

These materials are important and require your immediate attention. They require shareholders of Scythian Biosciences Corp. to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors. No securities regulatory authority in Canada or elsewhere has expressed an opinion about, or passed upon, the fairness or merits of the transaction described in this document or the adequacy of the information contained in this document and it is an offence to claim otherwise.



SCYTHIAN BIOSCIENCES CORP.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

and

MANAGEMENT INFORMATION CIRCULAR

Meeting to be held on September 14, 2018

August 13, 2018

THE BOARD OF DIRECTORS OF SCYTHIAN BIOSCIENCES CORP. HAS UNANIMOUSLY DETERMINED THAT THE ENTERING INTO OF THE SHARE PURCHASE AGREEMENT IS IN THE BEST INTERESTS OF SCYTHIAN BIOSCIENCES CORP. AND RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE TRANSACTION RESOLUTION AND FOR THE NAME CHANGE RESOLUTION.

SCYTHIAN BIOSCIENCES CORP.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of the common shares of Scythian Biosciences Corp. (“**Scythian**”) will be held at the offices of Gowling WLG (Canada) LLP, 100 King Street West, 16th Floor, Toronto, Ontario on September 14, 2018 at 10:00 a.m. (Toronto time) for the following purposes:

1. to consider and, if thought appropriate, pass an ordinary resolution (the full text of which is set forth in Appendix A to the accompanying management information circular (the “**Circular**”) approving a transaction involving, among other things, the acquisition by Aphria Inc. of all of the issued and outstanding common shares of LATAM Holdings Inc., a direct, wholly-owned subsidiary of Scythian, all as more particularly described in the Circular;
2. to consider and, if thought appropriate, pass a special resolution (the full text of which is set forth in the Circular) authorizing the amendment of Scythian’s articles to change its name from “Scythian Biosciences Corp.” to “SOL Global Investments Corp.”;
3. to transact any other business that may properly come before the Meeting or any adjournment of the Meeting.

The accompanying Circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

Only Shareholders at the close of business on August 7, 2018 are entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof.

Shareholders may vote in person at the Meeting or any adjournments or postponements thereof, or they may appoint another person (who need not be a Shareholder) as their proxy to attend and vote in their place.

If you are not able to be present at the Meeting, please exercise your right to vote by signing and returning the enclosed form of proxy to TSX Trust Company, at 301-100 Adelaide Street West, Toronto, Ontario, M5H 4H1, no later than 10:00 a.m. (Toronto time) on September 12, 2018, or if the Meeting is postponed, by 10:00 a.m. (Toronto time) on the second business day prior to the date on which the Meeting is reconvened.

DATED this 13th day of August, 2018.

By Order of the Board of Directors

/s/ “Robert Reid”

Robert Reid

Chief Executive Officer

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MANAGEMENT INFORMATION CIRCULAR

This management information circular (this “Circular”) is furnished in connection with the solicitation of proxies by management of Scythian Biosciences Corp. (“Scythian”) for use at the special meeting of shareholders of Scythian (the “Meeting”) to be held at the date, time and place and for the purposes set forth in the attached Notice.

NOTICE REGARDING INFORMATION

NO CANADIAN SECURITIES REGULATORY AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

Scythian has not authorized any person to give any information or to make any representation in connection with the Transaction or any other matters to be considered at the Meeting other than those contained in this Circular. If any such information or representation is given or made, such information or representation should not be relied upon as having been authorized or as being accurate. For greater certainty, to the extent that any information provided on Scythian’s website is inconsistent with this Circular, the information provided in this Circular should be relied upon.

This Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Shareholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own legal, tax, financial or other professional advisors.

All summaries of, and references to, the Share Purchase Agreement in this Circular are qualified in their entirety by the complete text of the Share Purchase Agreement, a copy of which is available on SEDAR at www.sedar.com. Shareholders are urged to read carefully the full text of the Share Purchase Agreement.

This Circular is dated August 13, 2018. Information contained in this Circular is given as of August 13, 2018, unless otherwise specifically stated.

DEFINED TERMS

This Circular contains defined terms. For a glossary of defined terms used herein, see Appendix D to this Circular.

REPORTING CURRENCY

Except as otherwise indicated in this Circular, references to “dollars” and “\$” are to the currency of Canada.

EXCHANGE RATE INFORMATION

On August 13, 2018, the rate of exchange posted by the Bank of Canada for conversion of U.S. Dollars into Canadian Dollars was US\$1.00 equals \$1.3136.

FORWARD-LOOKING STATEMENTS

This Circular contains certain forward-looking information and statements (“**forward-looking information**”) within the meaning of applicable Canadian securities legislation, that are not based on historical fact, including without limitation, statements containing the words "believes", "anticipates", "plans", "intends", "will", "should", "expects", "continue", "estimate", "forecasts" and other similar expressions. Such forward-looking information includes information relating to the terms and conditions of the proposed Transaction and the Meeting.

In developing the forward-looking information, Scythian has assumed, among other things, that the cultivation, distribution and use of medical cannabis products will become legal in a growing number of international jurisdictions and, that the global market for medical cannabis products will increase.

Readers are cautioned to not place undue reliance on forward-looking information. Forward-looking information is subject to a number of risks and uncertainties that may cause actual results or events to differ materially from those contemplated in the forward-looking information, and even if such actual results or events are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on Scythian. Such risks and uncertainties include, among other things: that a regulatory approval that may be required for the Transaction is not obtained or is obtained subject to conditions that are not anticipated including the applicable stock exchange approvals; that Scythian is unable to complete the acquisition of the Target Corporations or to do so on a timely basis, if at all; that fluctuations in the market price of Aphria’s common shares may result in the market value of the Consideration Shares to be greater (or less) than anticipated; and that Scythian fails to obtain the necessary Shareholder approval in accordance with applicable securities laws.

Although Scythian has attempted to identify important factors that could cause actual results or events to differ materially from those contained in the forward-looking information, there can be other factors that cause results or events to not be as anticipated, estimated or intended, including, but not limited to: Scythian’s ability to comply with all applicable governmental regulations in a highly regulated business; investing in target companies or projects which have limited or no operating history and are engaged in activities currently considered illegal under U.S. federal laws; changes in laws; limited operating history; competition; reliance on management; requirements for additional financing; inconsistent public opinion and perception regarding the medical-use and adult-use marijuana industry; and regulatory or political change. Additional risk factors can also be found in Scythian’s most recent annual information form dated January 23, 2018, filed on SEDAR and available at www.sedar.com.

The forward-looking information contained in this Circular is expressly qualified by this cautionary statement and is made as of the date hereof. Scythian disclaims any intention and has no obligation or responsibility, except as required by law, to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

NOTICE TO SHAREHOLDERS IN THE UNITED STATES

The solicitation of proxies contemplated herein is made in accordance with Canadian corporate and securities laws, and this Circular has been prepared in accordance with the disclosure requirements of Canadian securities laws. Shareholders located or resident in the United States should be aware that, in general, such Canadian disclosure requirements are different from those applicable to proxy statements prepared in accordance with U.S. laws.

The enforcement by investors of civil liabilities under the securities laws of the United States may be affected adversely by the fact that Scythian is organized under the laws of a jurisdiction outside the United States, that its officers and directors include residents of countries other than the United States, that some or all of the experts named in this Circular may be residents of countries other the United

States, or that all or a substantial portion of the assets of Scythian and such persons are located outside the United States. As a result, it may be difficult or impossible for shareholders in the United States to effect service of process within the United States on Scythian or such persons, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the securities laws of the United States. In addition, the shareholders in the United States should not assume that the courts of Canada: (a) would enforce judgments of U.S. courts obtained in actions against such persons predicated upon civil liabilities under the securities laws of the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the securities laws of the United States.

SUMMARY

The following is a summary of certain information contained elsewhere in this Circular, including the Appendices hereto. Certain capitalized terms used in this summary are defined in the Glossary of Defined Terms found in Appendix D of this Circular. This summary is qualified in its entirety by the more detailed information appearing elsewhere, or incorporated by reference, in this Circular.

Purpose of the Meeting

The primary purpose of the Meeting is for Shareholders to consider and, if thought appropriate, pass the Transaction Resolution. In addition, Shareholders will be asked to consider and, if thought appropriate, pass a special resolution approving articles of amendment to change Scythian's name to "SOL Global Investments Corp.". For greater certainty, the approval of the Transaction Resolution is not conditional on the approval of the Name Change Resolution; if the former is approved but the latter is not, the Transaction Resolution will still be validly passed and, subject to the satisfaction or waiver of the other conditions precedent in the Share Purchase Agreement (as described further herein), the Transaction will proceed to close.

Date, Time and Place

The Meeting will be held at the offices of Gowling WLG (Canada) LLP, located at Suite 1600, 1 First Canadian Place, 100 King Street West, Toronto, Ontario M5X 1G5 on Friday, September 14, 2018 at 10:00 a.m. (Toronto time).

Record Date

The record date for determining the Shareholders entitled to receive notice of and to vote at the Meeting is Tuesday, August 7, 2018. Only Shareholders of record as of the close of business (Toronto time) on the Record Date are entitled to receive notice of and to vote at the Meeting.

Background to the Transaction

On July 17, 2018, Scythian and Aphria entered into the Share Purchase Agreement, which sets out the terms and conditions for implementing the Transaction. The Share Purchase Agreement is the result of negotiations conducted among representatives of Scythian and Aphria and their respective legal and financial advisors.

See "The Transaction – Background to the Transaction".

Shareholder Approval

The Board recommends that Shareholders vote FOR the Transaction Resolution. To be effective, the Transaction Resolution must be approved by not less than a simple majority of the votes cast by Shareholders at the Meeting and, since Aphria is a "related party" of Scythian, also by a simple majority of the votes cast by Public Shareholders at the Meeting (i.e. majority of the minority approval).

See "The Transaction — Shareholder Approval".

Effects of the Transaction

Pursuant to the Transaction, Scythian has agreed to sell to Aphria certain business interests in Argentina, Colombia and Jamaica, each of which Scythian is currently in the process of acquiring in accordance with previously-announced binding agreements. In accordance with the terms of the Share Purchase Agreement, following the completion of the acquisitions of the target Argentine, Colombian

and Jamaican businesses by Scythian, each business will be transferred to a direct, wholly-owned subsidiary of Scythian, LATAM Holdings Inc.

If the Transaction Resolution is passed and all other conditions to closing of the Transaction are satisfied or waived, Aphria will acquire all of the issued and outstanding common shares of LATAM Holdings Inc. and Scythian will hold 15,678,310 common shares of Aphria, which will provide additional funding for Scythian's research and development and allow Scythian to pursue and evaluate medical cannabis opportunities in other countries with emerging regulations that permit the legal cultivation, distribution or use of medical marijuana.

See "The Transaction — Description of the Transaction".

Recommendation of the Board

After receiving legal and financial advice, the Board unanimously determined that the entering into of the Share Purchase Agreement is in the best interests of Scythian. **The Board recommends that Shareholders vote FOR the Transaction Resolution.**

See "The Transaction – Recommendation of the Board".

Reasons for the Recommendation

In making its recommendation, the Board consulted with Scythian's management, Clarus, Haywood and Gowling WLG, and reviewed a significant amount of information and considered a number of factors, including those listed below.

- **Less Dilutive Funding.** Scythian is continuously reviewing numerous additional opportunities and may require funding for future operations. The sale of the Target Corporations to Aphria was viewed as a less dilutive way to fund future operations versus Scythian raising additional capital.
- **Fairness Opinion from Clarus.** Based upon and subject to the limitations and assumptions stated in the Clarus Fairness Opinion and such other matters as Clarus considered relevant, Clarus was of the opinion that, as of the date of such opinion, the Consideration payable to Scythian pursuant to the Transaction was fair, from a financial point of view, to Scythian. See "The Transaction — Clarus Fairness Opinion" and Appendix B to this Circular "Clarus Fairness Opinion".
- **Formal Valuation and Fairness Opinion from Haywood.** Based upon and subject to the limitations and assumptions stated in the Haywood Formal Valuation and Fairness Opinion and such other matters as Haywood considered relevant, (i) Haywood's formal valuation (which was prepared in accordance with the requirements in MI 61-101) indicated that the fair market value of the issued and outstanding common shares of LATAM Holdings Inc. is in the range of \$180 million to \$200 million, and (ii) Haywood was of the opinion that, as of the date of such opinion, the Consideration payable to Scythian pursuant to the Transaction was fair, from a financial point of view, to Scythian. See "The Transaction — Haywood Formal Valuation and Fairness Opinion" and Appendix C to this Circular "Haywood Formal Valuation and Fairness Opinion".
- **Support and Voting Agreements.** The Supporting Shareholders, who together hold or exercise control and direction over approximately 42.7% of the outstanding Shares, entered into the Support and Voting Agreements pursuant to which the Supporting Shareholders agreed, among other things, to vote the subject securities in favour of the Transaction Resolution. See "The Transaction — Support and Voting Agreements".

The Board's reasons contain forward-looking information, and are subject to various risks and assumptions. See "Forward-Looking Statements".

In making its determinations and recommendations, the Board also observed that the Transaction Resolution must be approved by a simple majority of the votes cast by Public Shareholders at the Meeting (i.e. majority of the minority approval).

The Board also considered a number of uncertainties, risks and other potential negative factors associated with the Transaction, including the following:

- **Non-Completion.** The risks and costs to Scythian if the Transaction is not completed, including the potential diversion of management and employee attention and the potential effect on business and stakeholder relationships.
- **Conditions to Closing.** There are a number of conditions to closing, including among other things, receipt of various regulatory and stock exchange approvals, the completion of the acquisitions of the Target Corporations by Scythian, the entry into employment and/or consulting agreements by certain employees and consultants of the Target Corporations, and Scythian executing a three (3) year non-competition and confidentiality agreement with Aphria in respect of Argentina, Colombia and Jamaica.
- **Non-Solicitation Covenants.** There are limitations contained in the Share Purchase Agreement on Scythian's ability to solicit additional interest from third parties and the Share Purchase Agreement cannot be terminated by Scythian in response to a Superior Proposal.
- **Consideration Shares.** The Consideration for the Transaction is in the form of a fixed number of common shares of Aphria instead of cash. While this presents a potential upside for Scythian if Aphria's common share price increases, correspondingly, there is a potential downside if its common share price decreases.
- **Termination Fee and Expense Reimbursement Fee.** The potential payment of the Termination Fee, being \$5.8 million, and an expense reimbursement fee of \$2 million, by Scythian under certain circumstances specified in the Share Purchase Agreement.
- **Fees and Expenses.** The fees and expenses associated with the Transaction, a significant portion of which will be incurred regardless of whether the Transaction is consummated.
- **Other Risks.** The other risks associated with the Transaction described under "Risk Factors".

Clarus Fairness Opinion

Clarus was engaged by the Board pursuant to an engagement agreement dated July 10, 2018 as its exclusive financial advisor in connection with a possible transaction involving Scythian and Aphria and, if requested, to render to the Board an opinion as to the fairness, from a financial point of view, to Scythian, of the consideration payable to Scythian pursuant to such transaction. Clarus delivered its opinion to the Board to the effect that, based upon and subject to the limitations and assumptions stated in the Clarus Fairness Opinion and such other matters as Clarus considered relevant, Clarus was of the opinion that, as of the date of such opinion, the Consideration payable to Scythian pursuant to the Transaction was fair, from a financial point of view, to Scythian.

This summary of the Clarus Fairness Opinion is qualified in its entirety by reference to the full text of the Clarus Fairness Opinion. A copy of the Clarus Fairness Opinion, which sets forth the

assumptions made, general procedures followed, matters considered and limitations on the review undertaken by Clarus, is attached as Appendix B to this Circular.

See “The Transaction – Clarus Fairness Opinion”.

Haywood Formal Valuation and Fairness Opinion

Haywood was engaged by the Board pursuant to an engagement letter dated July 11, 2018 in connection with a possible transaction involving Scythian and Aphria, to render to the Board a formal valuation and an opinion as to the fairness, from a financial point of view, to Scythian, of the consideration payable to Scythian pursuant to such transaction. Haywood delivered its formal valuation and fairness opinion to the Board to the effect that, based upon and subject to the limitations and assumptions stated in the Haywood Formal Valuation and Fairness Opinion and such other matters as Haywood considered relevant, (i) Haywood’s formal valuation (which was prepared in accordance with the requirements in MI 61-101) indicated that the fair market value of the issued and outstanding common shares of LATAM Holdings Inc. is in the range of \$180 million to \$200 million, and (ii) Haywood was of the opinion that, as of the date of such opinion, the Consideration payable to Scythian pursuant to the Transaction was fair, from a financial point of view, to Scythian.

