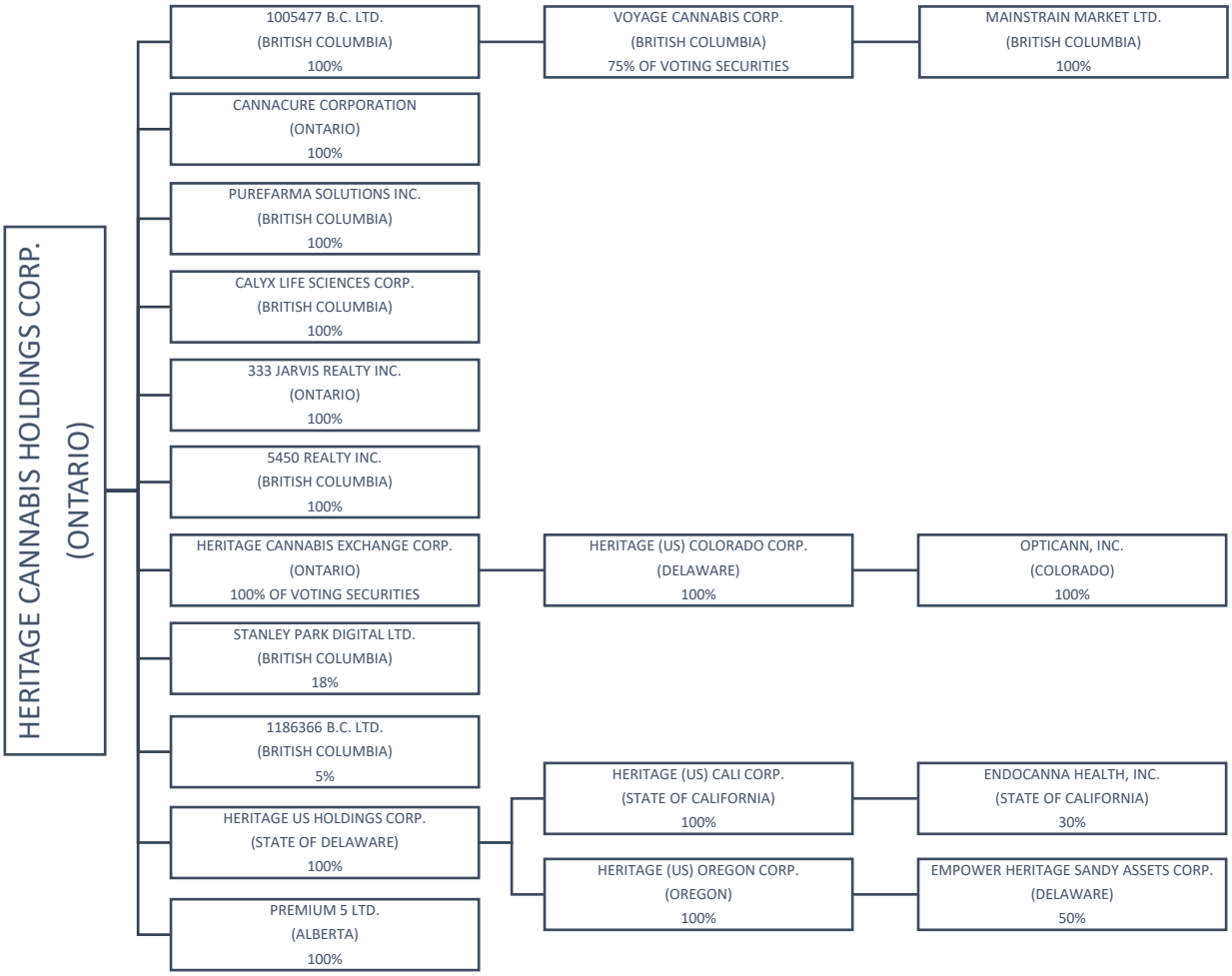
The Company's head office and registered and records office is located at 77 Bloor Street West, Toronto, Ontario, M5S 1M2.

The Company is a vertically integrated cannabinoid company focused on the production and sale of medical and recreational hemp-based and cannabis-based products and services. The Company has built an infrastructure of complementary entities, each focused on the strategy to build a vertically integrated cannabis business. The Company's subsidiaries, CannaCure Corporation ("**CannaCure**") and Voyage Cannabis Corp. ("**Voygae**"), each hold licenses issued by Health Canada pursuant to the Cannabis Regulations, which allow them, at their properties located in Fort Erie, Ontario and Falkland, British Columbia respectively, to: (i) possess cannabis; (ii) to obtain dried cannabis, fresh cannabis, cannabis plants and cannabis plant seeds by cultivating, propagating and harvesting cannabis; and (iii) to sell cannabis (other than dried/fresh cannabis) in accordance with subsection 17(5) of the Cannabis Regulations and section 27 and Part 14, Division 1 of the Cannabis Regulations. The licenses also include standard processing and medical sales authorizations. Additionally, CannaCure and Voyage hold licenses to sell or distribute cannabis topicals, cannabis extracts, and edible cannabis, and both Voyage and CannaCure hold industrial hemp licenses. The Company's business is dependent on the cannabis licenses held by its subsidiaries.

The Company's medical and therapeutic cannabinoid products and services are primarily developed by Calyx Life Sciences Corp., a wholly-owned subsidiary of the Company, and the Company's United States business is primarily carried out through its subsidiary Opticann, Inc. ("**Opticann**"), a Colorado based oral and topical cannabinoid company. Despite being a Colorado based company, all of Opticann's cannabis processing and handling activities occur in Canada.

Inter-Corporate Relationships

The corporate structure of the Company and its subsidiaries is as set out in the below corporate chart:



Premium 5

On January 25, 2021, the Company completed the acquisition of all of the issued and outstanding securities of Premium 5 Ltd. ("**Premium 5**"), a Canada-based recreational and medical cannabis company and producer of full spectrum concentrates (the "**Premium 5 Acquisition**"). The Company issued 150,000,000 Common Shares on closing to the shareholders of Premium 5, 40% of which are being held in escrow for up to 18 months following the closing of the Premium 5 Acquisition (the "**Premium 5 Closing**") to satisfy potential indemnification claims of the Company. In addition, 11,878,802 Common Shares issued by the Company in connection with the acquisition are subject to lock-up, pursuant to which 2,236,010 Common Shares will be released from the lock-up on each of the 3, 6, 9, 12, and 15-month anniversaries of the Premium 5 Closing and 698,752 Common Shares will be released from the lock-up on the 18 month anniversary of Premium 5 Closing.

As part of this acquisition, the Company has agreed to pay up to $20,000,000 in the form of Common Shares to the shareholders of Premium 5 upon the achievement of certain earn-out targets being met, including achieving specified revenue targets while maintaining minimum gross margin objectives over the 24 month period following the Premium 5 Closing.

Recent Events

On April 8, 2020, Health Canada approved the amendment to the license of the Company's subsidiary, Voyage, which amendment allows for the sale of cannabis topicals, cannabis extracts and edible cannabis products in addition to the

previously granted license for standard cultivation and license for sale for medical purposes. The Company's subsidiary, CannaCure, has licenses that provide for the sale of industrial hemp to a holder of a license issued under the Cannabis Act and for standard cultivation, standard processing and sales for medical purposes of cannabis. The Company has applied to amend the CannaCure license to allow for the sale of cannabis oil, which is awaiting Health Canada approval. CannaCure received approval to sell cannabis topicals, cannabis extracts and edible cannabis products. The Company is currently pursuing its brand strategy under the cannabis sales license of Voyage.

The Company's full spectrum branded products are as set out in the below table:

Brand	Category	Product
Premium 5	Concentrate	Live Resin Badder
Premium 5	Concentrate	Live Resin Crumble
Premium 5	Concentrate	Live Resin Caviar
Premium 5	Concentrate	THCa Diamonds
Premium 5	Concentrate	Hash Rosin
Premium 5	Vape	Live Resin X Cartridge
Premium 5	Vape	Live Resin Cartridge
RAD	Concentrate	Shatter
RAD	Concentrate	Crumble
RAD	Concentrate	CBD Isolate
RAD	Vape	Distillate Cartridge
Pura Vida	Oils	Honey Oil Drops
Pura Vida	Concentrate	Honey Oil Dispenser
Pura Vida	Vape	Honey Oil Cartridges
Purefarma	Oils	Hemplixir Oil
Purefarma	Oils	CBD Oil
Purefarma	Vape	Prefilled Vape Cartridge
Feelgood	Topical	Muscle Cream
Feelgood	Topical	Facial Rejuvenating Cream
Feelgood	Oils	Extra Strength CBD Oil

RAD is the Company's newest value brand dedicated to providing cannabis consumers with affordable products while maintaining high quality standards. The Company has applied for a flower sales license from Health Canada to support the planned launch of RAD Reefer and RAD doobies. The Company continues to expand its services business with the signing of supply agreements with a Saskatchewan-based cannabis brand for the supply of flower, pre-rolls and vapes and an Alberta based cannabis retailer for the supply of tincture oils. The Company expects to sign additional supply agreements with other cannabis companies and is exploring opportunities related to securing a contract for the supply of extracts to the Company. The Company currently sells its products in British Columbia, Manitoba, Alberta and Ontario, primarily through supply arrangements with provincial control boards. The Company has also expanded its internal production processes by utilizing more manufacturing capacity to enable it to sell to medical cannabis patients though the third-party online sales platform, Patient Choice (www.patient-choice.com). Patient Choice is a Health Canada licensed virtual portal that gives medical cannabis patients across Canada the ability to buy products from a range of licensed producers and processors, including the Company. The portal provides patients with the

convenience of having products delivered directly to them, while at the same allowing craft producers like the Company to access the medical cannabis market in Canada without having to create its own direct to patient model.

Biological Assets

In June of 2020, the Company elected to suspend growing activities as part of its operations. The biological assets held by the Company prior to the time at which it ceased growing activities were not a material part of the Company's business and, as such, for strategic reasons the Company elected to instead focus on its other business objectives. The Company did not hold any biological assets as of July 31, 2020 or October 31, 2020 and the Company does not intend to, or expect that it will, re-engage in any growing activities during the twelve-month period following the date of this Prospectus. Between the period starting in August 2019 to October 2019, the Company expensed immaterial costs, including direct and indirect costs, related to its biological assets. The Company recorded an unrealized change in the fair value of biological assets in the amount of $149,985 in the Interim Financial Statements. The unrealized change in fair value of biological assets for the three months ended July 31, 2020 was nil, consistent with the nil balance of biological assets as at October 31, 2020. The Company does not currently have any material supply arrangements for biological assets.

COVID-19

On March 11, 2020, the World Health Organization recognized the outbreak of COVID-19 as a pandemic, which has had a profound impact on the global economy. The pandemic has been a rapidly evolving situation since the pandemic declaration, which the Company has been closely monitoring. Initially, certain provincial and territorial governments imposed various degrees of temporary lockdown measures forcing non-essential businesses to close during the pandemic, including retail cannabis stores in some jurisdictions, while certain other jurisdictions allowed retail cannabis stores to remain open with certain operational limitations and protocols.

Although the original provincial lockdown measures have since been eased in most areas, there has been a recent trend of stricter lockdown measures being imposed again across various jurisdictions given the increase in COVID-19 cases across the country. Such lockdown measures may have a negative impact on the Company's sales, cash flows and results of operations. See "Risk Factors – the COVID-19 Pandemic". There is a possibility that further lockdown measures could be imposed or extended given the recent increase in COVID-19 cases across provinces and territories.

As a result of COVID-19, the Company instituted various health and safety measures, including enhanced cleaning protocols, social distancing and shift sequencing (including reducing its operations to a single shift rather than multiple shifts) to minimize close interaction amongst employees. The main impact of COVID-19 on the Company has been a reduction in inventory as a result of the shift reductions.

United States Operations and Regulatory Framework

The Company does not have any direct, indirect or material ancillary involvement in the United States cannabis industry and accordingly is not currently subject to Canadian Securities Administrators Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana-Related Activities ("**Staff Notice 51-352**"). The Company currently has immaterial exposure to US cannabis operations in connection with: (a) its non-controlling 30% ownership interest in EndoCanna, which has a carrying value of around $3.5 million as of October 31, 2020; (b) its joint venture partnership with Empower Clinics Inc., to which it has balance-sheet exposure through a debt investment of $254,481 as at October 31, 2020; and (c) its subsidiary, Opticann, which has a current estimated carrying value of $3.7 million as at October 31, 2020.

EndoCanna concentrates in endocannabinoid DNA testing. Endocanna has developed a home-based DNA test kit using a saliva collection. The test kit analyzes over 500 genes and more than 550,000 single nucleotide polymorphisms in the human body and provides a personalized "EndoDecoded" report, identifying how an individual's specific genetic makeup interacts with cannabinoids and terpenes. The custom report helps customers select cannabis with the right cannabinoid profile and assist with choosing the formulation, dosage, and best delivery method for their needs.

The Company has a joint venture with Empower Clinics Inc., which provides for 50% ownership of the joint venture entity, Empower Heritage Sandy Assets Corp. The Company will install extraction units and related downstream

extraction equipment inside Empower Clinics Inc.'s existing licensed hemp processing facility in Sandy, Oregon. In addition, the Company will train and supervise the staff on the proprietary methods of extraction and oil production that it produces in Canada. Once operational, the joint venture will begin producing proprietary branded products for Empower Clinics Inc.'s corporately owned physician staffed health clinics in Washington State, Oregon, and Arizona. The development of the cannabidiol ("**CBD**") extraction facility has been delayed due to the impact of the COVID-19 pandemic and significant limitations of travel that have prevented further work from taking place.

Opticann has an exclusive licensing agreement to use the patented VESIsorb drug delivery system for absorption into the system. Although Opticann currently has no active operations in the United States, Opticann is preparing for the eCommerce launch of ArthroCBD, a CBD 25 mg softgel brand formulated using VESIsorb. In addition, the Company is planning on selling the ArthroCBD through over-the-counter sales at leading U.S. retailers. To support this effort, Opticann will present its products and brands at the National Association of Chain Drug Stores annual meeting in late April, with the expectation to launch product sales later this year.

OptiCann is developing arthrocbd.com as an e-commerce platform to sell CBD-based products in compliance with the Farm Bill (as hereinafter defined). The Company anticipates that the platform will utilize plug-ins from WooCommerce to power e-commerce functionality and Slate Payment software for payment processing, both of which were selected following a thorough diligence process undertaken by Opticann. The Company anticipates that the site will be operational in April, 2021.

The CBD production contemplated by the joint venture with Empower Clinics Inc. and the ArthroCBD branded products produced by Opticann are derived from industrial hemp, which may be sold legally under U.S. federal law, whether through retail sales or online, pursuant to the Agriculture Improvement Act of 2018, Pub. L. 115-334 (the "**Farm Bill**").

The passage of the Farm Bill materially altered federal law governing hemp by removing hemp from the CSA and establishing a federal regulatory framework for hemp production in the United States. Among other provisions, the Farm Bill: (a) explicitly amends the CSA to exclude all parts of the cannabis plant (including its cannabinoids, derivatives, and extracts) containing a delta-9 tetrahydrocannabinol concentration of not more than 0.3% on a dry weight basis from the CSA's definition of "marihuana"; (b) permits the commercial production and sale of hemp; (c) precludes states, territories, and Indian tribes from prohibiting the interstate transport of lawfully-produced hemp through their borders; and (d) establishes the United States Department of Agriculture ("**USDA**") as the primary federal agency regulating the cultivation of hemp in the United States, while allowing states, territories, and Indian tribes to obtain (or retain) primary regulatory authority over hemp activities within their borders after receiving approval of their proposed hemp production plan from the USDA. Any such plan submitted by a state, territory, or Indian tribe to the USDA must meet or exceed minimum federal standards and receive USDA approval. Any state, territory, or Indian tribe that does not submit a plan to the USDA, or whose plan is not approved by the USDA, will be regulated by the USDA; provided that states retain the ability to prohibit hemp production within their borders. The Farm Bill will remain in effect until December 2023.

On October 31, 2019, the USDA issued an interim final rule (the "**IFR**") to implement the Farm Bill. The IFR establishes regulations governing commercial hemp production in the United States and provides the framework for state departments of agriculture and Indian tribes to begin implementing commercial hemp production programs. In addition, following the issuance of the IFR, the USDA stated that it will begin, and has since begun, reviewing hemp production plans submitted by states, territories, and Indian tribes. Pursuant to the Farm Bill, the USDA has 60 days from the date a plan is submitted to approve or disapprove it. As of the date hereof, several states and Indian tribes have submitted plans to the USDA, some of which have been approved or disapproved.