This summary of the Haywood Formal Valuation and Fairness Opinion is qualified in its entirety by reference to the full text (subject to certain redactions for commercial confidentiality reasons) of the Haywood Formal Valuation and Fairness Opinion. A copy of the Haywood Formal Valuation and Fairness Opinion, which sets forth the assumptions made, general procedures followed, matters considered and limitations on the review undertaken by Haywood, is attached as Appendix C to this Circular.

See “The Transaction – Haywood Formal Valuation and Fairness Opinion”.

The Share Purchase Agreement

The Share Purchase Agreement provides for the Transaction and matters related thereto. Under the Share Purchase Agreement, Scythian has agreed to, among other things, call the Meeting to seek the approval of Shareholders for the Transaction Resolution. The following is a summary of certain terms of the Share Purchase Agreement and is qualified in its entirety by the full text of the Share Purchase Agreement, a copy of which is available on SEDAR at www.sedar.com under Scythian’ SEDAR profile.

See “The Share Purchase Agreement”.

Representations and Warranties and Covenants

The Share Purchase Agreement contains certain representations and warranties and covenants, which are summarized in this Circular.

See “The Share Purchase Agreement — Representations and Warranties” and “The Share Purchase Agreement — Covenants”.

Conditions to the Transaction

The obligations of Scythian and Aphria to complete the Transaction are subject to the satisfaction or waiver of certain conditions set out in the Share Purchase Agreement which are summarized in this Circular. These conditions include, among other things, the receipt of Shareholder approval, receipt of various regulatory and stock exchange approvals, the completion of the acquisitions of the Target Corporations by Scythian, the entry into employment and/or consulting agreements by certain

employees and consultants of the Target Corporations and Scythian executing a three (3) year non-competition and confidentiality agreement with Aphria in respect of Argentina, Colombia and Jamaica.

See “The Share Purchase Agreement — Conditions to the Transaction”.

Non-Solicitation Provisions

The Share Purchase Agreement also provides for, among other things, a non-solicitation covenant on the part of Scythian. The Share Purchase Agreement contains a “fiduciary out” provision that entitles Scythian to consider and accept a Superior Proposal, provided that there are limitations contained in the Share Purchase Agreement on Scythian’s ability to solicit additional interest from third parties and the Share Purchase Agreement cannot be terminated by Scythian in response to a Superior Proposal. The Share Purchase Agreement also contains a customary right in favour of Aphria to match any Superior Proposal.

See “The Share Purchase Agreement — Covenants — Additional Covenants (including Non-Solicitation)”.

Termination of the Share Purchase Agreement

The Share Purchase Agreement may be terminated:

- (a) by mutual consent of Scythian and Aphria;
- (b) subject to certain exceptions contained in the Share Purchase Agreement, by Scythian or Aphria if the closing has not occurred by 5:00 pm (Toronto time) on December 31, 2018;
- (c) by Aphria, if: (i) there has been a material breach of the Share Purchase Agreement by Scythian and such breach has not been waived by Aphria; (ii) any of the conditions for the benefit of Aphria have not been satisfied and Aphria has not waived such condition in writing at or prior to closing; or (iii) there has occurred a Material Adverse Change; or
- (d) by Scythian, if: (i) there has been a material breach of the Share Purchase Agreement by Aphria and such breach has not been waived by Scythian; or (ii) any of the conditions for the benefit of Scythian have not been satisfied and Scythian has not waived such condition at or prior to closing.

In addition, the Share Purchase Agreement may be terminated prior to the closing date by:

- (a) subject to certain exceptions contained in the Share Purchase Agreement, either Scythian or Aphria, if the Required Approval is not obtained at the Meeting; or
- (b) Aphria, if the Board or any committee of the Board makes a Change in Recommendation, or Scythian breaches its covenants regarding non-solicitation in any material respect.

See “The Share Purchase Agreement — Termination of the Share Purchase Agreement”.

Termination Fee and Expense Reimbursement Fee

Scythian must pay the Termination Fee of \$5.8 million to Aphria in certain circumstances, including in the event that the Share Purchase Agreement is terminated (a) by Aphria because the Board or any committee of the Board makes a Change in Recommendation, or because Scythian breaches its covenants regarding non-solicitation in any material respect, (b) by Scythian or Aphria, if the Required Approval is not obtained at the Meeting and Aphria has the right to terminate the Share Purchase

Agreement because the Board or any committee of the Board has made a Change in Recommendation, or because Scythian breached its covenants regarding non-solicitation in any material respect, or (c) by either Scythian or Aphria because Shareholders fail to approve the Transaction if (i) prior to such termination, an Acquisition Proposal is made and (ii) within 9 months following the date of such termination of the Share Purchase Agreement, an Acquisition Proposal (at the 50 or more per cent level) is consummated. In addition, Scythian must pay an expense reimbursement fee of \$2 million to Aphria in certain circumstances.

See “The Share Purchase Agreement — Termination of the Share Purchase Agreement – Termination Fee” and “– Expense Reimbursement Fee”.

Risk Factors

There are a number of risk factors relating to the Transaction, all of which should be carefully considered by Shareholders. See “Risk Factors – Risks Related to the Transaction”.

GENERAL INFORMATION ABOUT THE MEETING AND VOTING

Date, Time and Place

The Meeting will be held at the offices of Gowling WLG (Canada) LLP, 100 King Street West, 16th Floor, Toronto, Ontario on September 14, 2018 at 10:00 a.m. (Toronto time) and at all adjournments of the Meeting, for the purposes set out in the notice of the Meeting that accompanies this Circular (the “**Notice**”).

Record Date

The record date for determining the Shareholders entitled to receive notice of and to vote at the Meeting is August 7, 2018 (the “**Record Date**”). Only Shareholders of record as of the close of business (Toronto time) on the Record Date are entitled to receive notice of and to vote at the Meeting.

Solicitation of Proxies

This Circular is furnished in connection with the solicitation by management of Scythian of proxies to be used at the Meeting.

Solicitation of proxies will be primarily by mail but may also be by telephone, facsimile or in person by directors, officers and employees of Scythian who will not be additionally compensated therefore. In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), arrangements have been made with brokerage houses and clearing agencies, custodians, nominees, fiduciaries or other intermediaries to send the Notice, the Circular and other meeting materials, if applicable, (collectively, the “**Meeting Materials**”) to the beneficial owners of the Shares held of record by such parties. Scythian may reimburse such parties for reasonable fees and disbursements incurred by them in doing so. The costs of soliciting proxies will be borne by Scythian. Scythian may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from Shareholders in favour of the matters set forth in the Notice.

Quorum

The quorum for the Meeting is two persons present at the Meeting who are entitled to vote thereat either as shareholders or as proxy holders, all in accordance with Scythian’s by-laws.

Appointment and Revocation of Proxies

A Registered Shareholder may vote in person at the Meeting or may appoint another person to represent such Registered Shareholder as proxy and to vote the Shares of such Registered Shareholder at the Meeting. In order to appoint another person as proxy, a Registered Shareholder must complete, execute and deliver the form of proxy accompanying this Circular, or another proper form of proxy, in the manner specified in the Notice.

The purpose of a form of proxy is to designate persons who will vote on the Shareholder’s behalf in accordance with the instructions given by the Shareholder in the form of proxy. The persons named in the enclosed form of proxy are officers or directors of the Company. **A REGISTERED SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY, TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO BY FILLING IN THE NAME OF SUCH PERSON IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY.** A Registered Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed form of proxy with Scythian’s transfer agent and registrar, TSX Trust Company (“**TSX Trust**”), at 301-100 Adelaide Street West, Toronto, Ontario, M5H 4H1, no later than 10:00 a.m. (Toronto time)

on September 12, 2018 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays and holidays, preceding the time of such adjourned Meeting at which the form of proxy is to be used. A form of proxy should be executed by the Registered Shareholder or his or her attorney duly authorized in writing or, if the Registered Shareholder is a company, by an officer or attorney thereof duly authorized.

A Registered Shareholder attending the Meeting has the right to vote in person and, if he or she does so, his or her form of proxy is nullified with respect to the matters such person votes upon at the Meeting and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

A Registered Shareholder who has given a form of proxy may revoke the form of proxy at any time prior to using it by: (a) depositing an instrument in writing, including another completed form of proxy, executed by such Registered Shareholder or by his or her attorney authorized in writing or by electronic signature or, if the Registered Shareholder is corporation, by an authorized officer or attorney thereof at, or by transmitting by telephone or electronic means, a revocation signed, subject to the *Business Corporations Act* (Ontario), by electronic signature, to (i) the registered office of Scythian, located at 5600-100 King Street West, Toronto, ON, M5X 1C9, at any time prior to 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting or any adjournment thereof, or (ii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; or (b) in any other manner permitted by law.

Exercise of Discretion

The Shares represented by proxies in favour of management nominees will be voted in accordance with the instructions of the Registered Shareholder on any ballot that may be called for and, if a Registered Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Shares represented by the proxy shall be voted accordingly. **If a choice is not so specified, and the persons named in the enclosed form of proxy have been appointed as proxyholder, the Shares represented by such proxy will be voted FOR the Transaction Resolution and FOR the Name Change Resolution.**

The enclosed form of proxy confers discretionary authority upon the persons named in it with respect to amendments to, or variations of, matters identified in the Notice, and with respect to other matters, if any, which may properly come before the Meeting. At the date of the Circular, management of Scythian knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the proxy will be voted on those matters in accordance with the best judgment of the named proxy.

Advice to Beneficial Holders of Shares

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Shares in their own name. Only Registered Shareholders or the persons they appoint as their proxies are permitted to attend and vote at the Meeting and only forms of proxy deposited by Registered Shareholders will be recognized and acted upon at the Meeting. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an “**Intermediary**”) with whom the Non-Registered Shareholder deals in respect of then Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) (a “**Clearing Agency**”) of which the Intermediary is a participant. Accordingly, such Intermediaries and Clearing Agencies would be the Registered Shareholders and would appear as such on the list maintained by TSX Trust. Non-Registered Shareholders do not appear on the list of the Registered Shareholders maintained by TSX Trust.

Distribution of Meeting Materials to Non-Registered Shareholders

In accordance with the requirements of NI 54-101, Scythian has distributed copies of the Meeting Materials to the Clearing Agencies and Intermediaries for distribution to Non-Registered Shareholders as well as directly to NOBOs (as defined below).

Non-Registered Shareholders fall into two categories - those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities which they own (“**NOBOs**”). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from Intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials to such NOBOs. If you are a NOBO and Scythian or TSX Trust has sent the Meeting Materials directly to you, your name, address and information about your holdings of Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the Shares on your behalf.

Scythian’s OBOs can expect to be contacted by their Intermediary. Scythian does not intend to pay for Intermediaries to deliver the Meeting Materials to OBOs and it is the responsibility of such Intermediaries to ensure delivery of the Meeting Materials to their OBOs.

Voting by Non-Registered Shareholders

The Shares held by Non-Registered Shareholders can only be voted at the direction of the Non-Registered Shareholder. Without specific instructions, Intermediaries or Clearing Agencies are prohibited from voting Shares on behalf of Non-Registered Shareholders. Therefore, each Non-Registered Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

The various Intermediaries have their own mailing procedures and provide their own return instructions to Non-Registered Shareholders, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Shares are voted at the Meeting.

Non-Registered Shareholders will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Shareholders to direct the voting of the Shares they beneficially own. Non-Registered Shareholders should follow the procedures set out below, depending on which type of form they receive.

A. Voting Instruction Form. In most cases, a Non-Registered Shareholder will receive, as part of the Meeting Materials, a voting instruction form (a “**VIF**”). If the Non-Registered Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Shareholder’s behalf), the VIF must be completed, signed and returned in accordance with the directions on the form.

or,

B. Form of Proxy. Less frequently, a Non-Registered Shareholder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed. If the Non-Registered Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Shareholder’s behalf), the Non-Registered Shareholder must complete and sign the form of proxy and in accordance with the directions on the form.

Voting by Non-Registered Shareholders at the Meeting

Although a Non-Registered Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of an Intermediary or a Clearing Agency, a Non-Registered Shareholder may attend the Meeting as proxyholder for the Registered Shareholder who holds Shares beneficially owned by such Non-Registered Shareholder and vote such Shares as a proxyholder. A Non-Registered Shareholder who wishes to attend the Meeting and to vote their Shares as proxyholder for the Registered Shareholder who holds Shares beneficially owned by such Non-Registered Shareholder, should (a) if they received a VIF, follow the directions indicated on the VIF; or (b) if they received a form of proxy strike out the names of the persons named in the form of proxy and insert the Non-Registered Shareholder's or its nominee's name in the blank space provided. Non-Registered Shareholders should carefully follow the instructions of their Intermediaries, including those instructions regarding when and where the VIF or the form of proxy is to be delivered.

All references to Shareholders in the Meeting Materials are to Registered Shareholders as set forth on the list of registered Shareholders as maintained by the TSX Trust, unless specifically stated otherwise.

Voting Securities and Principal Holders of Voting Securities

As of the Record Date, there were a total of 29,583,588 Shares issued and outstanding.

Only Registered Shareholders as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting. On a show of hands, every Registered Shareholder and proxy holder will have one vote and, on a poll, every Registered Shareholder present in person or represented by proxy will have one vote for each Share held.

To the knowledge of the directors and officers of Scythian, as of the date hereof, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Shares carrying more than 10% of the voting rights attached to the outstanding Shares.

Interests of Certain Persons or Companies in Matters to be Acted Upon

Except as disclosed in this Circular, management of Scythian is not aware of a material interest, direct or indirect, by way of beneficial ownership of shares or otherwise, of any director or officer of Scythian at any time since the beginning of Scythian's last financial year to the date of this Circular, or of any associate or affiliate of any such person, in any matter to be acted upon at the Meeting.

THE TRANSACTION

Background to the Transaction

On July 17, 2018, Scythian and Aphria entered into the Share Purchase Agreement, which sets out the terms and conditions for the Transaction. The Share Purchase Agreement is the result of negotiations conducted among representatives of Scythian and Aphria and their respective legal and financial advisors. The following is a summary of the principal events leading up to the execution and public announcement of the Share Purchase Agreement.

Argentina

In late February 2018, Scythian began to explore potential business opportunities in Argentina. On March 11, 2018, Scythian entered into a non-binding letter of intent with MMJ International to acquire all of the issued and outstanding common shares of MMJ International subject to, among other things, the completion of MMJ International's acquisition of ABP, an established pharmacy company that engages in the distribution of pharmaceuticals in the country.

While Scythian was negotiating with MMJ International, ABP began discussions with Aphria about the possibility of obtaining a supply of CBD oil from Aphria. Cole Cacciavillani, co-founder of Aphria, and Carl Merton, Chief Financial Officer of Aphria, travelled to Argentina to meet with ABP, certain officials with the Government of Argentina and representatives from Garrahan Hospital and the University of La Plata to discuss the possibility of supplying pharmaceutical grade CBD oil into Argentina for use in certain medical research projects being conducted in the country. The proposal was that CBD oil would be produced and supplied by Aphria. ABP and Aphria discussed and negotiated the terms of a supply deal culminating in a CBD oil supply agreement that was announced on March 21, 2018. Pursuant to this supply agreement, Aphria would become the exclusive supplier of pharmaceutical grade CBD oil to ABP in the country of Argentina for medical research purposes and distribution to hospitals, retail pharmacies and private health providers in Argentina.

Jamaica

In early March, 2018, Scythian began exploring possible business opportunities in Jamaica following that country's legalization of medical cannabis. On March 21, 2018, Scythian entered into a binding letter of intent with Marigold Acquisitions and the shareholders of Marigold Acquisitions to acquire all of the issued and outstanding common shares of Marigold Acquisitions subject to, among other things, the completion of Marigold Acquisitions' purchase of 49% of Marigold, a promising medical cannabis company in Jamaica.

Colombia

In early February 2018, Scythian began to explore business opportunities in Colombia following that country's legalization of medical marijuana. On February 19, 2018, Gabriel Meneses, a regional manager of Scythian, travelled to Colombia to meet with the local Colcanna team, a medical cannabis company that intended to, among other things, cultivate cannabis in the country's coffee region. The trip provided Scythian with an opportunity to learn more about the Colcanna business and the medical cannabis market in Colombia. On April 8, 2018, Scythian entered into a binding letter of intent with MMJ Colombia and the sole shareholder of MMJ Colombia to acquire all of the issued and outstanding common shares of MMJ Colombia subject, to among other things, the completion of MMJ Colombia's acquisition of 90% of Colcanna.

Given Aphria's newly signed supply agreement with ABP, Aphria put forward the option of also supplying Colcanna, as there would be a period of time before Colcanna could produce and harvest any cannabis crop on a commercial scale. Over the course of a few weeks, Aphria and Colcanna discussed and negotiated the terms of an agreement culminating in a CBD oil supply agreement that was announced on May 16, 2018. Pursuant to this supply agreement, Aphria would become the exclusive supplier of pharmaceutical grade CBD oil to Colcanna in the country of Colombia for medical research purposes as well as for the distribution to hospitals, pharmacies and private health providers in Colombia.