The Farm Bill neither affects nor modifies the Federal Food, Drug and Cosmetic Act (the "**FD&C Act**"), thus expressly preserving the U.S. Food and Drug Administration's (the "**FDA**") authority to regulate food, drugs, dietary supplements, and cosmetics containing cannabis and/or cannabis-derived compounds, such as CBD. On the same date that the Farm Bill was signed into law, the FDA issued a statement (i) reaffirming its jurisdiction over products containing cannabis and/or cannabis-derived compounds and (ii) restating its position that "it [is] unlawful to introduce food containing added CBD into interstate commerce, or to market CBD products as, or in, dietary supplements, regardless of whether the substances are hemp-derived," because CBD is an active ingredient in an FDA-approved drug and was the subject of substantial clinical investigations that were made public before it was marketed as a food

or dietary supplement. Following the passage of the Farm Bill, the FDA has also acknowledged that "there is substantial public interest in marketing and accessing CBD in food, including dietary supplements…[and] [t]he statutory provisions that currently prohibit marketing CBD in these forms also allow the FDA to issue a regulation creating an exception, and some stakeholders have asked that the FDA consider issuing such a regulation to allow for the marketing of CBD in conventional foods or as a dietary supplement, or both." The FDA held a public hearing in May 2019 to obtain scientific data and information about the safety, manufacturing, product quality, marketing, labeling, and sale of products containing cannabis or cannabis-derived compounds, and also established a high-level internal working group to explore potential pathways for various types of CBD products to be lawfully marketed.

In accordance with Staff Notice 51-352, the Company will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis regulation.

CONSOLIDATED CAPITALIZATION

There have been no material changes to the Company's share and loan capitalization on a consolidated basis since October 31, 2020 other than the following:

(a) The Company issued 2,549,644 Common Shares on November 12, 2020 pursuant to the exercise of previously granted stock options;

(b) The Company issued 5,076,628 restricted stock units granted pursuant to the Company's fixed restricted share unit plan on January 15, 2021 and issued an equal number of Common Shares on January 15, 2021 upon the vesting of the restricted share units; and

(c) The Company issued 150,000,000 Common Shares on January 25, 2021 as share consideration in connection with the Premium 5 Acquisition.

The following table sets forth the consolidated capitalization of the Company as at the dates indicated, adjusted to give effect to the Offering (assuming no President's List purchasers), on the share and loan capital of the Company since October 31, 2020, the date of the Company's most recently filed financial statements. This table should be read in conjunction with the consolidated financial statements of the Company and the related notes and management's discussion and analysis in respect of those statements that are incorporated by reference in this Prospectus.

	As at October 31, 2020 before giving effect to the Offering	**As at October 31, 2020 after giving effect to the Minimum Offering**	**As at October 31, 2020 after giving effect to the Maximum Offering**	**As at October 31, 2020 after giving effect to the Maximum Offering and the exercise of the Over-Allotment Option in full**
Share Capital (Common Shares - Authorized: unlimited)	496,136,722[(1)]	567,565,293	582,136,722	595,036,722
Warrants	28,685,500	100,114,071	114,685,500	127,585,500
Broker Warrants	2,596,460[(2)]	7,596,459	8,616,460	9,519,460

Notes:

(1) Does not include: (a) the 2,549,644 Common Shares issued on November 12, 2020; (b) the 5,076,628 Common Shares issued on January 15, 2021; or (c) the 150,000,000 Common Shares issued on January 25, 2021.

(2) 2,286,200 of the broker warrants are exercisable into one unit of the Company at an exercise price of $0.53 per unit, with each such unit consisting of one Common Share and one-half of one Common Share purchase warrant. 310,260 of the broker warrants are exercisable into one unit of the Company at an exercise price of $0.25 per unit, with each unit consisting of one Common Share and one whole Common Share purchase warrant.

USE OF PROCEEDS

Use of Proceeds

The Offering will not be completed and the subscription funds will not be advanced to the Company unless the Minimum Offering has been raised. In the event the Minimum Offering is completed, the net proceeds to the Company from the Offering, after deducting the Agents' Fee (assuming no President's List purchasers) and deducting the expenses of the Offering (estimated to be approximately $350,000), will be approximately $8,950,000. In the event the Maximum Offering is completed, the net proceeds to the Company from the Offering, after deducting the Agents' Fee (assuming no President's List purchasers) and deducting the expenses of the Offering (estimated to be approximately $350,000), will be approximately $10,847,200. If the Over-Allotment Option is exercised in full, the net proceeds to the Company from the Offering, after deducting the Agents' Fee (assuming no President's List Purchasers) and deducting the expenses of the Offering (estimated to be approximately $350,000), will be approximately $12,526,780.

The Company intends to use the net proceeds from the Offering as set out in the table below:

Amount Allocated		**Use of Proceeds**	**Category**	**Timing**
Minimum Offering	**Maximum Offering**			
3,580,000	$4,338,880	Towards executing the Company's brand strategy, including the recurring purchasing of biomass, packaging and hardware to facilitate the production of product for the provincial boards and licensed dispensaries. As the inventory converts into sales and cash receipts, it will be recycled into additional materials for sales.	Provincial biomass and packaging	On-going
$2,685,000	$3,254,160	Towards expanding crude extraction and downstream finishing capabilities with additional equipment to facilitate our expanded product offerings while creating products for new product verticals. The Company expects shipments through the first half 2021 and expects to be operational 6 to 8 weeks thereafter.	Production equipment (extraction and downstream finishing)	Q2-2021
$895,000	$1,084,720	Given the transition to a product company, the Company is executing its brand strategy by continually developing new product formulations on an on-going basis. This facilitates the purchase of biomass, regulatory testing and production costs. This is a key component to the future growth in a highly competitive market.	Product formulation	On-going
$1,790,000	$2,169,440	As the Company has launched it product sales, it continues to fund negative cash flow while it grows its sales to the provincial boards and licensed dispensaries in Canada.	General working capital purposes	
$8,950,000	**$10,847,200**	**Total**		

The above table assumes no Units are purchased by President's List purchasers and the Over-Allotment Option has not been exercised. Should President's List purchasers acquire Units pursuant to the Offering in excess of the number

of Units acquired by Non-President's List Purchasers, the Agents' Fee would be reduced to 3.5% for such excess number of Units and the net proceeds of the Offering would be increased accordingly. Any additional proceeds received pursuant to the reduced Agents' Fee for President's List purchasers in excess of Non-President's List Purchasers or from the exercise of the Over-Allotment Option will be used for working capital purposes, as will any proceeds received from the exercise of the Broker Options.

The business objectives of the Company are to develop new products and to increase product inventory for sale to provincial boards and licensed dispensaries. The use of proceeds will enable the Company to achieve these business objectives through the purchase of input materials to increase production capabilities and the purchase of equipment to increase product offerings, as noted in the above table, which also discloses the estimated capital expenditures and timing of such expenditures.

Although the Company intends to use the proceeds from the Offering as set forth above, the actual allocation of the net proceeds may vary depending on future developments or unforeseen events. There can be no assurances that the above objectives will be completed. The Company does not intend on using more than 10% of the net proceeds of the Offering to repay any indebtedness. See "Risk Factors – The Company has discretion in the use of net proceeds".

Pending the use of proceeds outlined above, the Company intends to invest the net proceeds of the Offering in investment grade, short-term, interest bearing securities with preservation of capital and short-term liquidity being important investment parameters.

The Company had negative cash flow from operating activities for the fiscal years ended October 31, 2019 and October 31, 2020. The Company may use proceeds of the Offering to fund negative cash flows until sufficient revenue is generated. See "Risk Factors – Negative Cash Flow from Operations".

Financial Resources

As at December 31, 2020, the Company's cash balance (including short term investments and adjusted for amounts which cannot be converted to cash) was approximately $4,800,000 and the Company's net working capital (excluding cash and short term investments) was approximately $6,400,000. The Company expects to have approximately $20.2 of net working capital that can be utilized to fund the operations when taking into account the Minimum Offering, which the Company expects to be sufficient to fund its operations for the twelve month period following the Closing Date.

If the Company assumes zero growth, the combination of the net working capital and the proceeds from the Minimum Offering are sufficient to pay expenses from operations for the next twelve month period. The projected use of proceeds includes a growth assumption; however, if such growth is not realized, a lower amount of the proceeds of the Offering may be used to acquire production equipment, biomass and for product formulation, thereby increasing the funds available to fund the operations of the Company for the twelve month period following the Closing Date. The Company does not contemplate seeking additional sources of financing at this time.

Assuming no growth in revenue and annualizing the cash used in operating activities based on the cash used in operating activities for the year ended October 31, 2020, the Company is sufficiently capitalized to fund its operations and fund its obligations, as set out in the below table:

Sources of funds	Notes	Millions
Approximate net working capital (as at December 31, 2020)		$11.2
Minimum net proceeds		$9.0
Total sources		$20.2

Use of funds		
Cash used in operating activities	1	$7.0
Debt repayment	2	$4.7
Minimum use of proceeds		$9.0
Total uses		$20.7
Remaining capital for general purposes	3	(0.5)
Use of proceed adjustment for zero growth from prior year		$3.6
Remaining capital for general purposes	4	$3.1

Notes:

(1) The estimate of cash used in operating activities is based on cash used in operating activities for the year ended October 31, 2020 and assumes zero growth for the twelve month period following the Closing Date. In arriving at this estimate, the Company has assumed that it will not be required to significantly increase staffing given the scale provided by its current production capacity or materially increase selling, general and administrative expenses in order to optimize production to support increased sales. In addition, the Company has assumed that amounts required for the purchase of biomass, packaging and additional production equipment will, as noted above, be substantially funded from the net proceeds of the Offering. If the Company incurs additional unanticipated costs for packaging and biomass, the Company believes that these added costs will be substantially offset by corresponding sales.

(2) The Company anticipates that its existing debt facility will be repaid from cash from operations. As noted above, the Company does not intend on using more than 10% of the net proceeds of the Offering to repay this indebtedness. However, assuming no changes to the current business, the Company would be able to repay the facility with current resources assuming the proceeds from the Minimum Offering are received.

(3) Any expansion into the U.S. market will be dependent on funds available for allocation to such expansion. At this time, the Company intends to fund any expansion into the U.S. market using existing cash on hand, cash generated from operations and available customer deposits, and not from the net proceeds of the Offering. The Company has not yet determined the precise timing or associated costs of any potential U.S. expansion.

(4) The use of proceeds is allocated to facilitate the Company's growth plans. If the Company assumes zero growth, the use of proceeds allocation for production equipment and product formulation would be discretionary. The total of this discretionary spend could be allocated to general purposes in the amount of $3.6 million, thereby increasing the remaining capital for general working capital purposes from ($500,0000) to $3.1 million.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement the Agents have agreed to sell on a best efforts basis 71,428,571 Units in the case of the Minimum Offering and 86,000,000 Units in the case of the Maximum Offering at a price of $0.14 per Unit for aggregate gross proceeds of $10,000,000 in the case of the Minimum Offering and $12,040,000 in the case of the Maximum Offering. The Offering Price was determined based upon arm's length negotiations between the Company and the Co-Lead Agents. The obligations of the Agents under the Agency Agreement are conditional and may be terminated in their sole discretion on the basis of the "disaster out", "regulatory out", "material change out", "litigation out", "market out", "breach out" and "due diligence out" provisions in the Agency Agreement and may also be terminated upon the occurrence of certain other stated events. While the Agents have agreed to use their best efforts to sell the Units, the Agents are not obligated to purchase any Units not sold.

The Offering is not underwritten or guaranteed by any person. The Offering is made on a best efforts basis by the Agents who conditionally offer the Units, if, as and when issued by the Company and accepted by the Agents, in accordance with the terms and conditions contained in the Agency Agreement. Except for certain President's List purchasers, all funds received from the subscription for the Units will be deposited and held by the Agents pursuant to the terms and conditions of the Agency Agreement and will not be released until the Agents have consented to such release.

The Agents have been granted the Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Agents, until the Over-Allotment Deadline to cover the Agents' over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercisable by the Agents in respect of: (i) Over-Allotment Units at the Offering Price, (ii) the Over-Allotment Shares at a price of $0.13 per Over-Allotment Share, (iii) the Over-Allotment Warrants at a price of $0.01 per Over-Allotment Warrant; or (iv) any combination of the Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants, so long as the aggregate number of Over-Allotment Shares and Over-Allotment Warrants which may be issued under the Over-Allotment Option does not exceed 12,900,000 Over-Allotment Shares and 12,900,000 Over-Allotment Warrants. The Over-Allotment Option is exercisable by the Agents by giving notice to the Company prior to the Over-Allotment Deadline, which notice shall specify the number of Over-Allotment Units, Over-Allotment Shares and/or 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 Agents' 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.

Pursuant to the Agency Agreement, the Agents will receive an Agents' Fee of 7% of the gross proceeds of the Offering, subject to a reduced fee of 3.5% for the number of Units sold to President's List purchasers in excess of the number of Units sold to Non-President's List Purchasers. A purchaser who acquires the Units (including any Over-Allotment Units) acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. In addition to the Agents' Fee, the Agents will also receive Broker Options to purchase such number of Broker Units as is equal to 7% of the aggregate number of Units sold in the Offering (including any Over-Allotment Units), subject to a reduced number of Broker Option equal to 3.5% of the number of Units sold to purchasers on the President's List in excess of the number of Units sold to Non-President's List Purchasers. The Broker Options will have an exercise price of $0.14 and will expire on the date that is 24 months from the Closing Date.

The Broker Units will have the same terms as the Units. This Prospectus also qualifies the distribution of the Broker Options to the Agents. The Company has also agreed to reimburse the Agents for certain expenses related to the Offering. There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering other than the payments to be made to the Agents in accordance with the terms of the Agency Agreement.

Pursuant to the terms of the Agency Agreement, the Company has agreed to indemnify the Agents and their respective affiliates and their respective directors, officers, employees, legal counsel, agents and controlling persons against, certain liabilities and expenses and to contribute to payments the Agents may be required to make in respect thereof.

The Offering is being made in each of the provinces of British Columbia, Alberta, Ontario, New Brunswick and Nova Scotia. The Units will be offered in each such jurisdiction through those Agents or their affiliates who are registered to offer the Units for sale in such jurisdiction and such other registered dealers as may be designated by the Agents. The Units may also be offered and sold in the United States in a private placement. Subject to applicable law, the Agents may offer the Units in such other jurisdictions outside of Canada and the United States as agreed between the Company and the Agents.

The Company has provided notice to the CSE to list the Unit Shares, the Warrants, the Warrant Shares, the Broker Unit Shares, the Broker Warrants and the Broker Warrant Shares on the CSE. Listing will be subject to the Company fulfilling all listing requirements of the CSE.

Pursuant to the Agency Agreement, the Company has agreed not to, without the prior consent of the Co-Lead Agents, on behalf of the Agents, such consent shall not be unreasonably withheld, issue, negotiate or enter into any agreement to sell or issue or announce the issue of, any equity securities of the Company, other than: (i) as contemplated in the Agency Agreement; (ii) pursuant to the grant of options or other securities in the normal course pursuant to the Company's employee stock option plan or other equity compensation plan or issuance of securities pursuant to the exercise or conversion, as the case may be, of options or securities of the Company outstanding on the date of the Agency Agreement; or (iii) an issuance of options or securities in connection with a bona fide acquisition by the Company (other than a direct or indirect acquisition, whether by way of one or more transactions, of an entity all or substantially all of the assets of which are cash, marketable securities or financial in nature or an acquisition that is structured primarily to defeat the intent of this provision), for a period of 90 days following the Closing Date.

As a condition precedent to the Agents' obligation to close the Offering, all directors and senior officers of the Company shall execute and deliver written undertakings in favour of the Agents agreeing not to sell, transfer, pledge, assign, encumber or otherwise dispose of any securities of the Company owned, directly or indirectly, by such directors or senior officers, until the date that is 90 days following the Closing Date, without the prior written consent of Co-Lead Agents, on behalf of the Agents, such consent not to be unreasonably withheld.

Pursuant to policy statements of certain securities regulators, the Agents may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to certain exceptions including: (i) 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; (ii) 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 (iii) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Consistent with these requirements, and in connection with this distribution, the Agents may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. If these activities are commenced, they may be discontinued by the Agents at any time. The Agents may carry out these transactions on the CSE, in the over-the counter market or otherwise.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Agents reserve the right to close the subscription books at any time without notice. Subject to the Minimum Offering being met, closing of the Offering is expected to take place on or about March ●, 2021, or such other date as the Company and the Agents may agree, but in no event later than the date that is 90 days after the date of the receipt for this Prospectus or such other times as may be permitted by applicable securities legislation and consented to by persons or companies who subscribed within that period and the Agents. Pending closing of the Offering, all subscription funds will be deposited and held by the Agents in trust under the terms and conditions of the Agency Agreement, except for the subscription funds of certain President's List purchasers delivered directly to the Company. If the Minimum Offering is not achieved or the Closing Date does not occur within 90 days from the date a receipt is issued for this Prospectus or such other time as may be permitted by applicable securities legislation and consented to by persons or companies who subscribed within that period and the Agents, the Offering will be discontinued and all subscription monies will be returned to subscribers without interest, set-off or deduction.

Except for certain President's List purchasers, it is anticipated that the Units will be delivered under the book-based system through CDS or its nominee and deposited in electronic form whereby a purchaser of Units, including a purchaser of Units in the United States that is a Qualified Institutional Buyer, will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Units on behalf of owners who have purchased Units in accordance with the book-based system. Except for certain President's List purchasers, no certificates will be issued unless specifically requested or required. Notwithstanding the foregoing, a purchaser of Units in the United States that is an Accredited Investor will receive definitive physical certificates representing the Unit Shares and Warrants.

Any Units offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws, and accordingly the Units may not be offered or sold in the United States (if at all) or for the account or benefit of, persons within the United States, except in transactions exempt from the registration requirements of the U.S.