The Transaction

From April through May, 2018, as the negotiations over the supply agreements were taking place and after Scythian had announced its proposed acquisitions of MMJ International, Marigold Acquisitions and MMJ Colombia, Scythian and Aphria began to explore opportunities to work together on a number of other projects, including further potential transactions involving ABP and Colcanna but no formal agreements were reached between the parties.

In June 2018, Rob Reid from Scythian and Vic Neufeld from Aphria met to discuss a potential transaction involving the sale of ABP and Colcanna to Aphria. From Scythian's perspective, a potential Transaction represented an opportunity to realize an immediate and substantial return on the target assets and provide Scythian with additional funding for its research and development activities and the means to pursue medical cannabis opportunities in other jurisdictions with emerging regulations permitting the

legal cultivation, distribution or use of medical marijuana. The meeting was productive and the parties agreed to continue their discussions regarding a potential Transaction and to commence the exchange of due diligence documents. Mr. Reid then held various individual conversations with each of the members of the Board to inform them of a proposed Transaction.

Later that month, Vic Neufeld and Cole Cacciavillani of Aphria, George Scorsis and Gabriel Meneses of Scythian and Alejandro Urdaneta, local partner / shareholder of Colcanna, travelled to Colombia to meet with the Colcanna management team and engage in a site visit. During the course of the trip, the parties visited Colcanna's field operations. The team inspected the farm and participated in a strategy meeting led by Scythian and Colcanna's management team.

As the acquisitions of Colcanna and ABP were being discussed, Scythian put forward the idea of Aphria also acquiring Marigold as part of a proposed Transaction. Scythian believed it could be strategic from both Aphria's and Scythian's perspectives to include it as part of a proposed Transaction. On July 10, 2018, Mr. Merton and Mr. Jakob Ripshtein from Aphria travelled to Jamaica to further review the current operations of Marigold.

On July 7, 2018, Scythian contacted Clarus to advise the Board on the proposed Transaction. On July 10, 2018, Scythian formally engaged Clarus to assist the Board with its evaluation of the proposed Transaction and to deliver a fairness opinion.

On or about July 10, 2018, Scythian and its legal counsel, Gowling WLG (Canada) LLP ("**Gowling WLG**"), concluded that, given Aphria's ownership of Shares and warrants of Scythian, the proposed Transaction would constitute a "related party transaction" under MI 61-101 and require, among other things, an independent formal valuation. Given that Clarus was not considered independent to Scythian under MI 61-101, Scythian contacted Haywood. After considering its independence and qualifications, the Board formally engaged Haywood on July 11, 2018 to prepare a formal valuation as required under MI 61-101, as well as to deliver a fairness opinion.

From July 7, 2018 to July 11, 2018, the parties continued to negotiate the key terms of the proposed Transaction. Among other things, Aphria indicated that it would require evidence of a significant level of Shareholder support concurrent with entering into the proposed Transaction.

As the negotiations progressed, Scythian advised Aphria of a separate pharmaceutical distribution business in Brazil, Green Farma Brasil ("**Green Farma**"), that Scythian had identified and had been evaluating since early May 2018. Scythian had viewed Green Farma as an opportunity to enter the Brazilian pharmaceutical distribution market, particularly in the event of the legalization of medical marijuana in Brazil. Scythian had held preliminary discussions with Green Farma's management team through May and June 2018 but the parties had not been able to conclude an agreement. Following further discussions, Scythian and Aphria agreed that a proposed Transaction would include an option on the part of Aphria to acquire Scythian's interest in Green Farma in the event that Scythian were to successfully conclude an agreement to acquire or otherwise enter into a strategic arrangement with Green Farma (the "**Brazil Option**").

On July 11, 2018, Stikeman Elliott LLP ("**Stikeman**"), legal counsel to Aphria, circulated a draft Share Purchase Agreement and draft form of Support and Voting Agreement to Scythian and Gowling WLG. The parties and Gowling WLG and Stikeman continued to negotiate certain key terms of the proposed Transaction and the drafts of these agreements and various other ancillary agreements over the course of the next few days. Due diligence efforts continued in tandem during this period. Scythian and Aphria also contacted certain Shareholders on a confidential basis and circulated the form of Support and Voting Agreement to them for consideration on July 15, 2018.

On the morning of July 16, 2018, the Board met with Gowling WLG to review the terms of the proposed Share Purchase Agreement and received Clarus' presentation and fairness opinion. Given that the

Board was comprised of only four members and that each member of the Board was deemed independent of Aphria and the proposed Transaction, the Board determined that, instead of forming a special committee, all the members of the Board would participate in evaluating the merits of the proposed Transaction. Following Clarus' presentation, the Board deliberated on the proposed Transaction and then adjourned the meeting to wait for Haywood's presentation. The Board resumed its meeting later that same evening and received Haywood's presentation and formal valuation and fairness opinion. Following Haywood's presentation, the Board continued its deliberation of the merits of the proposed Transaction, including the fact that the value of the Consideration fell within Haywood's valuation range. The Board was also advised that Shareholders holding approximately 40% of the Shares (not including Aphria and its affiliates) would be entering into the Support and Voting Agreements. After these deliberations, the Board unanimously approved the Transaction and the entering into of the Share Purchase Agreement.

Early on July 17, 2018, Scythian and Aphria signed the Share Purchase Agreement and Aphria entered into the Support and Voting Agreements with the Supporting Shareholders.

On July 23, 2018, Scythian announced a binding letter of intent to acquire 15% of the issued and outstanding common shares of Brazil Investments Inc., which, in turn, would acquire 100% of the voting securities of Green Farna. The binding letter of intent triggered the terms of the Brazil Option as set out in the Share Purchase Agreement.

Recommendation of the Board

After receiving legal and financial advice, the Board unanimously determined that the entering into of the Share Purchase Agreement is in the best interests of Scythian. **The Board recommends that Shareholders vote FOR the Transaction Resolution.**

Reasons for the Recommendation

In making its recommendation, the Board consulted with Scythian's management, Clarus, Haywood and Gowling WLG, reviewed a significant amount of information and considered a number of factors, including those listed below.

- **Less Dilutive Funding.** Scythian is continuously reviewing numerous additional opportunities and may require funding for future operations. The sale of the Target Corporations to Aphria was viewed as a less dilutive way to fund future operations versus Scythian raising additional capital.
- **Fairness Opinion from Clarus.** Based upon and subject to the limitations and assumptions stated in the Clarus Fairness Opinion and such other matters as Clarus considered relevant, Clarus was of the opinion that, as of the date of such opinion, the Consideration payable to Scythian pursuant to the Transaction was fair, from a financial point of view, to Scythian. See "The Transaction — Clarus Fairness Opinion" and Appendix B to this Circular "Clarus Fairness Opinion".
- **Formal Valuation and Fairness Opinion from Haywood.** Based upon and subject to the limitations and assumptions stated in the Haywood Formal Valuation and Fairness Opinion and such other matters as Haywood considered relevant, (i) Haywood's formal valuation (which was prepared in accordance with the requirements in MI 61-101) indicated that the fair market value of the issued and outstanding common shares of LATAM Holdings Inc. is in the range of \$180 million to \$200 million, and (ii) Haywood was of the opinion that, as of the date of such opinion, the Consideration payable to Scythian pursuant to the Transaction was fair, from a financial point of view, to Scythian. See "The Transaction — Haywood Formal Valuation and Fairness Opinion" and Appendix C to this Circular "Haywood Formal Valuation and Fairness Opinion".

- **Support and Voting Agreements.** The Supporting Shareholders, who together hold or exercise control and direction over approximately 42.7% of the outstanding Shares, entered into the Support and Voting Agreements pursuant to which the Supporting Shareholders agreed, among other things, to vote the subject securities in favour of the Transaction Resolution. See “The Transaction — Support and Voting Agreements”.

The Board’s reasons contain forward-looking information, and are subject to various risks and assumptions. See “Forward-Looking Statements”.

In making its determinations and recommendations, the Board also observed that the Transaction Resolution must be approved by a simple majority of the votes cast by Public Shareholders at the Meeting (i.e. majority of the minority approval).

The Board also considered a number of uncertainties, risks and other potential negative factors associated with the Transaction, including the following:

- **Non-Completion.** The risks and costs to Scythian if the Transaction is not completed, including the potential diversion of management and employee attention and the potential effect on business and stakeholder relationships.
- **Conditions to Closing.** There are a number of conditions to closing, including among other things, receipt of various regulatory and stock exchange approvals, the completion of the acquisitions of the Target Corporations by Scythian, the entry into employment and/or consulting agreements by certain employees and consultants of the Target Corporations, and Scythian executing a three (3) year non-competition and confidentiality agreement with Aphria in respect of Argentina, Colombia and Jamaica. Additional conditions to closing are noted herein. See “The Share Purchase Agreement – Conditions to the Transaction”.
- **Non-Solicitation Covenants.** There are limitations contained in the Share Purchase Agreement on Scythian’s ability to solicit additional interest from third parties and the Share Purchase Agreement cannot be terminated by Scythian in response to a Superior Proposal.
- **Consideration Shares.** The Consideration for the Transaction is in the form of a fixed number of common shares of Aphria instead of cash. While this presents a potential upside for Scythian if Aphria’s common share price increases, correspondingly, there is a potential downside if its common share price decreases.
- **Termination Fee and Expense Reimbursement Fee.** The potential payment of the Termination Fee, being \$5.8 million, and an expense reimbursement fee of \$2 million, by Scythian under certain circumstances specified in the Share Purchase Agreement.
- **Fees and Expenses.** The fees and expenses associated with the Transaction, a significant portion of which will be incurred regardless of whether the Transaction is consummated.
- **Other Risks.** The other risks associated with the Transaction described under “Risk Factors”.

The foregoing summary of the information and factors considered by the Board is not intended to be exhaustive, but includes the material information and factors considered by the Board in its consideration of the Transaction. In reaching its conclusion and recommendation, the Board did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to each of the specific factors considered. The conclusion and recommendation of the Board were made after consideration of all of the above-noted factors and in light of their own knowledge of the business, financial condition and prospects of Scythian and was based upon the advice of the financial advisors and legal advisors of

Scythian. In addition, individual members of the Board may have assigned different weights to different factors.

Clarus Fairness Opinion

Clarus Securities Inc. ("**Clarus**") was first contacted by the Board on July 7, 2018. Clarus was engaged by the Board pursuant to an engagement agreement dated July 10, 2018 as its exclusive financial advisor in connection with a possible transaction involving Scythian and Aphria and, if requested, to render to the Board an opinion as to the fairness, from a financial point of view, to Scythian, of the consideration payable to Scythian pursuant to such transaction.

Clarus is a Toronto-based investment dealer and a member of the Investment Industry Regulatory Organization of Canada, the Toronto Stock Exchange and the TSX Venture Exchange. Clarus has operations in a broad range of investment banking activities, including corporate finance and advisory, institutional equity sales and trading, and equity research. Clarus has participated in a significant number of transactions involving the financing and advisory of cannabis related entities totaling C\$850 million. In this period of time, Clarus has prepared numerous fairness opinions in connection with both friendly and hostile change of control transactions, and published research on a wide range of cannabis related entities which involved a detailed valuation and investment analysis of each issuer.

Under the terms of its engagement agreement, Clarus is entitled to be paid certain fees for its services as exclusive financial advisor, including (a) a fee payable upon the public announcement of the Transaction, (b) a fee payable upon completion of the Transaction, and (c) a fee payable if the Transaction is terminated and a termination fee or similar payment is negotiated and received by Scythian. In addition, Clarus is to be reimbursed for its reasonable out-of-pocket expenses and is to be indemnified by Scythian in certain circumstances, against certain expenses, losses, claims, actions, damages and liabilities which may arise, directly or indirectly, from services performed by Clarus under the engagement agreement.

The Board requested that Clarus provide an opinion to the Board as to whether, as of the date of such opinion, the Consideration payable to Scythian pursuant to the Transaction is fair, from a financial point of view, to Scythian.

On July 16, 2018, at a meeting of the Board, Clarus delivered an oral opinion to the Board, subsequently confirmed by delivery of a written opinion, dated July 16, 2018 (the "**Clarus Fairness Opinion**"), to the effect that, based upon and subject to the limitations and assumptions stated in the Clarus Fairness Opinion and such other matters as Clarus considered relevant, Clarus was of the opinion that, as of the date of such opinion, the Consideration payable to Scythian pursuant to the Transaction was fair, from a financial point of view, to Scythian. The Clarus Fairness Opinion was approved by a committee of Clarus' directors and officers, each of whom is experienced in merger, acquisition, divestiture, fairness opinion and capital market matters.

In rendering the Clarus Fairness Opinion, Clarus relied upon, and assumed the completeness, accuracy and fair presentation of, all financial and other information, data, advice, opinions and representations obtained by it from public sources, or provided to it by Scythian or its advisors or otherwise obtained pursuant to its engagement, and the Clarus Fairness Opinion is conditional upon such completeness, accuracy and fair presentation. Clarus was not requested nor did it attempt to verify independently the accuracy, completeness or fairness of presentation of any such information, data, advice, opinions and representations.

The Clarus Fairness Opinion was rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date thereof and the conditions and prospects, financial and otherwise, of LATAM as they were reflected in the information provided and as they were represented to Clarus in its discussions with management of Scythian. It should be understood that

subsequent developments may affect the Clarus Fairness Opinion and Clarus does not have any obligation to change, withdraw or supplement the Clarus Fairness Opinion, to advise any person of any change that may come to its attention or to update the Clarus Fairness Opinion.

The Clarus Fairness Opinion was provided to the Board for its use in considering the Transaction and may not be relied upon by any other person.

The full text of the Clarus Fairness Opinion, which sets forth, among other things, the assumptions made, general procedures followed, matters considered and limitations on the review undertaken by Clarus, is reproduced as Appendix B to this Circular. This summary of the Clarus Fairness Opinion is qualified in its entirety by reference to the full text of the Clarus Fairness Opinion. The Board urges Shareholders to read the Clarus Fairness Opinion carefully and in its entirety.

Haywood Formal Valuation and Fairness Opinion

Haywood Securities Inc. (“**Haywood**”) was first contacted by the Board on July 10, 2018. Haywood was engaged by the Board pursuant to an engagement letter dated July 11, 2018 in connection with a possible transaction involving Scythian and Aphria, to render to the Board a formal valuation and an opinion as to the fairness, from a financial point of view, to Scythian, of the consideration payable to Scythian pursuant to such transaction.

Haywood is one of Canada's leading independent investment dealers with operations in corporate finance, equity sales and trading, and investment research. Haywood is a participating organization of the Toronto Stock Exchange and the TSX Venture Exchange and is a member of the Investment Industry Regulatory Organization of Canada (“**IIROC**”).

Haywood has reviewed the requirements of MI 61-101 regarding valuator independence. Haywood has indicated that it is independent of Scythian for the purposes of MI 61-101. In particular, neither Haywood, or its principals nor any of its employees, affiliates or associates: (i) is an “associated entity”, “affiliated entity” or “issuer insider” of Scythian or Aphria, or any “interested party” as each such terms are used in MI 61-101; (ii) is acting as an advisor to Scythian or Aphria, or any “interested party” in respect of the Transaction, except for the provision of the formal valuation and fairness opinion to the Board; (iii) is a manager or co-manager or member of a soliciting dealer group for the Transaction; (iv) has a financial interest in the completion of the Transaction; or (v) has entered into any understandings, agreements or commitments with Scythian or Aphria or any “interested party”, or any of their respective principals, employees, associates or affiliates with respect to any future business dealings.

During the 24-month period preceding July 10, 2018, the date on which Haywood was initially contacted in respect of the Transaction: (i) Haywood was a member of a syndicate of underwriters: (A) for a \$12,501,525 public offering of Scythian in January 2018 at a participation rate of 10%; and (B) for a \$40,250,000 public offering of Aphria in November 2016, for a \$57,500,000 public offering of Aphria in February 2017, and a \$258,750,794 public offering of Aphria in June 2018 at a participation rate in each financing of 5.00%, 5.00% and 3.00%, respectively; and (ii) Haywood rendered a formal valuation to Aphria in January 2018 for the sale of its ownership in Copperstate Farms Investors, LLC to Liberty Health Sciences Inc.