Securities Act and applicable state securities laws. The Agents have agreed that, except as permitted by the Agency Agreement and as expressly permitted by applicable U.S. federal and state securities laws, they will not offer or sell any of the Units to, or for the account or benefit of, persons within the United States. The Agents may offer and sell the Units pursuant to the Agency Agreement in the United States to Accredited Investors and Qualified Institutional Buyers in compliance with Rule 506(b) of Regulation D under the U.S. Securities Act and applicable U.S. state securities laws. The Agents will offer and sell the Units outside the United States only in accordance with Regulation S under the U.S. Securities Act. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units offered under the Offering in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units in the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made other than in accordance with an exemption from such registration requirements.

The Warrants may not be exercised in the United States, or by or for the account of a person in the United States except pursuant to exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws, and the holder has delivered to the Company a written opinion of counsel, in form and substance satisfactory to the Company; provided, however, that a Qualified Institutional Buyer that purchased the Warrants from the Agents pursuant to the Rule 506(b) of Regulation D under the U.S. Securities Act for its own account, or for the account of another Qualified Institutional Buyer for which it exercised sole investment discretion with respect to such original purchase (an "**Original Beneficial Purchaser**"), will not be required to deliver an opinion of counsel if it exercises the Warrants for its own account or for the account of the Original Beneficial Purchaser, if any, if each of it and such Original Beneficial Purchaser, if any, was a Qualified Institutional Buyer at the time of its purchase and exercise of the Warrants.

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

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

Notice to Investors

Australia

THIS PROSPECTUS HAS NOT BEEN, AND IS NOT REQUIRED TO BE, LODGED WITH THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION OR ANY OTHER GOVERNMENT BODY IN AUSTRALIA.

THIS PROSPECTUS HAS BEEN PREPARED AND IS INTENDED TO BE ISSUED TO "SOPHISTICATED INVESTORS" AS THAT TERM IS DEFINED IN SECTION 708(8) OF THE CORPORATIONS ACT 2001 (CTH) OR "PROFESSIONAL INVESTORS" AS THAT TERM IS DEFINED IN SECTION 708(11) OF THE CORPORATIONS ACT 2001 (CTH). ONLY SOPHISTICATED INVESTORS AND PROFESSIONAL INVESTORS IN AUSTRALIA CAN MAKE AN INVESTMENT IN CONNECTION WITH THE OFFER OF UNITS UNDER THIS PROSPECTUS. THIS PROSPECTUS IS INTENDED TO PROVIDE SOPHISTICATED INVESTORS AND PROFESSIONAL INVESTORS IN AUSTRALIA WITH INFORMATION ONLY AND DOES NOT CONSTITUTE A PROSPECTUS, PRODUCT DISCLOSURE STATEMENT OR OTHER DISCLOSURE DOCUMENT UNDER PART 6D.2 OF THE CORPORATIONS ACT 2001 (CTH). THIS PROSPECTUS AND ANY OTHER DOCUMENT RELATING TO THE OFFER OF UNITS MAY NOT BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN AUSTRALIA.

THE CONTENTS OF THIS PROSPECTUS HAVE NOT BEEN REVIEWED BY ANY AUSTRALIAN REGULATORY AUTHORITY. YOU SHOULD SEEK APPROPRIATE PROFESSIONAL ADVICE AND

SHOULD CONDUCT YOUR OWN INDEPENDENT INVESTIGATION AND ANALYSIS REGARDING ANY INFORMATION CONTAINED IN THIS PROSPECTUS. YOU SHOULD RELY ON YOUR OWN ENQUIRIES, IN PARTICULAR IN OBTAINING YOUR OWN LEGAL, INVESTMENT AND TAX ADVICE IN DETERMINING WHETHER THE INVESTMENT IS SUITABLE FOR YOU.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Common Shares

The holders of Common Shares are entitled to dividends as and when declared by the board of directors of the Company, to one vote per share at meetings of shareholders of the Company and, upon liquidation, to receive such assets of the Company as are distributable to the holders of Common Shares after payment of the Company's creditors. All Common Shares, when issued, will be fully paid and non-assessable. There are no pre-emptive rights or conversion rights attached to the Common Shares. There are also no redemption, retraction or purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or any provisions as to the modification, amendment or variation of any such rights or provisions attached to the Common Shares. Subject to the OBCA, the Company may, if authorized by the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms determined by the directors.

Provisions as to the modification, amendment or variation of the rights attached to the Common Shares are contained in the Company's articles and the OBCA.

Warrants

The Warrants will be governed by the terms of the Warrant Indenture. The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Warrants which is filed under the Company's corporate profile on SEDAR. A register of holders is maintained at the principal offices of the Warrant Agent in Vancouver, British Columbia.

Each Warrant will entitle the holder to acquire, subject adjustment in certain circumstances, one Warrant Share at an exercise price of $0.21 until 4:59 p.m. (Eastern time) until the date that is 24 months following the Closing Date after which time the Warrants will be void and of no value.

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 the Common Shares as a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of Warrants or any outstanding options);

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

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

(iv) the issuance to all or substantially all of the holders of the 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, for the Common Shares on such record date; or

(v) the distribution to all or substantially all of the holders of the Common Shares of shares of any class other than the Common Shares, rights, options or warrants to acquire Common Shares or securities exchangeable or convertible into Common Shares other than pursuant to item (iv) above, of evidences of indebtedness, or any property or other assets.

The Warrant Indenture will also provide for adjustments in the class and/or number of securities issuable upon exercise of the Warrants and/or the exercise price per security in the event of the following additional events: (a) reclassifications of the Common Shares or a capital reorganization of the Company (other than as described in items (i) to (iii) above); (b) consolidations, amalgamations, arrangements or mergers of the Company with or into another entity; or (c) any sale or conveyance of the property and assets of the Company as an entirety or substantially as an entirety to another entity, in which case each holder of a Warrant which is thereafter exercised will receive, in lieu of Common Shares, the kind and number or amount of other securities or property which such holder would have been entitled to receive as a result of such event if such holder had exercised the Warrants prior to the event.

The Company will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to the Warrant Agent and to the holders of Warrants of its intention to fix a record date for 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 of such events.

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

The Warrant Indenture will provide that, from time to time, the Warrant Agent and the Company, without the consent of the holders of Warrants, may be able to supplement the Warrant Indenture for certain purposes, including rectifying any ambiguities, defective provisions, clerical omissions or mistakes, or other errors contained in the Warrant Indenture or in any deed or indenture supplemental or ancillary to the Warrant Indenture, provided that, in the opinion of the Warrant Agent, relying on counsel, the rights of the holders of Warrants are in no way prejudiced. Any supplement to the Warrant Indenture that is prejudicial to the interests of the holders of Warrants, will be subject to approval by an "Extraordinary Resolution", which will be defined in the Warrant Indenture as a resolution either: (i) 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 25% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66⅔% of the number of all of the then outstanding Warrants.

The principal transfer office of the Warrant Agent in Vancouver, British Columbia is the location at which Warrants may be surrendered for exercise or transfer.

PRIOR SALES

The following table summarizes details of the securities issued by the Company during the 12-month period prior to the date of this Prospectus.

Common Shares

Date of issuance	Number of securities issued	Issue/exercise price per security
January 25, 2021	150,000,000	$0.14
January 15, 2021	5,076,628	$0.15
November 12, 2020	2,549,644	$0.10

Date of issuance	Number of securities issued	Issue/exercise price per security
August 24, 2020	21,918,698	$0.15
October 6, 2020	500,000	$0.12

Restricted Stock Units

Date of issuance	Number of securities issued	Issue/exercise price per security
January 15, 2021	5,076,628	N/A

TRADING PRICE AND VOLUME

The Common Shares are listed on the CSE under the trading symbol "CANN" and on the OTCPK under the symbol "HERTF". The following table sets forth information relating to the trading of the Common Shares on the CSE for the months indicated.

	CSE Price Range ($)		
Month	**High ($)**	**Low ($)**	**Total Volume**
March 2020	0.23	0.105	24,358,978
April 2020	0.17	0.13	20,407,239
May 2020	0.19	0.13	20,990,272
June 2020	0.155	0.13	9,902,259
July 2020	0.15	0.09	21,000,498
August 2020	0.12	0.1	10,664,124
September 2020	0.105	0.085	9,590,168
October 2020	0.2	0.095	28,633,692
November 2020	0.15	0.115	12,858,891
December 2020	0.175	0.11	34,391,187
January 2021	0.215	0.135	38,932,003
February 2021	0.22	0.13	59,514,943
March 1 – 2, 2021	0.185	0.16	4,327,208

RISK FACTORS

An investment in the securities of the Company is speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position, financial condition or operating results of the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations.