Haywood has confirmed that the compensation received for undertaking and preparing the formal valuation and fairness opinion is in no way dependent in whole or in part on an agreement, arrangement or understanding that gives Haywood a financial incentive in respect of the conclusion reached in the formal valuation and fairness opinion or the outcome of the Transaction. Pursuant to the terms of the engagement letter, Scythian paid to Haywood a cash engagement fee of \$175,000 (plus applicable taxes thereon) upon execution of the engagement letter and was required to pay Haywood a cash valuation fee of \$175,000 (plus applicable taxes thereon) upon the delivery of the final formal valuation

and fairness opinion by Haywood to the Board, irrespective of the conclusions of therein. Scythian also agreed to reimburse Haywood for its reasonable out-of-pocket expenses, including the fees and expenses of its legal counsel relating to the performance of its services pursuant to the engagement letter, and to indemnify Haywood in respect of certain liabilities which may arise in connection with the engagement.

Based on the foregoing, the Board has determined that Haywood is both qualified and independent as required by MI 61-101.

On July 16, 2018, at a meeting of the Board, Haywood delivered an oral opinion to the Board, subsequently confirmed by delivery of a written opinion, dated July 16, 2018 (the “**Haywood Formal Valuation and Fairness Opinion**”), to the effect that, based upon and subject to the limitations and assumptions stated in the Haywood Formal Valuation and Fairness Opinion and such other matters as Haywood considered relevant, (i) Haywood’s formal valuation (which was prepared in accordance with the requirements in MI 61-101) indicated that the fair market value of the issued and outstanding common shares of LATAM Holdings Inc. is in the range of CAD \$180 million to CAD \$200 million, and (ii) Haywood was of the opinion that, as of the date of such opinion, the Consideration payable to Scythian pursuant to the Transaction was fair, from a financial point of view, to Scythian. The Haywood Formal Valuation and Fairness Opinion was internally reviewed as required by the rules of IIROC and Haywood’s internal policies governing formal valuation reports.

In rendering the Haywood Formal Valuation and Fairness Opinion, Haywood has relied on the accuracy and completeness of the financial and other information provided to it by Scythian, and each of their respective affiliates, associates, advisors and representatives. Haywood has assumed that the Information is accurate and complete and does not contain any material omission of fact. Haywood’s analyses, conclusions and opinion as to value are conditional upon the accuracy and completeness of such information. Haywood has not conducted an independent investigation to verify the accuracy or completeness of such information. Haywood has also relied on the public information available to it from sources which Haywood believes are reliable, but which it has not independently verified. Accordingly, Haywood’s reliance on these sources of public information are subject to the same provisos and caveats. Haywood reserves the right to revise the Haywood Formal Valuation and Fairness Opinion if it becomes aware after the date of thereof that any of such information or other sources of public information are inaccurate, incomplete or otherwise unreliable.

The Haywood Formal Valuation and Fairness Opinion was prepared solely to assist Scythian to be in compliance with MI 61-101 regarding the Transaction and may not be used or otherwise relied on by any other person or used for any other purpose except as expressly permitted therein without the express prior written consent of Haywood.

The full text of the Haywood Formal Valuation and Fairness Opinion (subject to certain redactions for commercial confidentiality reasons), which sets forth, among other things, the assumptions made, general procedures followed, matters considered and limitations on the review undertaken by Haywood, is reproduced as Appendix C to this Circular. This summary of the Haywood Formal Valuation and Fairness Opinion is qualified in its entirety by reference to the full text of the Haywood Formal Valuation and Fairness Opinion (subject to certain redactions for commercial confidentiality reasons). The Board urges Shareholders to read the Haywood Formal Valuation and Fairness Opinion carefully and in its entirety.

Description of the Transaction

Pursuant to the Transaction, Scythian has agreed to sell to Aphria certain business interests in Argentina, Colombia and Jamaica, each of which Scythian is currently in the process of acquiring in accordance with previously-announced binding agreements. In accordance with the terms of the Share Purchase Agreement, following the completion of the acquisitions of the target Argentine, Colombian

and Jamaican businesses by Scythian, each business will be transferred to a direct, wholly-owned subsidiary of Scythian, LATAM Holdings Inc., whose common shares will then be sold to Aphria upon closing of the Transaction.

The target Argentine business is ABP, S.A. ("**ABP**"), a pharmaceutical import and distribution company based in the Argentine Republic that is wholly-owned by MMJ International Investments Inc. ("**MMJ International**"), a privately-held British Columbia corporation. Scythian previously announced its proposed acquisition of ABP on March 12, 2018. ABP is an established pharmacy company that engages in the distribution of pharmaceuticals. It has sustained revenues and holds a license to import cannabidiol ("**CBD**") oil into Argentina for medical research purposes. ABP has also partnered with the Dr. Juan P. Garrahan Paediatric Hospital, a pediatric hospital in Buenos Aires, for a clinical study on the treatment of refractory epilepsy in children using pharmaceutical grade CBD oil, and with Universidad Nacional De La Plata to support advances in medical cannabis research and education. Scythian will acquire all of the issued and outstanding common shares of MMJ International, thereby indirectly acquiring ABP. In consideration, Scythian will issue 6,176,320 Shares to the selling shareholders of MMJ International.

The target Colombian business is Colcanna S.A.S ("**Colcanna**"), a medical cannabis producer based in the Republic of Colombia. Colcanna holds a license to cultivate non-psychoactive CBD, licenses for the extraction, production and research for the local market and export to international markets of cannabis derivatives, and a license to cultivate, produce, research and export tetrahydrocannabinol ("**THC**") extracts. It is the first company to be granted a license to cultivate medicinal cannabis extracts in the region of the country commonly referred to as the "Colombian coffee zone". MMJ Colombia Partners Inc. ("**MMJ Colombia**"), a privately-held Ontario company, owns 90% of Colcanna. Scythian is in the process of completing its acquisition of MMJ Colombia, thereby indirectly acquiring 90% of Colcanna. In consideration, Scythian has advanced US\$6.2 million in cash to MMJ Colombia; and will issue \$24.3 million in Shares on the closing date to the selling shareholders based on a 20 day volume weighted average trading price on the TSXV (or such other Canadian marketplace on which the Shares are listed for trading if not the TSXV) prior to closing, provided that no fewer than 4,768,875 Shares are issued to satisfy this component of the purchase price. Scythian will also assume at the closing date US\$5 million in unsecured, non-interest bearing promissory notes with due dates ranging from October 15, 2018 to December 31, 2018.

The target Jamaican business is Marigold Projects Jamaica Limited ("**Marigold**"), a medical cannabis company in Jamaica of which 49% of the outstanding voting equity of the company is indirectly owned by Marigold Acquisitions Inc. ("**Marigold Acquisitions**"), a privately-held British Columbia corporation. Scythian previously announced its proposed acquisition of Marigold on March 22, 2018. Marigold holds a "tier 3" license in Jamaica to cultivate more than five acres of land with cannabis for medical, scientific and therapeutic purposes. Marigold also holds conditional licenses in Jamaica for the manufacturing of medical cannabis-based products, the operation of herb house retail stores to sell medical cannabis, including to tourists, a therapeutic retail license to provide therapeutic or spa services utilizing medical cannabis products, and a research and development license. Marigold Acquisitions is also entitled to 95% of Marigold's net profits pursuant to an intellectual property licensing agreement between Marigold and a wholly-owned subsidiary of Marigold Acquisitions. Scythian will acquire all of the issued and outstanding common shares of Marigold Acquisitions, thereby indirectly acquiring 49% of Marigold. In consideration, Scythian will issue 6,000,000 Shares to the selling shareholders of Marigold Acquisitions.

In connection with the completion of the Transaction and in accordance with the terms of the Share Purchase Agreement, Scythian will grant Aphria a right of first refusal/right of first option whereby Aphria will have the right to purchase, in one or more separate tranches, up to 90% of the issued and outstanding common shares of an entity in Brazil, as determined by the parties ("**BrazilCo**"). If the option is exercised, Aphria will purchase 50.1% of outstanding equity of BrazilCo for an aggregate price of US\$24 million and the remaining 20% to 39.9% of the equity of BrazilCo will be purchased by Aphria at

the fair market value of such equity at the time of purchase. The BrazilCo option exercise price will be satisfied by the issuance of Aphria Shares at a price per share equal to the volume weighted average trading price of the Aphria Shares on the TSX for the 20 trading days immediately preceding the closing of the acquisition by Aphria of at least 50.1% of the equity of BrazilCo. If Scythian receives a third party offer for BrazilCo (or any portion thereof), Aphria will have the right to match such third party offer.

In consideration for the business interests described above, Scythian will receive 15,678,310 common shares of Aphria (as further described below under “**The Share Purchase Agreement**”).

As of August 13, 2018, there were 232,372,569 common shares of Aphria issued and outstanding. The common shares of Aphria are listed and traded on the TSX under the trading symbol “APH” and under the symbol “APHQF” on the OTCQB. The following table sets forth the reported intraday high and low prices and monthly trading volumes of the common shares of Aphria for the 6-month period prior July 17, 2018 (the date on which the Share Purchase Agreement was entered into):

Period	High Trading Price	Low Trading Price	Volume
July 1 – 16*, 2018	\$12.22	\$10.88	22,522,478
June 2018	\$13.45	\$11.31	112,871,495
May 2018	\$10.32	\$7.48	17,183,190
April 2018	\$10.06	\$7.04	13,810,130
March 2018	\$11.87	\$8.86	10,193,320
February 2018	\$14.72	\$9.33	20,208,870
January 2018	\$19.87	\$13.30	33,327,760

*The closing price of the common shares of Aphria on July 16, 2016 was \$10.90.

As a holder of common shares of Aphria, Scythian will be entitled to one vote per share at all meetings of the shareholders of Aphria. It will also be entitled to dividends, if and when declared by the directors of Aphria and the distribution of the residual assets of Aphria in the event of a liquidation, dissolution or winding up of Aphria.

The proceeds from the Transaction will provide additional funding for Scythian’s research and development and allow Scythian to pursue and evaluate medical cannabis opportunities in other jurisdictions with emerging regulations that permit the legal cultivation, distribution or use of medical marijuana, including, without limiting the foregoing, satisfying, in part, the consideration payable to complete the CannCure Acquisition.

Shareholder Approval

The Board recommends that Shareholders vote FOR the Transaction Resolution. Unless a Shareholder has specified in the enclosed form of proxy that the Shares represented thereby are to be voted against the Transaction Resolution, the persons named in the enclosed form of proxy intend to vote FOR the Transaction Resolution. To be effective, the Transaction Resolution must be approved by not less than a simple majority of the votes cast by Shareholders at the Meeting and a simple majority of the votes cast by Public Shareholders at the Meeting (i.e. majority of the minority approval). See “Regulatory Matters – Canadian Securities Law Matters”.

Support and Voting Agreements

On July 17, 2018, concurrently with the execution of the Share Purchase Agreement, Aphria entered into, and since then, has entered into further, support and voting agreements (collectively, the “**Support and Voting Agreements**”) with certain directors, officers and shareholders of Scythian (collectively, the “**Supporting Shareholders**”).

The Supporting Shareholders beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, Shares representing approximately 42.7% of the outstanding Shares as of the date of this Circular and have agreed, subject to the terms of the Support and Voting Agreements, to, *inter alia*, vote their Shares in favour of the Transaction and against any resolution submitted by any other Shareholder that is inconsistent therewith. These are irrevocable hard lock-ups (i.e. they cannot be terminated in the event of a Superior Proposal (as defined in the Support and Voting Agreements)).

The following is a summary of the principal terms of the Support and Voting Agreements. This summary does not purport to be complete and is qualified in its entirety by the complete text of the Support and Voting Agreements, the form of which is attached as Exhibit “A” of Schedule “B” to the Share Purchase Agreement, which is available on SEDAR at www.sedar.com.

Under the Support and Voting Agreements, the Supporting Shareholders have agreed, *inter alia*:

- (a) (i) to cause to be counted as present for purposes of establishing quorum and to vote (or cause to be voted) all of the Subject Securities (as defined in the Support and Voting Agreements) (to the extent that they carry a right to vote) at the Meeting (or, if applicable, in any action by written consent of the securityholders of Scythian) in favour of the approval, consent, ratification and adoption of the Transaction Resolution; (ii) to deposit a proxy, or voting instruction form, as the case may be, duly completed and executed in respect of all of its Subject Securities (to the extent that they carry the right to vote) as soon as practicable following the mailing of this Circular and in any event at least 10 calendar days prior to the Meeting, voting all such Subject Securities (to the extent that they carry the right to vote) in favour of the Transaction Resolution; and (iii) to not take, nor permit any person on its behalf to take, any action to withdraw, revoke, amend or invalidate any proxy or voting instruction form deposited pursuant to the Support and Voting Agreement notwithstanding any statutory or other rights or otherwise which the Supporting Shareholder might have unless the Support and Voting Agreement has at such time been previously terminated in accordance with the terms of the Support and Voting Agreement;
- (b) to cause to be counted as present for purposes of establishing quorum and to vote (or cause to be voted) all of the Subject Securities (to the extent that they carry the right to vote) against any proposed action by Scythian or any other person: (i) in respect of any Acquisition Proposal (as defined in the Support and Voting Agreements) or Superior Proposal that requires the approval of the Shareholders under applicable law, other than the Transaction; (ii) which would reasonably be regarded as being directed towards or likely to prevent or delay the successful completion of the Transaction, including without limitation any amendment to the articles or by-laws of Scythian, LATAM and/or the Target Corporations or their respective corporate structures or capitalization; or (iii) any action or agreement that would result in a breach of any representation, warranty, covenant or other obligation of Scythian under the Share Purchase Agreement;
- (c) in the event that any Acquisition Proposal or Superior Proposal that requires the approval of the Shareholders under applicable law, other than the Transaction, is presented prior to the closing date for the Transaction for approval of, or acceptance by, the Shareholders (whether or not it may be recommended by the Board), not to directly or indirectly, accept, assist or otherwise further the successful completion of such transaction or purport to tender or deposit into any such transaction any of the Subject Securities;

- (d) to, and to cause each of its affiliates and to instruct each of its representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiations, or other activities commenced prior to the date of the Support and Voting Agreement with any person (other than Aphria or an affiliate thereof) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal; and
- (e) at the request of Aphria, to, and to cause its applicable affiliates and representatives to, use all commercially reasonable efforts in its capacity, and their capacities, as a Supporting Shareholder to assist Scythian and Aphria to successfully complete the Transaction and the other transactions contemplated by the Share Purchase Agreement and the Support and Voting Agreement, including without limitation cooperating with Aphria and Scythian to make all requisite regulatory filings, provided that the Supporting Shareholder shall not be obligated to incur any expense in providing such cooperation, including by participating in any claim, action, suit, proceeding or investigation whether civil, criminal, administrative, or investigative, unless Aphria reimburses the Supporting Shareholder for such expenses.

Pursuant to the Support and Voting Agreements, the Supporting Shareholders have agreed not to:

- (a) directly or indirectly, through any officer, director, employee, representative or agent or otherwise:
 - (i) solicit proxies or become a participant in a solicitation in opposition to or competition with Aphria's proposed purchase of the LATAM Shares as contemplated by the Transaction;
 - (ii) assist any person in taking or planning any action that would compete with, restrain or otherwise serve to interfere with or inhibit Aphria's proposed purchase of the LATAM Shares as contemplated by the Transaction;
 - (iii) act jointly or in concert with others with respect to voting securities of Scythian for the purpose of opposing or competing with Aphria's proposed purchase of the LATAM Shares as contemplated by the Transaction;
 - (iv) solicit, initiate, encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, books or records of Scythian, LATAM and/or the Target Corporations in Scythian's possession or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or would reasonably be expected to constitute or lead to, an Acquisition Proposal;
 - (v) participate in any discussions or negotiations with any person (other than Aphria) regarding any inquiry, proposal or offer that constitutes or would reasonably be expected to constitute or lead to an Acquisition Proposal;
 - (vi) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement, arrangement or understanding regarding any Acquisition Proposal; or
 - (vii) cooperate in any way with, assist or participate in, knowingly encourage or otherwise facilitate or encourage any effort or attempt by any other person to do or seek to do any of the foregoing;
- (b) (i) contest in any way the approval of the Transaction by any governmental entity; or (ii) take any other action of any kind, in each case which would reasonably be regarded as

likely to reduce the success of, or materially delay or interfere with the completion of, the transactions contemplated by the Share Purchase Agreement;

- (c) without having first obtained the prior written consent of Aphria:
- (i) sell, transfer, gift, assign, convey, pledge, hypothecate, encumber, option or otherwise dispose of any right or interest in any of the Subject Securities or enter into any agreement, arrangement, commitment or understanding in connection therewith, other than (A) any exercise of share purchase warrants, incentive stock options or other convertible securities of Scythian in accordance with their terms, or (B) to one or more corporations directly or indirectly wholly owned by the Supporting Shareholder without affecting beneficial ownership or control or direction over the Subject Securities, provided that in each such case and for greater certainty, any Shares acquired as a result thereof shall be Subject Securities and subject to the terms and conditions of the Support and Voting Agreement;
 - (ii) other than as set forth in the Support and Voting Agreements, grant or agree to grant any proxies or powers of attorney, deposit any Subject Securities into a voting trust or pooling agreement, or enter into a voting agreement, commitment, understanding or arrangement, oral or written, with respect to the voting of any Subject Securities; or
 - (iii) requisition or join in the requisition of any meeting of any of the securityholders of Scythian for the purpose of considering any resolution; or
- (d) except as required by applicable law or stock exchange requirements, make any public announcement with respect to the transactions contemplated in the Support and Voting Agreement or pursuant to the Share Purchase Agreement without the prior written approval of Aphria.