Prospective purchasers should carefully consider all information contained in this Prospectus, including all documents incorporated by reference, and in particular should give special consideration to the risk factors under the section titled

"Risk Factors" in the Annual Information Form, which is incorporated by reference in this Prospectus and which may be accessed on the Company's SEDAR profile at www.sedar.com, and the information contained in the section entitled "Cautionary Statement Regarding Forward-Looking Information". Additionally, purchasers should consider the risk factors set forth below.

The risks and uncertainties described or incorporated by reference in this Prospectus are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company's business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Common Shares could decline and investors could lose all or part of their investment.

The Company has discretion in the use of net proceeds

The Company intends to use the net proceeds from the Offering as set forth under "Use of Proceeds"; however, the Company maintains broad discretion to use the net proceeds from the Offering in ways that it deems most efficient. The failure to apply the net proceeds as set forth under "Use of Proceeds" and other financings could adversely affect the Company's business and, consequently, could adversely affect the price of the Common Shares and Warrants on the open market.

Notwithstanding the foregoing, the Company will only use the net proceeds from the Offering for activities that are and will be at the relevant time compliant with all applicable laws in the jurisdiction in which the Company then operates, including but not limited to the CSA.

Negative cash flow from operations

During the fiscal year ended October 31, 2020, the Company had negative cash flow from operating activities. 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 net proceeds from the Offering may be used to fund such negative cash flow from operating activities, if any.

Holders of Common Shares will be diluted

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of further issuances, subject to compliance with applicable laws. Moreover, additional Common Shares will be issued by the Company on the exercise of the Warrants and Broker Warrants. In addition, the Company has agreed to issue additional Common Shares in the future if certain earn-out conditions are achieved in connection with previously executed acquisition agreements, which may also have a dilutive effect on the current shareholders of the Company.

There is currently no market for the Warrants

There is currently no market through which the Warrants may be sold. The Company will give notice to list the Warrants, but such listing may not occur. Accordingly, the purchasers may not be able to resell the Warrants purchased under this Prospectus. This may affect pricing of the Warrants in the secondary market, the transparency and availability of trading prices and the liquidity of the Warrants. The Offering Price and the allocation thereof between the Unit Shares and the Warrants comprising the Units have been determined by negotiation between the Company the Co-Lead Agents.

Holders of Warrants have no rights as shareholders

Until a holder of Warrants acquires Warrant Shares upon exercise of Warrants, such holder will have no rights with respect to the Warrant Shares underlying such Warrants. Upon exercise of such Warrants, such holder will be entitled to exercise the rights of a holder of Common Shares only as to matters for which the record date occurs after the exercise date of such Warrants.

Completion of the Offering

Completion of the Offering remains subject to a number of conditions precedent. There can be no certainty that the Offering will be completed. If the Offering is not completed, the Company may not be able to raise the funds required for the purposes contemplated under "Use of Proceeds" from other sources on commercially reasonable terms or at all.

Force majeure events- COVID 19

Global or national health concerns, including the outbreak of pandemic or contagious diseases, such as COVID-19 (coronavirus), may adversely affect the Company. The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises. In December 2019, COVID-19, a novel strain of coronavirus, was reported to have surfaced in Wuhan, China. On January 30, 2020, the World Health Organization ("**WHO**") declared the outbreak a global health emergency and on March 11, 2020, the WHO expanded its classification of COVID-19 to a worldwide pandemic following which federal, provincial and municipal governments in Canada began enacting measures to combat the spread of COVID-19.

The Company expects to experience some short to medium term negative impact from the COVID-19 outbreak; however, the extent of such impact is currently unquantifiable, but may be significant. Such impact includes, with respect to its operations, its suppliers' operations and its customers' operations, forced closures, mandated social distancing, isolation and/or quarantines, the impact of declared states of emergency, public health emergency and similar declarations and could include other increased government regulations, a material reduction in demand for the Company's products and services, reduced sales, higher costs for new capital, licensing delays, increased operating expenses, delayed performance of contractual obligations, and potential supply and staff shortages, all of which are expected to negatively impact the business, financial condition and results of operations of the Company and thus may impact the ability of the Company to comply with financial covenants, and its ability to satisfy its obligations to its lenders and other parties, which may in turn may adversely impact, among other things, the ability the Company to access debt or equity capital on acceptable terms or at all.

The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in the Company's facilities. Should an employee or visitor in any of the Company's facilities become infected with a serious illness that has the potential to spread rapidly, this could place the Company's workforce and operations at risk. The 2020 outbreak of COVID-19 is one example of such an illness.

Reliance on third-party suppliers, manufacturers and contractors

The Company intends to maintain a full supply chain for the provision of products and services to the regulated cannabis industry. If the Company or any of its subsidiaries becomes involved in the cannabis industry in the United States in a manner which, although legal in a particular state, is illegal under the federal laws of the United States, the Company's third-party suppliers, manufacturers and contractors may elect, at any time, to decline or withdraw services necessary for the Company's operations because of the uncertain regulatory landscape for regulating cannabis in the United State. Loss of its suppliers, service providers or distributors would have a material adverse effect on the Company's business and operational results. Disruption of the Company's manufacturing and distribution operations could adversely affect inventory supplies and the Company's ability to meet product delivery deadlines or production capabilities.

Reliance on licenses

The Company is dependent on the Health Canada licenses granted to its subsidiaries. Failure to comply with the requirements of these licenses or any failure to obtain or maintain these licenses could have a material adverse impact on the business, financial condition and operating results of the Company. There can be no guarantee that a license will be issued, extended or renewed or, if issued, extended or renewed, that it will be issued, extended or renewed on terms that are favourable to the Company.

Regulatory scrutiny of the Company's interests in the United States

The Company's interests in the United States cannabis market, and future licensing arrangements, may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to carry on its business in the United States.

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. A negative shift in the public's perception of cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. It has been reported by certain publications in Canada that The Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS, refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settlement hub settling trades in the Canadian equity, fixed income and money markets. Neither CDS nor its parent company have issued any public statement in regards to these reports. However, if CDS were to proceed in the manner suggested by these publications, and apply such a policy to the Company, it would have a material adverse effect on the ability of holders of Common Shares and Warrants to make trades. In particular, the Common Shares and Warrants would become highly illiquid as investors would have no ability to effect a trade of the Common Shares and Warrants through the facilities of a stock exchange.

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

Cannabis remains illegal under federal law in the United States, and therefore, strict enforcement of federal laws regarding cannabis would likely result in our inability to execute our business plan.

Cannabis, other than hemp (defined by the U.S. government as *Cannabis sativa L.* with a tetrahydrocannabinol (THC) concentration of not more than 0.3% on a dry weight basis), is a Schedule I controlled substance under the CSA. In December 2018, the U.S. government changed hemp's legal status. The Farm Bill, removed hemp and extracts of hemp, including CBD, from the CSA schedules. Accordingly, the production, sale and possession of hemp or extracts of hemp, including certain CBD products, no longer violate the CSA. U.S. states have implemented a patchwork of different laws on hemp and its extracts, including CBD. Additionally, the U.S. Food and Drug Administration claims that the Food, Drugs & Cosmetics Act significantly limits the legality of hemp-derived CBD products.

Even in U.S. states or territories that have legalized cannabis to some extent, the cultivation, possession, and sale of cannabis all violate the CSA and are punishable by imprisonment, substantial fines and forfeiture. Moreover, individuals and entities may violate federal law if they aid and abet another in violating the CSA, or conspire with another to violate the law, and violating the CSA is a predicate for certain other crimes, including money laundering laws and the Racketeer Influenced and Corrupt Organizations Act. The U.S. Supreme Court has ruled that the federal government has the authority to regulate and criminalize the sale, possession and use of cannabis, even for individual medical purposes, regardless of whether it is legal under state law. For over five years, however, the U.S. government has not prioritized the enforcement of those laws against cannabis companies complying with state law and their vendors. No reversal of that policy of prosecutorial discretion is expected under a Biden administration given his campaign's position on cannabis, discussed further below, although prosecutions against state-legal entities cannot be ruled out.

On January 4, 2018, then U.S. Attorney General Jeff Sessions issued a memorandum for all U.S. Attorneys (the "**Sessions Memo**") rescinding certain past U.S. Department of Justice ("**DOJ**") memoranda on cannabis law enforcement, including the Memorandum by former Deputy Attorney General James Michael Cole (the "**Cole Memo**") issued on August 29, 2013, under the Obama administration. Describing the criminal enforcement of federal cannabis prohibitions against those complying with state cannabis regulatory systems as an inefficient use of federal

investigative and prosecutorial resources, the Cole Memo gave federal prosecutors discretion not to prosecute state law compliant cannabis companies in states that were regulating cannabis, unless one or more of eight federal priorities were implicated, including use of cannabis by minors, violence, or the use of federal lands for cultivation. The Sessions Memo, which remains in effect, states that each U.S. Attorney's Office should follow established principles that govern all federal prosecutions when deciding which cannabis activities to prosecute. As a result, federal prosecutors could and still can use their prosecutorial discretion to decide to prosecute even state-legal cannabis activities. Since the Sessions Memo was issued over three years ago, U.S. Attorneys have generally not prioritized the targeting of state law compliant entities.