The Support and Voting Agreements will terminate and be of no further force or effect upon the earliest to occur of:

- (a) the mutual agreement in writing of the Supporting Shareholder and Aphria;
- (b) the valid termination of the Share Purchase Agreement by Scythian in accordance with its terms;
- (c) the completion of the acquisition by Aphria of the LATAM Shares; and
- (d) December 31, 2018.

THE SHARE PURCHASE AGREEMENT

The following is a summary of the principal terms of the Share Purchase Agreement. This summary does not purport to be complete and is qualified in its entirety by the complete text of the Share Purchase Agreement, a copy of which is available on SEDAR at www.sedar.com.

On July 17, 2018, Scythian entered into the Share Purchase Agreement with Aphria pursuant to which Scythian and Aphria agreed that, subject to the terms and conditions set forth in the Share Purchase Agreement, Aphria will acquire all of the issued and outstanding common shares in the capital of LATAM (the “**LATAM Shares**”) for an amount equal to \$193,000,000 and US\$1,000,000 (collectively, the “**Consideration**”) to be paid and satisfied with:

- (a) the assumption of an aggregate of US\$1,000,000 in outstanding debts of MMJ International, Marigold Acquisitions and MMJ Colombia owing to Scythian; and

- (b) as to the balance, by the issuance to Scythian of an aggregate of 15,678,310 common shares of Aphria (the “**Consideration Shares**”), with the Consideration Shares to be issued at a deemed share price of \$12.31, being the volume weighted average price of the common shares of Aphria as traded on the facilities of the Toronto Stock Exchange for the 20 trading days immediately preceding the date of the Share Purchase Agreement.

The terms of the Share Purchase Agreement are the result of negotiations conducted among representatives of Scythian and Aphria and their respective legal and financial advisors.

Representations and Warranties

The Share Purchase Agreement contains representations and warranties made by Scythian to Aphria, and representations and warranties made by Aphria to Scythian. Those representations and warranties were made as of specific dates solely for the purposes of the Share Purchase Agreement and are subject to important qualifications and limitations agreed to by the parties in connection with negotiating its terms. Moreover, some of the representations and warranties contained in the Share Purchase Agreement are subject to a contractual standard of materiality that may be different from that considered material to Shareholders, or that may have been used for the purpose of allocating risk between the parties to the Share Purchase Agreement rather than for the purpose of establishing facts. Information concerning the subject matter of the representations and warranties may have changed since the date of the Share Purchase Agreement, provided however that the parties are required to promptly notify the other in the event that any representation or warranty becomes untrue or incorrect during the period from the date of the Share Purchase Agreement to the closing of the Transaction. See “The Share Purchase Agreement – Covenants – Notice of Untrue Representation or Warranty.” For the foregoing reasons, you should not rely on the representations and warranties contained in the Share Purchase Agreement as statements of factual information at the time they were made or otherwise.

The representations and warranties provided by Scythian in favour of Aphria in respect of each Target Corporation relate to, among other things: (a) incorporation and qualification; (b) no conflict; (c) required authorizations; (d) required consents; (e) authorized and issued capital; (f) subsidiaries; (g) no other agreements to purchase; (h) dividends and distributions; (i) corporate records; (j) ordinary course of business; (k) no Material Adverse Change; (l) compliance with laws; (m) authorizations; (n) sufficiency of assets; (o) title to the assets; (p) no options, etc. to purchase assets; (q) condition of tangible assets; (r) material contracts; (s) no breach of material contracts; (t) books and records; (u) financial statements; (v) no material undisclosed liabilities; (w) employees; (x) insurance; (y) anti-corruption; (z) no money laundering; (aa) taxes; (bb) no related party transactions; (cc) no brokers; and (dd) full disclosure.

Scythian also provided representations and warranties specific to each Target Corporation as follows: (a) in respect of ABP relating to, among other things: (i) leases; (ii) intellectual property; (iii) clinical trials; and (iv) banking relationships; (b) in respect of Colcanna relating to, among other things: (i) ordinary course or business; (ii) material contracts; (iii) environmental laws; (iv) inventories; and (v) banking relationships; and (c) in respect of Marigold relating to, among other things: (i) ordinary course of business; (ii) leases; (iii) material contracts; (iv) intellectual property; (v) environmental laws; and (vi) inventories.

The representations and warranties provided by Scythian in favour of Aphria in respect of Scythian relate to, among other things: (a) incorporation and qualification; (b) corporate authorization; (c) no conflict; (d) required consents; (e) execution and binding obligation; (f) no other agreements to purchase; (g) title to LATAM Shares; (h) no action; (i) residence; (j) no brokers; and (k) formal valuation.

The representations and warranties provided by Aphria in favour of Scythian relate to, among other things: (a) organization and status; (b) authority; (c) no violation or breach; (d) execution and binding obligation; (e) the Consideration Shares; (f) authorized and issued capital; (g) *Investment Canada Act*; (h) no brokers; and (i) public record.

Conditions to the Transaction

Conditions in Favour of Aphria

Aphria is not required to complete the Transaction unless each of the following conditions is satisfied, which conditions are for the exclusive benefit of Aphria and may only be waived, in whole or in part, by Aphria in its sole discretion:

- (a) *Representations and Warranties.* The representations and warranties of Scythian contained in the Share Purchase Agreement being true and correct as of the date of that agreement, provided that, to the extent any such representations and warranties of Scythian contain any materiality qualification, such representations and warranties are accurate in all respects, with the same force and effect as if such representations and warranties had been made on and as of such date and Scythian having executed and delivered a certificate of a senior officer to that effect.
- (b) *Performance of Covenants.* Scythian having fulfilled or complied with all covenants contained in the Share Purchase Agreement required to be fulfilled or complied with by it at or prior to the closing, and Scythian having executed and delivered a certificate of a senior officer to that effect. Not in limitation of the foregoing, Scythian shall have executed and delivered a certificate of a senior officer to the effect that it has complied with the provisions of the Forecast (as such term is defined in the Share Purchase Agreement).
- (c) *Consents and Authorizations.* All filings, notices, authorizations, consents, approvals, including applicable regulatory approvals for the respective jurisdictions of the Target Corporation, as applicable, and waivers required to be obtained prior to closing (and as disclosed in the data room established in connection with the Transaction) having been obtained on terms acceptable to Aphria, acting reasonably and all such filings, notices, authorizations, consents, approvals and waivers being in force and not having been modified or rescinded.
- (d) *Deliveries.* Scythian having delivered or causing to have been delivered to Aphria the following in form and substance satisfactory to Aphria acting reasonably:
 - (i) share certificates representing the LATAM Shares, free and clear of all liens, held by Scythian duly endorsed in blank for transfer, or accompanied by irrevocable security transfer powers of attorney duly executed in blank, in either case by the holders of record, together with evidence satisfactory to Aphria that Aphria has been entered upon the books of LATAM as the holder of the LATAM Shares;
 - (ii) certified copies of (i) the charter documents and by laws of Scythian and each Target Corporation, (ii) all resolutions of the shareholders and the board of directors of Scythian and each Target Corporation approving the entering into and completion of the transaction contemplated by the Share Purchase Agreement and the ancillary agreements, and (iii) a list of the directors and officers of each Target Corporation authorized to sign agreements together with their specimen signatures;
 - (iii) a certificate of status, compliance, good standing or like certificate with respect to Scythian and each Target Corporation issued by appropriate government officials of their respective jurisdictions of incorporation and, in the case of the Target Corporations, of each jurisdiction in which such Target Corporation carries on its business;
 - (iv) a duly executed copy of the ROFR/ROFO Agreement (as such term is defined in the Share Purchase Agreement) on terms and conditions mutually satisfactory to the parties, acting reasonably, consistent with the heads of terms provided in Schedule "C" to the Share Purchase Agreement;

- (v) a transitional services agreement for a term up to but not exceeding three months duly executed by Scythian in respect of payroll and benefits matters for certain United States employees of Scythian and/or the Target Corporations, in form and substance satisfactory to Aphria;
 - (vi) a three-year non-competition and confidentiality agreement in the form attached as Schedule "E" to the Share Purchase Agreement, duly executed by Scythian and such other persons as Aphria may reasonably request;
 - (vii) an employment and/or consulting agreement duly executed by such employees and consultants of the Target Corporations as Aphria may determine and identify to Scythian in writing no less than 15 Business Days prior to closing, in form and substance satisfactory to the parties;
 - (viii) subject to applicable residency requirements in the jurisdictions of the Target Corporations, a duly executed resignation effective as at the closing of each director of each Target Corporation as Aphria may specify in writing at least three (3) Business Days prior to closing, in form and substance satisfactory to Aphria, acting reasonably.
- (e) *Pre-Closing Reorganization.* Aphria having received evidence satisfactory to it, acting reasonably, of the completion of the Pre-Closing Reorganization.
 - (f) *Marigold Banking Relationships.* Aphria having received satisfactory evidence that Marigold has secured *bona fide* banking relationships and one or more registered banking accounts with a recognized financial institution in its applicable jurisdiction and that all such banking relationships comply with applicable laws.
 - (g) *Hampstead Royalty.* Aphria having received satisfactory evidence that Hampstead Holdings Ltd. ("**Hampstead**") has been exported or continued from Bermuda to a corporate domicile satisfactory to Aphria and/or that the exclusive royalty agreement between Hampstead and Marigold has been assigned to an entity satisfactory to Aphria, in each case at the sole expense of Scythian.
 - (h) *Colcanna Real Property.* Aphria having received satisfactory evidence that Colcanna has secured good and valid fee simple title to certain real property located in Colombia, free and clear of all liens, other than permitted liens.
 - (i) *Colcanna Payments.* Aphria having received satisfactory evidence that the payments required to be made by Scythian in respect of Colcanna under Section 5.1(4)(a) and Section 5.1(5) of the Share Purchase Agreement have been made.
 - (j) *TSX Approval.* Aphria having received receipt of conditional approval from the TSX for the transactions contemplated by the Share Purchase Agreement.
 - (k) *Proceedings.* All proceedings to be taken in connection with the transactions contemplated by the Share Purchase Agreement and any ancillary agreement being reasonably satisfactory in form and substance to Aphria, acting reasonably, and Aphria having received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation of such transactions and the taking of all necessary proceedings in connection therewith.
 - (l) *No Material Adverse Change.* There shall not have occurred any Material Adverse Change since, in the case of MMJ International, May 11, 2018, in the case of Marigold Acquisitions, March 20, 2018 and in the case of MMJ Colombia, April 8, 2018.

- (m) *Shareholder Approval.* Scythian having obtained Shareholder approval, including majority of the minority Shareholder approval, of the sale of the LATAM Shares to Aphria in accordance with the requirements of MI 61-101 for related party transactions.
- (n) *No Legal Action.* No action or proceeding being pending or threatened by any person (other than Aphria), and there being no order or notice from any governmental entity, to (or seeking to) enjoin, restrict or prohibit, on a temporary or permanent basis any of the transactions contemplated by the Share Purchase Agreement or imposing any terms or conditions on the transactions contemplated by the Share Purchase Agreement, the Business or the business of Aphria or otherwise limiting the right of Aphria to conduct its business or the Business after closing.

Conditions in Favour of Scythian

Scythian is not required to complete the Transaction unless each of the following conditions is satisfied, which conditions are for the exclusive benefit of Scythian and may only be waived, in whole or in part, by Scythian in its sole discretion:

- (a) *Representations and Warranties.* The representations and warranties of Aphria contained in the Share Purchase Agreement being true and correct as of the date of that agreement, provided that, to the extent any such representations and warranties contain any materiality qualification, such representations and warranties are accurate in all respects.
- (b) *Performance of Covenants.* Aphria having fulfilled or complied with all covenants contained in the Share Purchase Agreement required to be fulfilled or complied with by it at or prior to the closing, and Aphria having executed and delivered a certificate of a senior officer to that effect.
- (c) *Deliveries.* Aphria having delivered or causing to have been delivered to Scythian the following in form and substance satisfactory to Scythian, acting reasonably:
 - (i) share certificates representing the Consideration Shares together with evidence satisfactory to Scythian that Scythian has been entered upon the books of Aphria as the holder of the Consideration Shares;
 - (ii) certified copies of (i) the charter documents and extracts from the by-laws of Aphria relating to the execution of documents, (ii) all resolutions of the shareholders and the board of directors of Aphria approving the entering into and completion of the transactions contemplated by the Share Purchase Agreement and the ancillary agreements, and (iii) a list of its officers and directors authorized to sign agreements together with their specimen signatures; and
 - (iii) a certificate of status, compliance, good standing or like certificate with respect to Aphria issued by appropriate government official of the jurisdiction of its incorporation.
- (d) *Proceedings.* All proceedings to be taken in connection with the transactions contemplated in the Share Purchase Agreement and any ancillary agreement being reasonably satisfactory in form and substance to Scythian, acting reasonably, and Scythian having received copies of all the instruments and other evidence as it may reasonably request in order to establish the consummation of such transactions and the taking of all proceedings in connection therewith.
- (e) *No Legal Action.* No action or proceeding being pending or threatened by any person (other than Scythian, Aphria or LATAM) and there being no order or notice from any governmental entity, to (or seeking to) enjoin, restrict or prohibit, on a temporary or permanent basis any of the

transactions contemplated by the Share Purchase Agreement or imposing any terms or conditions on the transactions contemplated by the Share Purchase Agreement.

- (f) *Exchange Approval.* Scythian having received receipt of conditional approval from the TSXV (or such other Canadian marketplace on which the Shares are listed for trading if not the TSXV) for the transactions contemplated by the Share Purchase Agreement including, for greater certainty, the acquisitions of each of MMJ International, Marigold Acquisitions and MMJ Colombia in accordance with the Pre-Closing Re-Organization.
- (g) *Pre-Closing Reorganization.* The acquisitions of MMJ International, Marigold Acquisitions and MMJ Colombia by Scythian substantially in accordance with the Pre-Closing Reorganization having been completed.
- (h) *Shareholder Approval.* Scythian having obtained Shareholder approval, including majority of the minority Shareholder approval, of the sale of the LATAM Shares to Aphria in accordance with the requirements of MI 61-101 for related party transactions.

Covenants

Conduct of Business Prior to Closing

During the Interim Period (as defined in the Share Purchase Agreement), Scythian is required to complete the Pre-Closing Reorganization. Scythian will use its commercially reasonable best efforts to cause each Target Corporation to conduct the Business (as defined in the Share Purchase Agreement) in the Ordinary Course (as defined in the Share Purchase Agreement) until the closing date, subject to any exceptions expressly consented to by Aphria in writing.

Scythian will use its commercially reasonable efforts (i) to not cause or permit to exist a breach of any representations and warranties of Scythian contained in the Share Purchase Agreement; and (ii) to cause the Business to be conducted in such a manner that on the closing date such representations and warranties will be true, correct and complete as if they were made on and as of such date.

Scythian will use its commercially reasonable efforts to ensure that all capital expenditures, operating expenditures and any other expenditures relating to the Target Corporations and the operation of the Business are made in strict compliance with the Forecast (as defined in the Share Purchase Agreement) and that any deviations therefrom are first approved in writing by Aphria, provided however that in respect of the aggregate of US\$15,000,000 of capital expenditures required in respect of Colcanna (and as reflected in the Forecast): (a) Scythian shall pay or otherwise satisfy US\$2,000,000 of such amount on or prior to the closing date; and (b) the remaining US\$13,000,000 of such capital expenditures shall be borne by Aphria. In respect of the additional US\$5,000,000 outstanding liability owing to Colcanna, Scythian shall (a) pay or otherwise satisfy US\$2,000,000 of such amount on or prior to the closing date; and (b) cause the remaining US\$3,000,000 to be delivered into a trust account of Aphria or Aphria's counsel, to be held and released on such terms as Aphria may elect. For greater certainty, if any amount of the US\$3,000,000 comes due prior to the closing date, Scythian shall have made such payment, and the amount to be deposited into the trust account shall be reduced by such amount.