Then Attorney General William Barr testified in his confirmation hearing on January 15, 2019, that he would not upset "settled expectations," "investments," or other "reliance interest[s]" arising as a result of the Cole Memo, and that he did not intend to devote federal resources to enforce federal cannabis laws in states that have legalized cannabis "to the extent people are complying with the state laws." He stated: "My approach to this would be not to upset settled expectations and the reliance interests that have arisen as a result of the [Cole Memo] and investments have been made and so there has been reliance on it, so I don't think it's appropriate to upset those interests." He also implied that the CSA's prohibitions of cannabis may be implicitly nullified in states that have legalized cannabis: "[T]he current situation … is almost like a back-door nullification of federal law." Industry observers generally have not interpreted Attorney General Barr's comments to suggest that the DOJ would proceed with cases against participants who entered the state-legal industry after the Cole Memo's rescission.

As such, there is no assurance that each U.S. Attorney's Office in each judicial district will not choose to strictly enforce federal laws governing cannabis sales in the event the Company commences any cannabis activities in the United States. The Company believes that the basis for the U.S. federal government's lack of recent enforcement with respect to the cannabis industry extends beyond the strong public sentiment and ongoing prosecutorial discretion. Since 2014, versions of the U.S. omnibus spending bill have included a provision prohibiting the DOJ, which includes the Drug Enforcement Administration, from using appropriated funds to prevent states from implementing their medical-use cannabis laws. In USA vs. McIntosh, the U.S. Court of Appeals for the Ninth Circuit held that the provision prohibits the DOJ from spending funds to prosecute individuals who engage in conduct permitted by state medical-use cannabis laws and who strictly comply with such laws. The court noted that, if the spending bill provision were not continued, prosecutors could enforce against conduct occurring during the statute of limitations even while the provision was previously in force. Other courts that have considered the issue have ruled similarly, although courts disagree about which party bears the burden of proof of showing compliance or noncompliance with state law. Consequently, it is feasible that in the future that Company may directly or indirectly sell adult-use cannabis, if permitted by such state and local laws now or in the future, and therefore may be outside any protections extended to medical-use cannabis under the spending bill provision. This could subject us to greater and/or different federal legal and other risks as compared to businesses where cannabis is sold exclusively for medical use, which could in turn materially adversely affect our business. Furthermore, any change in the federal government's enforcement posture with respect to state-licensed cannabis sales, including the enforcement postures of individual federal prosecutors in judicial districts where the Company may operate, would result in our inability to execute our then business plan, and we would likely suffer significant losses with respect to client base, which would adversely affect our operations, cash flow and financial condition.

While President Biden's campaign position on cannabis falls short of full legalization, he has campaigned on a platform of relaxing enforcement of cannabis proscriptions, including decriminalization generally. According to the Biden campaign website: "A Biden Administration will support the legalization of cannabis for medical purposes and reschedule cannabis as a CSA Schedule II drug so researchers can study its positive and negative impacts. This will include allowing the [Department of Veteran's Affairs] to research the use of medical cannabis to treat veteran-specific health needs." He has pledged to "decriminalize" cannabis, which could prompt his U.S. Attorney General to issue policy guidance to U.S. Attorneys that they should not enforce federal cannabis prohibition against state law compliant entities and others legally transacting business with them. Indeed, the Biden-Sanders Unity Platform, which was released at the time President Biden won the Democratic Party nomination for President, affirmed that his administration would seek to "[d]ecriminalize marijuana use and legalize marijuana for medical purposes at the federal level;" "allow states to make their own decisions about legalizing recreational use;" and "automatically expunge all past marijuana convictions for use and possession." Vice President Harris echoed these intentions during the vice presidential debate, saying that "[w]e will decriminalize marijuana and we will expunge the records of those who have been convicted of marijuana[-related offenses]." While President Biden's promise to decriminalize likely would mean

that the federal government would not criminally enforce the Schedule II status against state legal entities, the implications are not entirely clear.

Although the U.S. Attorney General could issue policy guidance to federal prosecutors that they should not interfere with cannabis businesses operating in compliance with states' laws, any such guidance would not have the force of law, and could not be enforced by the courts. The President alone cannot legalize medical cannabis, and as states have demonstrated, legalizing medical cannabis can take many different forms. While rescheduling cannabis to the CSA's Schedule II would ease certain research restrictions, it would not make the state medical or adult-use programs federally legal. Additionally, President Biden has not appointed any known proponents of cannabis legalization to the Office of National Drug Control Policy transition team. Furthermore, while industry observers are hopeful that changes in Congress, along with a Biden presidency, will increase the chances of federal cannabis policy reform, such as the Marijuana Opportunity Reinvestment and Expungement Act (or MORE Act), which was originally co-sponsored by now Vice President Harris in the Senate, or banking reform, such as the SAFE Banking Act, we cannot provide assurances about the content, timing or chances of passage of a bill legalizing cannabis, particularly in the Senate. Accordingly, we cannot predict the timing of any change in federal law or possible changes in federal enforcement. In the unlikely event that the federal government were to reverse its long-standing hands-off approach to the state legal cannabis markets and start more broadly enforcing federal law regarding cannabis, this may hinder potential expansion opportunities of the Company into the United States.

Anti-money laundering laws and regulations

The Company is subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), Sections 1956 and 1957 of U.S.C. Title 18 (the Money Laundering Control Act), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended, and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada. Banks often refuse to provide banking services to businesses involved in the U.S. cannabis industry due to the present state of the laws and regulations governing financial institutions in the United States. The lack of banking and financial services presents unique and significant challenges to businesses in the medical cannabis industry. The potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented by the unavailability of traditional banking and financial services.

In February 2014, the Department of the Treasury Financial Crimes Enforcement Network ("**FinCEN**"), a division of the U.S. Department of Treasury, issued the FinCEN Guidance, providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Guidance 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 former Deputy Attorney General James M. Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. While the FinCEN Guidance has not been rescinded by the DOJ at this time, it remains unclear whether the current administration will follow its guidelines. Overall, the DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act that occur in any U.S. state, including in states that have legalized the applicable conduct, and the DOJ's current enforcement priorities could change for any number of reasons, including a change in administration, the opinions of the President of the United States or the United States Attorney General. A change in the DOJ's enforcement priorities could result in the DOJ prosecuting banks and financial institutions for crimes that previously were not prosecuted. On September 25, 2019, the U.S. House of Representatives passed the Secure and Fair Enforcement Banking Act of 2019 (commonly known as the SAFE Banking Act) which aims to provide safe harbor and guidance to financial institutions that work with legal U.S. cannabis businesses. The SAFE Banking Act will next require passage by the U.S. Senate.

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, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while there are no current intentions to declare or pay dividends in the foreseeable future, in the event that a determination was made that the Company's proceeds from operations (or any future operations or investments in the United States) could reasonably be shown to constitute proceeds of crime, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Owens Wright LLP, counsel to the Company, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a beneficial owner of Unit Shares and Warrants who acquires the Units (as beneficial owner) pursuant to this Offering or to a beneficial owner of Warrants who acquires Warrant Shares pursuant to the exercise of Warrants. For purposes of this summary, references to Common Shares include Unit Shares and Warrant Shares unless otherwise indicated. This summary applies only to persons who, for the purposes of the application of the Tax Act and at all relevant times: (i) deal at arm's length with the Company and the Agents and are not affiliated with the Company or the Agents; and (ii) acquired and holds any Common Shares and Warrants, as capital property. Persons meeting such requirements are referred to as a "**Holder**" or "**Holders**" herein, and this summary only addresses such Holders. Common Shares and Warrants will generally 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 not applicable to a Holder (i) that is a "financial institution", as defined in the Tax Act, for the purpose of the mark-to-market rules; (ii) an interest in which would be a "tax shelter investment", as defined in the Tax Act; (iii) that is a "specified financial institution", as defined in the Tax Act; (iv) that has made an election under the Tax Act to determine its Canadian tax results in a currency other than the Canadian dollar; (v) that receives dividends on the Common Shares under or as part of a "dividend rental arrangement", as defined in the Tax Act; (vi) that enters into, with respect to their Unit Shares, Warrants or Warrant Shares, a "derivative forward agreement" or "synthetic disposition arrangement", both as defined in the Tax Act; or (vii) that is a "foreign affiliate" of a taxpayer resident in Canada, as defined in the Tax Act. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Units. Such Holders are advised to obtain their own tax advice.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"), our understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") and the Canada-United States Tax Convention (1980), as amended (the "**Canada-US Treaty**"). No assurance can be given that the Proposed Amendments will be enacted in the form proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not 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, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors having regard to their own particular circumstances.