Notice of Untrue Representation or Warranty

Scythian will promptly notify Aphria, and Aphria will promptly notify Scythian, upon any representation or warranty made by it contained in the Share Purchase Agreement becoming untrue or incorrect during the Interim Period. Each representation and warranty will be deemed to be given at and as of all times during the Interim Period. Any such notification must set out the particulars of the untrue, incorrect or inaccurate representation or warranty and details of any actions being taken by Scythian or Aphria, as the case may be, to rectify that state of affairs (the "**Interim Notice**"). Where any of the closing

conditions for the benefit of Aphria would not be satisfied without an amendment to the data room established for the Transaction to qualify the representations and warranties with respect to any matter or thing that did not exist on or prior to the date of the Share Purchase Agreement and did not arise or occur as a result of, or in connection with, any breach of the Share Purchase Agreement, Aphria may: (a) terminate the Share Purchase Agreement immediately in the case where Aphria delivers the Interim Notice, or within 5 Business Days following receipt of the Interim Notice delivered by Scythian; or (b) permit Scythian to supplement such data room, which supplement does not cure any breach of the representation and warranty and waive Aphria's termination right arising in connection with such amendment and any corresponding closing condition in favour of Aphria, provided that such waiver does not limit or otherwise affect any remedies available to Aphria.

Actions to Satisfy Closing Conditions

Scythian will use its reasonable best efforts to take or cause to be taken all such actions so as to ensure compliance with all of the conditions for the benefit of Aphria. Aphria shall use its reasonable best efforts to take or cause to be taken all such actions so as to ensure compliance with all of the conditions for the benefit of Scythian.

Notices and Request for Consents

Scythian will use its reasonable best efforts to obtain or cause to be obtained prior to closing, all consents, approvals and waivers that are required by the terms of the Leases and the Contracts (each as defined in the Share Purchase Agreement) to which any Target Corporation is a party in order to complete the transactions contemplated by the Share Purchase Agreement, including the consents, approvals and waivers described in the data room established for the Transaction. Such consents, approvals and waivers will be upon such terms as are acceptable to Aphria, acting reasonably. Aphria will, at the expense of Scythian, reasonably cooperate in obtaining such consents, approvals and waivers. Scythian will provide notices (in form and substance acceptable to Aphria, acting reasonably) that are required by the terms of the Leases and the Contracts to which any Target Corporation is a party in connection with the transactions contemplated by the Share Purchase Agreement.

Additional Covenants (including Non-Solicitation)

Scythian has provided additional customary covenants relating to the Meeting, this Circular and non-solicitation.

Subject to certain express exceptions set out in the Share Purchase Agreement, Scythian has agreed that it and LATAM will not, directly or indirectly, through any officer, director, employee, representative (including any financial or other adviser) or agent of Scythian or LATAM (collectively "**Representatives**"), or otherwise, and will not permit any such person to:

- (a) solicit, assist, initiate, encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, books or records of Scythian, LATAM and/or the Target Corporation's in Scythian's possession or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
- (b) enter into or otherwise engage or participate in any discussions or negotiations with any person (other than Aphria) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal, it being acknowledged and agreed that Scythian may communicate with any person for purposes of advising such person of the restrictions in the Share Purchase Agreement or advising such person that their Acquisition Proposal does not constitute a Superior Proposal or is not reasonably expected to constitute or lead to a Superior Proposal;

- (c) make a Change in Recommendation.

Scythian will, and will cause LATAM and its Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiations, or other activities commenced prior to the date of the Share Purchase Agreement with any person (other than Aphria) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection therewith Scythian shall discontinue access to and disclosure of confidential information, books and records relating to the Target Corporations in its possession, including the data room.

The Share Purchase Agreement also contains customary provisions relating to:

- (a) Scythian's obligation to notify Aphria and keep Aphria informed if it receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to an Acquisition Proposal;
- (b) Scythian's ability to respond to an unsolicited written Acquisition Proposal, including a "fiduciary out" provision that entitles Scythian to consider and accept a Superior Proposal; and
- (c) Aphria's right to match a Superior Proposal.

Termination of the Share Purchase Agreement

Termination

The Share Purchase Agreement may, by notice in writing given on or prior to the closing date, be terminated:

- (a) by mutual consent of Scythian and Aphria;
- (b) by Scythian or Aphria if the closing has not occurred by 5:00 pm (Toronto time) on December 31, 2018, provided that such party may not terminate the Share Purchase Agreement under this section if it has failed to perform any one or more of its obligations or covenants under the Share Purchase Agreement required to be performed at or prior to closing and the closing has not occurred because of such failure; or
- (c) by Aphria, if:
 - (i) there has been a material breach of the Share Purchase Agreement by Scythian and such breach has not been waived by Aphria;
 - (ii) any of the conditions for the benefit of Aphria have not been satisfied or it becomes reasonably apparent that any of such conditions will not be satisfied by the closing date (other than as result of the failure of Aphria to perform any of its material obligations) and Aphria has not waived such condition in writing at or prior to closing; or
 - (iii) there has occurred a Material Adverse Change; or
- (d) by Scythian, if:
 - (i) there has been a material breach of the Share Purchase Agreement by Aphria and such breach has not been waived by Scythian; or

- (ii) any of the conditions for the benefit of Scythian have not been satisfied or it becomes reasonably apparent that any of such conditions will not be satisfied by the closing date (other than as result of the failure of Scythian to perform any of its material obligations) and Scythian has not waived such condition at or prior to closing.

In addition, the Share Purchase Agreement may be terminated prior to the closing date by:

- (a) either Scythian or Aphria, if the Required Approval is not obtained at the Meeting, provided that a party may not terminate the Share Purchase Agreement pursuant to this section if the failure to obtain the Required Approval has been caused by, or is a result of, a breach by such party of any of its representations or warranties or the failure of such party to perform any of its covenants or agreements under the Share Purchase Agreement (collectively referred to as a “**Termination Fee Event 1**”); or
- (b) Aphria if the Board or any committee of the Board (A) fails to unanimously recommend or withdraws, amends, modifies or qualifies, or publicly proposes or states an intention to withdraw, amend, modify or qualify, the Board Recommendation, (B) accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend or takes no position or a neutral position, in each case with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for more than five Business Days (or beyond the third Business Day prior to the date of the Meeting, if sooner), (C) accepts, approves, endorses, recommends or executes or enters into (other than a confidentiality and standstill agreement permitted by and in accordance with the Share Purchase Agreement) or publicly proposes to accept, approve, endorse, recommend or execute or enter into any agreement, letter of intent, understanding or arrangement relating to an Acquisition Proposal or any proposal or offer that could reasonably be expected to lead to an Acquisition Proposal; (D) fails to publicly reaffirm the Board Recommendation (without qualification) within five Business Days after having been requested in writing by Aphria to do so (collectively, a “**Change in Recommendation**”), or (E) Scythian breaches its covenants regarding non-solicitation in any material respect (collectively referred to as a “**Termination Fee Event 2**”)

Termination Fee

Scythian is required to pay Aphria the Termination Fee of \$5,800,000 as liquidated damages at the time determined in accordance with the Share Purchase Agreement in the event of any of the following terminations of the Share Purchase Agreement:

- (a) by Aphria, pursuant to a Termination Fee Event 2;
- (b) pursuant to any Termination Fee Event 1 or Termination Fee Event 2 if at such time Aphria is entitled to terminate the Share Purchase Agreement pursuant to a Termination Fee Event 2;
- (c) by Scythian or Aphria pursuant to a Termination Fee Event 1 if:
 - (i) prior to such termination, an Acquisition Proposal is made or publicly announced or otherwise publicly disclosed by any person (other than Aphria or any of its affiliates) or any person (other than Aphria or any of its affiliates) shall have publicly announced an intention to make an Acquisition Proposal; and
 - (ii) within 9 months following the date of such termination, (A) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) is consummated, or (B) Scythian, directly or indirectly, in one or more transactions, enters into a contract in respect of an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i)

above), and such Acquisition Proposal is later consummated (whether or not within 9 months after such termination),

provided that the term "Acquisition Proposal" in this paragraph has the meaning given to such term in the Share Purchase Agreement except that a reference to "20% or more" should instead refer to "50% or more".

Expense Reimbursement Fee

In addition to the rights of Aphria to the Termination Fee, if the Share Purchase Agreement is terminated by Aphria pursuant to a Termination Fee Event 1 then Scythian shall, within two (2) Business Days of such termination, pay or cause to be paid to Aphria by wire transfer of immediately available funds an expense reimbursement fee of \$2,000,000.

Indemnification

Scythian has agreed to indemnify and save Aphria and its shareholders, directors, officers, employees, agents and representatives harmless of and from, and to pay for, any damages suffered by, imposed upon or asserted against it as a result of, in respect of, connected with, or arising out of, under, or pursuant to:

- (a) any breach or inaccuracy of any representation or warranty given by Scythian in the Share Purchase Agreement (whether in respect of the Target Corporations or in respect of Scythian);
- (b) any failure of Scythian to perform or fulfil any of their covenants or obligations under the Share Purchase Agreement;
- (c) any Taxes (as defined in the Share Purchase Agreement) required to be paid, by any Target Corporation in respect of (i) a pre-closing tax period, or (ii) in the case of a taxation period that begins before and ends after the time of closing, the portion of such period ending at the time of closing;
- (d) any action, suit, claim, proceeding, grievance, arbitration, investigation, audit or alternative dispute resolution involving any Target Corporation at any time on or prior to the closing date or in which it becomes involved after the closing date arising from facts or circumstances related to any Target Corporation that existed at any time on or prior to the closing date; and
- (e) the Pre-Closing Reorganization.

Aphria has agreed to indemnify and save Scythian and its shareholders, directors, officers, employees, agents and representatives harmless of and from, and shall pay for, any damages suffered by, imposed upon or asserted against it or any of them as a result of, in respect of, connected with, or arising out of, under or pursuant to:

- (a) any breach or inaccuracy of any representation or warranty given by Aphria contained in the Share Purchase Agreement; and
- (b) any failure of Aphria to perform or fulfil any of its covenants or obligations under the Share Purchase Agreement.

There are limitations on indemnification. Aphria is not entitled to recover damages from Scythian unless it has made a claim to Scythian:

- (a) at any time after closing in respect of certain fundamental representations;

- (b) at any time on or before the date that is 6 months after the expiration of a tax assessment period;
or
- (c) at any time on before the date that is 18 months after the closing date in respect of all other representations and warranties.

Scythian is not entitled to recover damages from Aphria unless it has made a claim to Aphria:

- (a) at any time after closing in respect of certain fundamental representations;
- (b) at any time on before the date that is 18 months after the closing date in respect of all other representations and warranties.

Subject to certain exclusions, Scythian has no obligation to make any payment for damages for a breach of a representation or warranty until the total of all damages arising from such indemnification obligation exceeds \$2,000,000, being approximately 1.0% of the aggregate Purchase Price (the "**Basket Amount**"). Once the total of all damages arising from such indemnification obligation exceeds the Basket Amount, Scythian shall be fully liable for all such damages, both below and above such Basket Amount, up to an aggregate maximum of 50% of the Consideration. These monetary thresholds and limits do not apply to damages with respect to any claims for indemnification by Aphria for a breach of fundamental representations, a breach of certain tax representations, any failure of Scythian to perform or fulfil any covenants or obligations under the Share Purchase Agreement or arising out of the Pre-Closing Reorganization. Nothing in the Share Purchase Agreement limits the time to make a claim or the liability of Scythian for any claim involving fraud occurring on or prior to the closing date.

Subject to certain exclusions, Aphria has no obligation to make any payment for damages for a breach of a representation or warranty until the total of all damages arising from such indemnification obligation exceeds the Basket Amount. Once the total of all damages arising from such indemnification obligation exceeds the Basket Amount, Scythian shall be fully liable for all such damages, both below and above such Basket Amount, up to an aggregate maximum of 50% of the Consideration. These monetary thresholds and limits do not apply to damages with respect to any claims for indemnification by Scythian for a breach of fundamental representations or any failure of Aphria to perform or fulfil any covenants or obligations under the Share Purchase Agreement.

Governing Law

The Share Purchase Agreement is governed by and will be interpreted and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Except in connection with any third party claim brought against an indemnified person under the indemnification provisions described above, each party has irrevocably attorned and submitted to the exclusive jurisdiction of the Ontario courts situated in the City of Toronto (and appellate courts therefrom) and waived objection to the venue of any proceeding in such court or that such court provides an inappropriate forum.

Amendment

The Share Purchase Agreement may only be amended, supplemented or otherwise modified by written agreement signed by Scythian and Aphria.

REGULATORY MATTERS

Canadian Securities Law Matters

Scythian is a reporting issuer under applicable Canadian securities legislation in Ontario, British Columbia and Alberta and is, among other things, subject to applicable securities laws, including MI 61-101. MI 61-101 is intended to regulate certain transactions to ensure the protection and fair treatment of minority securityholders.

The Transaction constitutes a “related party transaction” under MI 61-101 because Aphria is a “related party” of Scythian and will be purchasing assets from Scythian for valuable consideration. Aphria is a “related party” of Scythian because it has beneficial ownership of, or control or direction over, directly or indirectly, securities of Scythian carrying more than 10% of the voting rights attached to all of Scythian’s outstanding voting securities.

As of the date of the Share Purchase Agreement, Aphria held 2,688,500 Shares (or 9.09% of the issued and outstanding Shares) and 672,125 warrants to acquire a total of 2,688,500 Shares (and therefore 18.18% of the issued and outstanding Shares on a partially diluted basis).

In addition, certain directors and officers of Aphria comprised of Victor Neufeld (previously a director of Scythian), Cole Caciavillani, John Cervini, Renah Persofsky (previously a director of Scythian) and Gary Leong (previously a director of Scythian) collectively hold, to the knowledge of Scythian, directly and indirectly, 110,496 Shares and 215,887 warrants to acquire a total of 863,548 Shares.

Immediately following the closing of the Transaction (and assuming the issuance of approximately 6,075,000 Shares in connection with the purchase of Colcanna at a deemed price of \$4.00 per share and without giving any effect to the Brazil Option), it is expected that Aphria will hold approximately 5.62% of the issued and outstanding Shares on a non-diluted basis and 9.06% on a fully diluted basis.

MI 61-101 provides that, unless an exemption is available, a reporting issuer proposing to carry out a related party transaction is required to obtain a formal valuation of the non-cash assets involved in a related party transaction from a qualified independent valuator and to provide the holders of the affected securities with a summary of such valuation. For the purposes of the Transaction, the Shares are considered “affected securities” within the meaning of MI 61-101. A summary of the formal valuation prepared by Haywood can be found at “The Transaction — Haywood Formal Valuation and Fairness Opinion” and a copy of the Haywood Formal Valuation and Fairness Opinion is attached as Appendix C to this Circular.

MI 61-101 also requires that, in addition to any other required securityholder approval, in order to complete a related party transaction, the approval of a simple majority of the votes cast by Public Shareholders must be obtained. Accordingly, votes attaching to Shares that are beneficially owned or over which control or direction is exercised by Scythian and Aphria, and any “related party” of Aphria within the meaning of MI 61-101 (subject to the exceptions set out therein) and any person acting jointly or in concert with the foregoing in respect of the Transaction will be excluded from the “majority of the minority” vote on the Transaction Resolution at the Meeting.

As at the Record Date, to the knowledge of Scythian, Aphria and their respective directors and senior officers, after reasonable inquiry, Scythian, Aphria and any “related party” of Aphria within the meaning of MI 61-101 (subject to the exceptions set out therein) and any joint actor with Aphria or any “related party” of Aphria within the meaning of MI 61-101 (subject to the exceptions set out therein) in respect of the Transaction, owned 2,798,996 Shares and these are the only Shares that will be excluded from the minority vote.

The identity of the holders of the Shares to be excluded, together with their individual holdings is as follows:

Holder	Number of Shares
Aphria	2,688,500
Renah Persofsky	20,496
Gary Leong	90,000
Total:	2,798,996

To the knowledge of Scythian and its directors and senior officers, after reasonable inquiry, there has been no prior valuation in respect of Scythian that relates to the subject matter of, or that is otherwise relevant to, the Transaction in the 24 months prior to the date hereof. Furthermore, Scythian has not received any *bona fide* offer that relates to the subject matter of, or that is otherwise relevant to, the Transaction during the 24 months before the Transaction was agreed to.

Stock Exchange Approvals

Scythian is required to obtain conditional approval from the TSXV (or such other Canadian marketplace on which the Shares are listed for trading if not the TSXV) for the transactions contemplated by the Share Purchase Agreement including, for greater certainty, the acquisitions of each of MMJ International, Marigold Acquisitions and MMJ Colombia in accordance with the Pre-Closing Re-Organization. Scythian is currently in the process of voluntarily de-listing the Shares from the TSXV and listing the Shares on the CSE. Scythian intends to complete its listing on the CSE prior to the closing of the Transaction.

Aphria is required to obtain conditional approval from the TSX for the transactions contemplated by the Share Purchase Agreement, including the issuance of the Consideration Shares.

RISK FACTORS

The following risk factors should be considered by Shareholders in evaluating whether to approve the Transaction Resolution. These risk factors should be considered in conjunction with the other information contained in or incorporated by reference into this Circular. These risk factors relate to the Transaction.

Risks Related to the Transaction

Conditions Precedent to Closing of the Transaction

The completion of the Transaction is subject to a number of conditions precedent, some of which are outside Scythian's control, including receipt of Shareholder approval, receipt of various regulatory and stock exchange approvals, the completion of the acquisitions of the Target Corporation by Scythian, and the entry into employment and/or consulting agreements by certain employees and consultants of the Target Corporations.

In addition, the completion of the Transaction by Aphria is conditional on, among other things, no action or circumstance occurring that would result in a Material Adverse Change.

There can be no certainty, nor can Scythian provide any assurance, that all conditions precedent to the Transaction will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived and, accordingly, the Transaction may not be completed. If these conditions are not met or the Transaction is not completed for any other reason, Scythian will not receive the Consideration Shares.

Market Price of the Shares

If, for any reason, the Transaction is not completed or its completion is materially delayed and/or the Share Purchase Agreement is terminated, the market price of the Shares may be materially adversely affected. Scythian's business, financial condition or results of operations could also be subject to various material adverse consequences, including that Scythian would remain liable for costs relating to the Transaction.

Market Value of the Consideration Shares may Increase or Decrease

If the Transaction is completed, Scythian will receive, as consideration for the LATAM Shares, 15,678,310 common shares of Aphria. The consideration is fixed and will not increase or decrease due to fluctuations in the market price of Aphria's common shares. If the market price of Aphria's common shares increases or decreases, the market value of the Consideration Shares will correspondingly increase or decrease. As a result, the consideration being paid by Aphria for the LATAM Shares could be greater (or less) than anticipated by Scythian. Many of the factors that affect the market value of the Consideration Shares are beyond the control of Aphria or Scythian. These factors include changes in the regulatory environment, adverse political developments, prevailing conditions in the capital markets, and interest rate and exchange rate fluctuations.

Termination in Certain Circumstances

Each of Scythian and Aphria has the right, in certain circumstances, in addition to termination rights relating to the failure to satisfy the conditions of closing, to terminate the Transaction. Accordingly, there can be no certainty, nor can Scythian provide any assurance that the Transaction will not be terminated by either of Scythian or Aphria prior to the completion of the Transaction. In addition, if the Transaction is not completed by December 31, 2018, either Scythian or Aphria may choose to terminate the Share Purchase Agreement. The Share Purchase Agreement also includes a termination fee and expense reimbursement fee payable if the Share Purchase Agreement is terminated in certain circumstances.

The Termination Fee and expense reimbursement fee provided under the Share Purchase Agreement may discourage other parties from making an Acquisition Proposal

Under the Share Purchase Agreement, Scythian would be required to pay a termination fee of \$5.8 million and an expense reimbursement fee of \$2 million in the event the Share Purchase Agreement is terminated in certain circumstances. This termination fee and expense reimbursement fee may discourage other parties from making an Acquisition Proposal.

Uncertainty Surrounding the Transaction

As the Transaction is dependent upon satisfaction of certain conditions, its completion is uncertain. If the Transaction is not completed for any reason, there are risks that the announcement of the Transaction and the dedication of Scythian's resources to the completion thereof could have a negative impact on Scythian's relationships with its stakeholders and could have a material adverse effect on the current future operations, financial condition and prospects of Scythian.

In addition, Scythian may incur significant transaction expenses in connection with the Transaction, regardless of whether the Transaction is completed.

Scythian is subject to customary non-solicitation provisions under the Share Purchase Agreement. The Share Purchase Agreement also restricts Scythian from taking specified actions until the Transaction is completed without the consent of Aphria.

The foregoing risks or other risks arising in connection with the failure of the Transaction, including the diversion of management attention from conducting the business of Scythian, may have a material adverse effect on Scythian's business operations, financial results and share price.

APPROVAL OF NAME CHANGE

Scythian has proposed changing its name to "SOL Global Investments Corp.". Scythian believes that the proposed new name better reflects its strategy of identifying and developing cultivation assets, nurturing branded products and opening up ancillary opportunities outside of Canada.

At the Meeting, Shareholders will be asked to consider and, if thought appropriate, to pass the following special resolution approving the name change (the "**Name Change Resolution**"):

"RESOLVED THAT:

1. the Corporation be authorized to amend the Corporation's articles to change the name of the Corporation from "Scythian Biosciences Corp." to "SOL Global Investments Corp." or such other name that the directors of the Corporation in their sole discretion determine appropriate and which any regulatory body having jurisdiction may accept;
2. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation be, and they hereby are, authorized and empowered to revoke this resolution at any time prior to the amendment of the Corporation's articles and to determine not to proceed with changing the name of the Corporation; and
3. any director or officer of the Corporation is authorized and directed to do all other things and execute all documents as may be necessary or desirable to give effect to this resolution."

The Board recommends that Shareholders vote FOR the Name Change Resolution. Unless a Shareholder has specified in the enclosed form of proxy that the Shares represented thereby are to be voted against the Name Change Resolution, the persons named in the enclosed form of proxy intend to vote FOR the Name Change Resolution. To be effective, the Name Change Resolution must be approved by at least two-thirds of the votes cast thereon at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Circular, no informed person (as defined in NI 51-102) of Scythian, nor any associate or affiliate of any such informed person, had any material interest, direct or indirect, in any transaction since the commencement of Scythian's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Scythian or any of its Subsidiaries. See "Interests of Certain Parties in the Transaction".

INTEREST OF EXPERTS

The following persons and companies have prepared certain sections of this Circular and/or Appendices attached hereto as described below, or are named as having prepared or certified a report, statement or opinion in or incorporated by reference in this Circular.

Name of Expert⁽¹⁾

Nature of Relationship

Clarus	Authors responsible for the preparation of the Clarus Fairness Opinion
Haywood	Authors responsible for the preparation of the Haywood Formal Valuation and Fairness Opinion

Notes:

- (1) To the knowledge of Scythian, none of the experts so named (or any of the designated professionals thereof) held securities representing more than 1% of all issued and outstanding Shares as at the date of the statement, report or valuation in question, and none of the persons above is or is expected to be elected, appointed or employed as a director, officer or employee of Scythian or of any associate or affiliate of Scythian.

ADDITIONAL MATTERS

Additional Information

Additional information relating to Scythian may be found on SEDAR at www.sedar.com and at Scythian's website at www.scythianbio.com. Financial information is provided in Scythian's consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the most recently completed financial year. Shareholders may also contact the Chief Financial Officer of Scythian at (212) 729-9208 or by email at info@scythianbio.com to request copies of Scythian's consolidated financial statements and MD&A.

APPROVAL OF THIS INFORMATION CIRCULAR

The contents and the provision of this Circular have been approved by the Board.

DATED this 13th day of August, 2018.

(signed) "Robert Reid"

Robert Reid, Chief Executive Officer
By order of the Board

CONSENT OF CLARUS

To: The Board of the Directors of Scythian Biosciences Corp. (the “Board”)

We refer to the management information circular dated August 13, 2018 (the “**Information Circular**”) with respect to the share purchase transaction involving, among other things, the acquisition by Aphria Inc. of all of the issued and outstanding common shares of LATAM Holdings Inc., a direct, wholly-owned subsidiary of Scythian Biosciences Corp. (“**Scythian**”). We consent to the inclusion in the Information Circular of our fairness opinion dated July 16, 2018 (the “**Fairness Opinion**”) to the Board and to the references to our firm name and our Fairness Opinion in the Information Circular and our consent remains subject to the assumptions, qualifications and limitations contained therein. In providing our consent, we do not intend that any person other than the Board shall be entitled to rely upon our Fairness Opinion.

Yours truly,

(signed) “Clarus Securities Inc.”

Clarus Securities Inc.
Toronto, Canada
August 13, 2018

CONSENT OF HAYWOOD

To: The Board of the Directors of Scythian Biosciences Corp. (the “Board”)

We refer to the management information circular dated August 13, 2018 (the “**Information Circular**”) with respect to the share purchase transaction involving, among other things, the acquisition by Aphria Inc. of all of the issued and outstanding common shares of LATAM Holdings Inc., a direct, wholly-owned subsidiary of Scythian Biosciences Corp. (“**Scythian**”). We consent to the inclusion in the Information Circular of our formal valuation and fairness opinion dated July 16, 2018 (the “**Formal Valuation and Fairness Opinion**”) to the Board and to the references to our firm name and our Formal Valuation and Fairness Opinion in the Information Circular and our consent remains subject to the assumptions, qualifications and limitations contained therein. In providing our consent, we do not intend that any person other than the Board shall be entitled to rely upon our Formal Valuation and Fairness Opinion. We also consent to the filing of the formal valuation with applicable securities regulatory authorities.

Yours truly,

(signed) “Haywood Securities Inc.”

Haywood Securities Inc.
Toronto, Canada
August 13, 2018

**APPENDIX A
TRANSACTION RESOLUTION**

BE IT RESOLVED THAT:

1. the transactions contemplated by the Share Purchase Agreement be, and they hereby are, authorized and approved;
2. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation be, and they hereby are, authorized and empowered, without further notice to or approval of the shareholders of the Corporation, to the extent permitted by the Share Purchase Agreement: (i) to amend the terms of the transactions contemplated by the Share Purchase Agreement; (ii) to determine not to proceed with any of the transactions contemplated by the Share Purchase Agreement; and (iii) to terminate the Share Purchase Agreement; and
3. any director or officer of the Corporation is authorized and directed, for and on behalf of the Corporation, to do and perform all acts and things and to execute and deliver all documents, agreements, certificates, appointments and instruments, whether under the corporate seal of the Corporation or otherwise, and to take all such steps as may be necessary or advisable in order to give full effect to the foregoing resolutions, including without limitation, the obtaining of any necessary or advisable approvals, rulings or consents from, and the filing of any document with, any governmental or regulatory authority, the doing or performing of such acts and things, and the execution and delivery of such documents, agreements, certificates.

**APPENDIX B
CLARUS FAIRNESS OPINION**

(see attached)

CLARUS

SECURITIES INC.

July 16, 2018

The Board of Directors of Scythian Biosciences Corp.

366 Bay Street, Suite 200
Toronto, ON M5H 4B2

Dear Sirs:

1. INTRODUCTION

Clarus Securities Inc., (“**Clarus**” or “**we**” or “**our**”) understands that Scythian Biosciences Corp. (the “**Company**” or “**Scythian**”) has entered into a share purchase agreement dated July 17, 2018 (the “**Share Purchase Agreement**”) with Aphria Inc. (“**Aphria**”), pursuant to which Scythian has agreed, subject to the terms and conditions of the Share Purchase Agreement, including approval by the shareholders of Scythian, to acquire all of the outstanding common shares of LATAM Holdings Inc. (“**LATAM**”), a direct, wholly-owned subsidiary of Scythian (the “**Transaction**”).

Capitalized terms not otherwise defined herein shall have the respective meanings attributed to them in the Share Purchase Agreement.

We understand that, under the terms of the Share Purchase Agreement, the consideration payable by Aphria to Scythian shall be an amount equal to C\$194,300,000 (the “**Consideration**”), which shall be payable as follows:

- (a) the assumption of an aggregate of USD\$1,000,000 in outstanding debts of Scythian Argentina Holdings Inc. (“**MMJ International**”), Marigold Acquisitions Inc. (“**MMJ Jamaica**”) and MMJ Colombia Partners Inc. (“**MMJ Colombia**”) owing to Scythian; and
- (b) C\$193,000,000 of value consisting of the issuance to Scythian of an aggregate of 15,678,310 Aphria shares, to be issued, registered, and delivered as so directed by Scythian in writing. The Aphria shares shall be issued at a deemed share price of C\$12.31, being the volume weighted average price of the common shares of Aphria as traded on the facilities of the Toronto Stock Exchange (the “**TSX**”) for the 20 trading days immediately preceding the date of the Share Purchase Agreement.

We understand that the following are subsidiaries of LATAM:

- (a) MMJ International, a company existing under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”), owns 100% of the issued and outstanding shares in the capital of ABP S.A. (“**ABP**”), a company existing under the laws of Argentina;

- (b) pending the closing of the definitive agreement, MMJ Colombia, a company existing under the *Business Corporations Act* (Ontario) (the “**OBCA**”), will own 90% of the issued and outstanding shares in the capital of Colcanna S.A.S (“**Colcanna**”), a company existing under the laws of Colombia; and
- (c) MMJ Jamaica, a company existing under the BCBCA, owns 100% of the issued and outstanding shares in the capital of Hampstead Holdings Ltd. (“**Hampstead**”), a company existing under the laws of Bermuda, which owns 49% of the issued and outstanding shares in the capital of Marigold Projects Limited (“**Marigold**”). Under Hampstead’s ownership agreement, Hampstead has an exclusive intellectual property agreement in place which places 95% of Marigold’s net profits in Hampstead. Hampstead is a company incorporated under the laws of Bermuda on October 25, 2017.

Clarus has been retained by the board of directors (the “**Board**”) of the Company to prepare and deliver an opinion as to the fairness of the Consideration to be paid by the Company in the Transaction, from a financial point of view, to Scythian (this “**Fairness Opinion**”).

2. **CLARUS’ ENGAGEMENT**

Clarus was first contacted by the Board of Directors on July 7, 2018 and was engaged by the Board pursuant to an engagement agreement dated July 10, 2018 (the “**Engagement Agreement**”). Pursuant to the terms of the Engagement Agreement, Clarus is to act as exclusive financial advisor to the Company in connection with the Transaction and to also provide the Board with this Fairness Opinion with respect to the Transaction. The terms of the Engagement Agreement provide that Clarus is to be paid certain fees for its services as exclusive financial advisor, including (a) a fee payable upon the public announcement of the Transaction, (b) a fee payable upon completion of the Transaction, and (c) a fee payable if the Transaction is terminated and a termination fee or similar payment is negotiated and received by Scythian. In addition, Clarus is to be reimbursed for its reasonable out-of-pocket expenses and is to be indemnified by the Company in certain circumstances, against certain expenses, losses, claims, actions, damages and liabilities which may arise, directly or indirectly, from services performed by Clarus under the Engagement Agreement.

Pursuant to the Engagement Agreement, on July 16, 2018, at the request of the Board, Clarus orally delivered this Fairness Opinion to the Board based upon and subject to the scope of review, analyses, assumptions, limitations, qualifications and other matters described in this Fairness Opinion. This Fairness Opinion provides the same opinion, in writing, as that given orally by Clarus on July 16, 2018. Subject to the terms of the Engagement Agreement, Clarus consents to the inclusion of this Fairness Opinion, in its entirety, in the Information Circular, along with a summary of this Fairness Opinion, in a form acceptable to Clarus, and to the filing of this Fairness Opinion by the Company with the applicable Canadian securities regulatory authorities. Except as contemplated in this Fairness Opinion, this Fairness Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without the express prior written consent of Clarus. Clarus understands that this Fairness Opinion will be for the use of the Board and will be

one factor, among others, that the Board will consider in determining whether to approve and recommend the Transaction.

3. CREDENTIALS OF CLARUS

Clarus is a Toronto-based investment dealer and a member of the Investment Industry Regulatory Organization of Canada (“**IIROC**”), the TSX and the TSX Venture Exchange. Clarus has operations in a broad range of investment banking activities, including corporate finance and advisory, institutional equity sales and trading, and equity research. Clarus has participated in a significant number of transactions involving the financing and advisory of cannabis related entities totaling C\$850million. In this period of time, Clarus has prepared numerous fairness opinions in connection with both friendly and hostile change of control transactions, and published research on a wide range of cannabis related entities which involved a detailed valuation and investment analysis of each issuer.

The principal author of this report by Clarus, Robert Orviss, has over 24 years of capital markets experience with a specific focus on advisory and financing of small capitalization growth companies. He is a member of the Toronto Society of Financial Analysts (CFA Society), and has held the Chartered Financial Analyst (CFA) designation since September 2000. The co-author of this report by Clarus, Edward Drake, has over seven years of capital markets experience with a specific focus on advisory of financial services companies and financing of small capitalization growth companies. He has a Masters of Finance from Queen’s University.

This Fairness Opinion has been prepared in accordance with the Disclosure Standards for Fairness Opinions of IIROC (specifically, IIROC Rules 29.14 to 29.24), but Scythian has not been involved in the preparation or review of this Fairness Opinion.

The opinions expressed in this Fairness Opinion represents the opinion of Clarus and its form and content have been approved for release by a committee of its directors and officers, each of whom is experienced in merger, acquisition, divestiture, fairness opinion and capital market matters.

4. RELATIONSHIPS WITH INTERESTED PARTIES

Neither Clarus, nor any of its affiliates or associates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of Scythian, Aphria or any of their respective associates or affiliates (collectively the “**Interested Parties**”). Except in regard to this Fairness Opinion and acting as financial advisor to Scythian in connection with the Transaction, neither Clarus nor any of its associates or affiliates is an advisor to any of the Interested Parties with respect to the Transaction.