Allocation of Cost

Holders will be required to allocate on a reasonable basis their cost of each Unit between the Unit Share and the Warrant comprising the Unit in order to determine their respective costs for purposes of the Tax Act.

For its purposes, the Company intends to allocate $0.13 to each Unit Share and $0.01 to each Warrant. Although the Company believes that its allocation is reasonable, it is not binding on the CRA or the Holder. Holders are encouraged to consult their own tax advisors in this regard.

Adjusted Cost Base

The Holder's adjusted cost base of the Unit Share comprising a part of each Unit will be determined by averaging the cost allocated to the Unit Share with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

Exercise of Warrants

The exercise of a Warrant to acquire a Warrant Share will be deemed not to constitute a disposition of property for purposes of the Tax Act. As a result, no gain or loss will be realized by a Holder on the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging such cost with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

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 and any applicable income tax treaty or convention (a "**Resident Holder**"). Persons who are residents of Canada for purposes of the Tax Act and whose Common Shares do not otherwise qualify as capital property may in certain circumstances make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Common Shares, and every other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and in all subsequent taxation years, be deemed to be capital property. Persons whose Common Shares might not otherwise be considered to be capital property should consult their own tax advisors concerning this election. Such election is not available in respect of Warrants.

Expiry of Warrants

The expiry of an unexercised Warrant will generally result in a capital loss to the Resident Holder equal to the adjusted cost base of the Warrant to the Resident Holder immediately before its expiry. See the discussion below under the heading "Taxation of Capital Gains and Capital Losses".

Dispositions of Common Shares and Warrants

On a disposition or deemed disposition of a Common Share (except to the Company that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in an open market) or a Warrant (other than on the exercise or expiry of a Warrant), a capital gain (or capital loss) will generally be realized by a Resident Holder in the year of disposition to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Common Share or the Warrant, as the case may be, to the Resident Holder immediately before the disposition. Any such capital gain (or capital loss) will be subject to the treatment described below under the heading "Taxation of Capital Gains and Capital Losses".

Taxation of Capital Gains and Capital Losses

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

The amount of any capital loss realized by a Resident Holder that is a corporation on a disposition of Common Shares 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 or where a partnership or trust, of which a corporation is a member or a beneficiary, is a member of a partnership or a beneficiary of a trust that owns Common Shares. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may also be liable for an additional tax (refundable in certain circumstances) on "aggregate investment income" (as defined in the Tax Act), which includes amounts in respect of taxable capital gains.

Dividends

Dividends received or deemed to be received by a Resident Holder on the Common Shares, if any, will be included in computing the Resident Holder's income for purposes of the Tax Act. 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 normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit provisions where the Company provides appropriate notice to the recipient designating the dividend as an "eligible dividend" for purposes of the Tax Act. There may be limitations on the ability of the Company to designate dividends as "eligible dividends", and the Company has made no commitments in this regard.

Dividends received or deemed to be received on the Common Shares by a Resident Holder that is a corporation must also be included in computing its income but will generally be deductible in computing its taxable income, subject to all restrictions and special rules under the Tax Act. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be 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" (as defined in the Tax Act) or any other corporation controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a tax under Part IV of the Tax Act (refundable in certain circumstances) on dividends received or deemed to be received on the Common Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Alternative Minimum Tax

Capital gains realized and dividends received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to an alternative minimum tax under the Tax Act. Resident Holders should consult their own tax advisors with respect to the application of minimum tax.

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 and any applicable income tax treaty or convention: (i) is not, and is not deemed to be, resident in Canada; and (ii) does not, and is not deemed to, use or hold the Common Shares or Warrants in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). This summary does not apply to a Non-Resident Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere, or that is an "authorized foreign bank" (as defined in the Tax Act), and such Non-Resident 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 be subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividends, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax treaty or 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-US Treaty and is the beneficial owner of the dividend, the applicable rate of Canadian withholding

tax is generally reduced to 15% in most circumstances. Non-Resident Holders should consult their tax advisors in this regard.

Dispositions of Common Shares and Warrants

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, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Common Share or Warrant (as applicable) is, or is deemed to be, "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition, and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident.

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 a disposition of a Common Share or Warrant, generally a Common Share or Warrant (as applicable) will not constitute taxable Canadian property of a Non-Resident Holder 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 for purposes of the Tax Act, 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. Notwithstanding the foregoing, a Common Share or Warrant may also be deemed to be taxable Canadian property to a Non-Resident Holder under other provisions of the Tax Act.

A Non-Resident Holder contemplating a disposition of Common Shares or Warrants that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

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 treaty or convention, the consequences described above under the headings "Holders Resident in Canada — Dispositions of Common Shares and Warrants" and "Taxation of Capital Gains and Capital Losses" will generally be applicable to such disposition.

AUDITORS, TRANSFER AGENT AND REGISTRAR

As of December 8, 2020, the auditors of the Company are Davidson & Company LLP, Chartered Professional Accountants, Vancouver, British Columbia. Davidson & Company LLP is independent with respect to the Company in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia.

INTERESTS OF EXPERTS

The following are the names of each person or company who has prepared or certified a report, valuation, statement or opinion in this Prospectus, either directly or in a document incorporated by reference, and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company:

- Owens Wright LLP is the Company's counsel with respect to Canadian legal matters herein;
- Davidson & Company LLP, Chartered Professional Accountants, the Company`s independent auditors, has prepared an independent audit report dated March 1, 2021 in respect of the Company`s audited consolidated financial statements for the year ended October 31, 2020; and

- MNP LLP, Chartered Professional Accountants, the Company's former independent auditors, has prepared an independent audit report dated February 27, 2020 in respect of the Company`s audited consolidated financial statements for the year ended October 31, 2019.

Based on information provided by the relevant persons, and except as otherwise disclosed in this Prospectus, none of the persons or companies referred to above has received or will receive any direct or indirect interests in the Company's property or the property of an associated party or an affiliate of the Company or have any beneficial ownership, direct or indirect, of the Company's securities or of an associated party or an affiliate of the Company.

As at the date hereof, the "designated professionals" (as such term is defined in Form 51-102F2 – *Annual Information Form*) of Owens Wright LLP beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

Davidson & Company LLP, Chartered Professional Accountants, is independent with respect to the Company in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

MNP LLP, Chartered Professional Accountants, is independent with respect to the Company within the meaning of the CPA code of Professional Conduct of Chartered Professional Accountants of Ontario.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some provinces, 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. President’s List purchasers will have the same rights for rescission and/or damages against the Company and the Agents, as the case may be, as Non-President's List Purchasers. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

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

Under the Warrant Indenture, original purchasers of Warrants pursuant to the Offering will have a non-assignable contractual right of rescission if this Prospectus (including documents incorporated herein by reference) or any amendment hereto contains a misrepresentation (within the meaning of the *Securities Act* (Ontario)). This contractual right of rescission shall be subject to the defences, limitations and other provisions described under part XXIII of the *Securities Act* (Ontario), and is in addition to any other right or remedy available to original purchasers under section 130 of the *Securities Act* (Ontario) or otherwise at law. For greater certainty, the contractual right of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise, as well as the amount paid for the original Warrant, upon surrender of the underlying securities acquired thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the Units under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the Units under this Prospectus. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages, or consult with a legal adviser.

CERTIFICATE OF THE COMPANY

Dated: March 3, 2021

This short form prospectus and draft amended and restated 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 and draft amended and restated short form prospectus as required by the securities legislation of the Provinces of British Columbia, Alberta, Ontario, Nova Scotia and New Brunswick.

(Signed) Clint Sharples	*(Signed) Dan Phaure*
Chief Executive Officer	Chief Financial Officer

On Behalf of the Board of Directors

(Signed) Graeme Staley	*(Signed) Celine Arsenault*
Director	Director

CERTIFICATE OF THE AGENTS

Dated: March 3, 2021

To the best of our knowledge, information and belief, this short form prospectus and amended and restated 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 and amended and restated short form prospectus as required by the securities legislation of the Provinces of British Columbia, Alberta, Ontario Nova Scotia and New Brunswick.

CANTOR FITZGERALD CANADA CORPORATION

(Signed) *Christopher Craib*
Chief Financial Officer

CORMARK SECURITIES INC.

(Signed) *Alfred Avanessy*
Managing Director, Head of Investment Banking

CANACCORD GENUITY CORP.

(Signed) *Shoaib Ansari*
Managing Director, Investment Banking