Clarus has not, in the 12-month period preceding this engagement, been engaged to provide any evaluation, appraisal or financial advisory services nor has it participated in any financing or had a material interest in any transaction involving Scythian, except that Clarus acted as lead agent on a financing related to Scythian’s reverse takeover transaction, which closed March 30, 2017 and raised gross proceeds of C\$14,000,000. Clarus also acted as lead underwriter on Scythian’s bought deal prospectus offering, which closed February

13, 2018 and raised gross proceeds of C\$28,753,480. Clarus also provided verbal fairness opinions regarding (a) Scythian's acquisition of MMJ International, announced on March 12, 2018, (b) Scythian's acquisition of MMJ Colombia, announced on April 9, 2018, and (c) Scythian's acquisition of MMJ Jamaica, announced on March 22, 2018.

Clarus has not, in the 12-month period preceding this engagement, been engaged to provide any evaluation, appraisal or financial advisory services nor has it participated in any financing or had a material interest in any transaction involving Aphria, except that Clarus acted as lead underwriter on (a) Aphria's bought deal prospectus offering, which closed on November 7, 2017 and raised gross proceeds of C\$92,000,144, (b) Aphria's bought deal prospectus offering, which closed on January 3, 2018 and raised gross proceeds of C\$115,000,20, and (c) Aphria's bought deal prospectus offering, which closed on June 28, 2018 and raised gross proceeds of C\$258,750,794. Additionally, Clarus acted as strategic advisor to Aphria in their C\$425MM acquisition of Nuuvera Inc., which closed on March 23, 2018.

There are no understandings, agreements or commitments between Clarus and the Company, Aphria or any other Interested Party with respect to any future business dealings. Clarus may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for the Company, Aphria or any other Interested Party.

Clarus acts as an investment dealer and trades, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party and, from time to time, may have executed or may execute transactions on behalf of such companies or other clients for which it may have received or may receive compensation. As an investment dealer, Clarus conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the Interested Parties.

As an investment dealer, Clarus conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including with respect to the Company, Aphria or the Transaction.

5. SCOPE OF REVIEW

In connection with this Fairness Opinion, Clarus reviewed and relied upon (without attempting to verify independently the completeness or accuracy of) or carried out, among other things, the following:

1. the Share Purchase Agreement;
2. review of the executed MMJ International business combination agreement (the "**MMJ International Business Combination Agreement**") dated at May 11, 2018;

3. review of the executed amending agreement (the “**MMJ International Amending Agreement**”) between Scythian and MMJ International;
4. review of the executed MMJ International LOI (the “**MMJ International LOI**”), the amended MMJ International LOI (the “**Amended MMJ International LOI**”), and the second amended MMJ International LOI (the “**Second Amended MMJ International LOI**”) dated March 9, 2018, March 29, 2018 and April 30, 2018, respectively;
5. review of the executed MMJ International purchase and sale agreement (the “**MMJ International Purchase and Sale Agreement**”) dated March 9, 2018;
6. review of the ABP articles of incorporation dated April 17, 2007;
7. review of the MMJ International articles of incorporation in British Columbia dated January 16, 2018;
8. review of the two demand promissory notes between Scythian and MMJ International (the “**ABP Demand Promissory Notes**”) dated July 9, 2018 and April 18, 2018, respectively;
9. review of the verification statements for the two ABP Demand Promissory Notes (the “**Verification Statements**”) in both Ontario and British Columbia;
10. review of the security agreement between Scythian and MMJ International dated April 18, 2018;
11. review of documentation detailing ABP’s real property and leases;
12. review of the due diligence report on ABP prepared by Fidem Partners dated June 2018;
13. review of the due diligence report on ABP prepared by Bruchou, Fernandez Madero, and Lombardi dated April 30, 2018;
14. review of the legal opinion on ABP prepared by Bruchou, Fernandez Madero, and Lombardi dated April 30, 2018;
15. review of the supply agreement between Aphria and ABP dated March 12, 2018;
16. review of documentation pertaining to the Argentinian medical cannabis license to import provided by Anmat dated March 20 2018;
17. review of 2014, 2015, 2016, and 2017 financial statements provided by MMJ International and ABP;
18. review of the five-year financial model provided by MMJ International and ABP;

19. review of detailed company information on ABP's products, operations, customers, as well as its locations;
20. review of the agreement for mutual collaboration and cooperation between the Pediatric Hospital S.A.M.I.C and ABP dated April 9, 2018;
21. review of the agreement for mutual collaboration and cooperation between the School of Medical Sciences of the National University of La Plata and ABP dated March 2, 2018;
22. review of the donation agreement with the Pediatric Hospital S.A.M.I.C and ABP dated April 9, 2018;
23. review of information on key person Gonzalo Arnao, Vice President and Managing Director of ABP;
24. review of the Scythian press release dated May 1, 2018 detailing the extension of the letter of intent with ABP;
25. review of the Scythian press release dated March 12, 2018 detailing the LOI to acquire ABP;
26. review of the Scythian press release dated May 11, 2018 detailing the binding agreement for the ABP acquisition;
27. review of Scythian's final prospectus dated February 6, 2018;
28. review of the executed MMJ Colombia letter of intent (the "**MMJ Colombia LOI**") dated April 8, 2018 detailing the terms and conditions of the transaction;
29. review of the diligence report prepared by Cavelier Arogados dated March 26, 2018;
30. review of email detailing diligence responses provided by Cavelier Arogados dated April 30, 2018;
31. review of the Colcanna articles of incorporation dated November 27, 2017;
32. review of the Delavaco Colombia Partners Inc. articles of incorporation dated February 16, 2018;
33. review of the Delavaco Colombia Partners Inc. certificate of incorporation dated March 27, 2017;
34. review of documentation detailing Colcanna's real property and leases;
35. review of the Colcanna corporate presentation prepared by Colcanna management as of April 2018;

36. review of background documentation surrounding Colcanna prepared by Scythian management;
37. review of the 10-year financial model provided by MMJ Colombia, Colcanna and Scythian management;
38. review of Colcanna's Colombian banking information provided by Scythian management;
39. review of the license documentation dated February 16, 2018, issued by the Colombian government to Colcanna on its license for research, production, and extraction of Cannabis, including oil production, for domestic use and export;
40. review of the license documentation dated February 19, 2017 issued by the Colombian government to Colcanna on its license for the cultivation of cannabis CBD and THC;
41. review of the license documentation dated February 19, 2017 issued by the Colombian government to Colcanna on its license for seed production and research;
42. review of the license documentation dated April 23, 2018 issued by the Colombian government to Colcanna on its CBD license;
43. review of information on key persons, Jorge Mario Amariles Gomez, General Manager of Colcanna, Michael Armbrester, Chief Cultivation Officer of Colcanna and Alejandro Urdaneta Santos, Country Director of Colcanna;
44. review of the press release dated July 9, 2018 detailing Colcanna receiving the license to cultivate, extract, produce, and research medical cannabis;
45. review of the press release dated May 16, 2018 detailing the announcement of an exclusive supply agreement between Colcanna and Aphria;
46. review of publicly available information on the Colombian legislative framework instituted by the President of Colombia;
47. review of the executed MMJ Jamaica purchase and sale agreement dated March 20, 2018 (the "**MMJ Jamaica LOI**") detailing the terms and conditions of the transaction;
48. review of the certified share register of Hampstead Holdings Ltd. dated June 11, 2018;
49. review of the Delavaco Ventures Inc. articles of incorporation dated January 9, 2018;
50. review of the Delavaco Caribbean Ventures Inc. articles of incorporation dated January 10, 2018;

51. review of the MMJ Jamaica articles of incorporation dated March 22, 2018;
52. review of the certificate of the incorporation of Marigold Projects Jamaica Ltd. dated July 20, 2016;
53. review of the three demand promissory notes between Scythian and Marigold (the “**Marigold Demand Promissory Notes**”) dated April 11, 2018, June 7, 2018 and July 9, 2018, respectively;
54. review of the verification statements for the three Marigold Demand Promissory Notes (the “**Marigold Verification Statements**”) in both Ontario and British Columbia;
55. review of the security agreement dated April 11, 2018 between Scythian and MMJ International;
56. review of documentation dated October 25, 2017 detailing the by-laws of Hampstead Holdings Ltd.;
57. review of the Peter Tosh museum Marigold sponsorship agreement dated May 2018;
58. review of the executed product acquisition agreement between Cannmart Inc. and Marigold dated March 23, 2018;
59. review of the executed license to cultivate between Marigold and Cannabis Licensing Authority (the “**CLA**”);
60. review of the letter dated July 5, 2018 addressed to Lloyd Tomlinson, Managing Director of Marigold, detailing the approval of the license to cultivate (Tier 3) issued by the CLA;
61. review of the legal opinions, dated April 13, 2018 and May 22, 2018, respectively, prepared by Grant, Stewart, Phillips & Co. regarding compliance with corporate, controlled drugs, and money laundering laws in Jamaica;
62. review of the letter dated July 5, 2018 addressed to Lloyd Tomlinson, Managing Director of Marigold, detailing the amendment (new expiry date) to the previously issued conditional letter regarding the tier 2 processing license;
63. review of the letter dated July 5, 2018 addressed to Lloyd Tomlinson, Managing Director of Marigold, detailing the amendment (new expiry date) to the previously issued conditional letter regarding the research and development (experimental) license;
64. review of the letter dated July 5, 2018 addressed to Lloyd Tomlinson, Managing Director of Marigold, detailing the amendment (new expiry date and change in

- location) to the previously issued conditional letter regarding the retail (herb house) license;
65. review of the letter dated July 5, 2018 addressed to Lloyd Tomlinson, Managing Director of Marigold, detailing the amendment (new expiry date) to the previously issued conditional letter regarding the retail (therapeutic services) license;
 66. review of email dated July 5, 2018 addressed to CLA applicants detailing the approval of the license to cultivate;
 67. review of the email addressed to Lloyd Tomlinson, Managing Director of Marigold, detailing that Marigold Projects Jamaica Limited passed the Cultivator Tier 3 pre-licensing site inspection that was conducted on March 14, 2018;
 68. review of the letter dated December 20, 2017 addressed to Lloyd Tomlinson, Managing Director of Marigold, detailing the conditional approval for a Processor's Tier 2 license from the Jamaican Cannabis Licensing Authority;
 69. review of the letter dated December 20, 2017 addressed to Lloyd Tomlinson, Managing Director of Marigold, detailing the conditional approval for a Research and Development License (Experimental) from the Jamaican Cannabis Licensing Authority;
 70. review of the letter dated October 9, 2017 addressed to Lloyd Tomlinson, Managing Director of Marigold, detailing the conditional approval for a Research and Development License (Analytical) from the Jamaican Minister of Science, Energy & Technology;
 71. review of the letter dated December 20, 2017 addressed to Lloyd Tomlinson, Managing Director of Marigold, detailing the conditional approval for a Cultivator's Tier 3 license from the Jamaican Cannabis Licensing Authority;
 72. review of the letter dated December 20, 2017 addressed to Lloyd Tomlinson, Managing Director of Marigold, detailing the conditional approval for a Retail License (Herb House) from the Jamaican Cannabis Licensing Authority;
 73. review of the letter dated December 20, 2017 addressed to Lloyd Tomlinson, Managing Director of Marigold, detailing the conditional approval for a Retail License (Therapeutic Services) from the Jamaican Cannabis Licensing Authority;
 74. review of the letter dated March 22, 2017 addressed to Lloyd Tomlinson, Managing Director of Marigold, detailing the sponsored research agreement between Marigold Jamaica Projects Limited and the University of the West Indies, Mona Campus;
 75. review of the sponsored research agreement dated February 22, 2018 between Marigold Projects Jamaica Limited and the University of the West Indies, Mona Campus;

76. review of the intellectual property license agreement dated February 22, 2018 (the “**Royalty Agreement**”), between Hampstead Holdings Ltd. and Marigold Jamaica Ltd.;
77. review of the financial model provided by Scythian management dated March 14, 2018 entitled “Marigold Jamaica Projects – Financial Model_final.xlsx”;
78. review of the executed management contract dated as of September 2017 for Lloyd Tomlinson, Managing Director of Marigold;
79. review of the Marigold organizational chart and employee list prepared by Marigold management;
80. review of the Marigold cultivators track and trace manual and corresponding manual documentation prepared by Marigold management;
81. review of a soil sample lab analysis dated February 15, 2018 prepared by the Jamaican Scientific Research Council for Marigold;
82. review of the Herb house lease agreement and associated documentation dated April 1, 2018;
83. review of the Trafalgar lease agreement dated April 23, 2018;
84. review of the Marigold Jamaica Projects Limited corporate presentation dated March 2018 prepared by Marigold management;
85. discussions with Scythian management around advanced supply agreement discussions between Marigold and various licensed producers;
86. review of the press release dated May 3, 2018 detailing Marigold’s exclusive agreement with Jamaica’s Peter Tosh Museum;
87. discussions with the Board regarding the Transaction;
88. discussions with Robert Reid, Chief Executive Officer of Scythian, regarding the Transaction; and
89. discussions with Jonathan Held, Chief Financial Officer of Scythian, regarding the Transaction.

Clarus has not, to the best of its knowledge, been denied access by Scythian to any information requested by Clarus.

6. PRIOR VALUATIONS

The Company has represented to Clarus that there have not been any prior valuations (as defined in Canadian Securities Administrators’ Multilateral Instrument 61-101 –

Protection of Minority Security Holders in Special Transactions) of the Company or its material assets or its securities in the past 24-month period, other than those which have been provided to Clarus (if any).

7. APPROACH TO FAIRNESS

Clarus performed various analyses in connection with rendering this Fairness Opinion. In arriving at our conclusion, we did not attribute any particular weight to any specific approach or analysis, but rather developed qualitative judgements on the basis of our experience in rendering such opinions and on the information presented as a whole.

In considering the fairness, from a financial point of view, of the Transaction to Scythian, Clarus considered a number of methodologies and approaches commonly used to value business interests. In the context of this Fairness Opinion, Clarus considered the following methodologies (a) public company comparables, (b) precedent change of control earnings multiple analysis, and (c) discounted cash flow analysis.

Clarus considered a number of net asset approaches, but these were deemed to be more relevant in determining liquidation value for companies which were not going concerns and for which the primary driver of value is their assets. There is also absence of a transparent or precise market for LATAM, and no certainty that these assets could be disposed of for realization of their full value.

Public Company Comparables

Clarus reviewed publicly available information for selected entities in the cannabis sector with international exposure and market capitalizations less than C\$500million and derived a range of Price/Sales and EV/EBITDA multiples for entities Clarus considered appropriate in the circumstances. For these entities, Clarus observed a median 2019 Price/Sales multiple of 2.0 times and an average 2019 Price/Sales multiple of 3.1 times. Clarus also observed a median 2020 Price/Sales multiple of 1.8 times and an average 2020 Price/Sales multiple of 2.1 times.

Clarus then compared these multiples to LATAM's implied 2019 Price/Sales multiple of 2.7 times. Based on discussions around probable business opportunities, Clarus also compared the range of 2020 Price/Sales multiples to the implied transaction 2020 Price/Sales multiple of 2.0 times.

Precedent Transactions

Clarus reviewed publicly available information for selected transactions in the diversified growth and innovation sector with transaction values less than C\$500million and derived a range of Price/Sales and EV/EBITDA multiples for entities Clarus considered appropriate in the circumstances. For these transactions, Clarus observed a median LTM Price/Sales multiple of 1.6 times and an average LTM Price/Sales multiple of 11.7 times. Clarus also observed an average LTM EV/EBITDA multiple of 544.0 times with a minimum LTM EV/EBITDA multiple of 1.4 times.

Clarus then compared these multiples to LATAM's implied LTM Price/Sales multiple of 13.2 times. Clarus also compared the range of LTM EV/EBITDA multiples to the implied LTM EV/EBITDA multiple of 792.3 times.

Discounted Cash Flow Analysis

The discounted cash flow (“**DCF**”) analysis looks at the present value of LATAM's projected future cash flows (assuming the completion of the acquisitions and steady state operations) to determine a range of implied values for LATAM. The analysis involved discounting LATAM's future cash flows at discount rates Clarus determined reasonable. These discount rates ranged from 5.0% to 7.5% for Argentina, 10.0% to 15.0% for Colombia, and 7.5% to 10% for Jamaica. A terminal value was also calculated by applying a terminal growth rate under the Gordon Perpetuity Growth methodology to LATAM's terminal cash flow. The resulting terminal value was then discounted using the same discount rates used for the annual cash flows. In conjunction with the above DCF analysis, Clarus performed sensitivity analyses on key factors considered to be primary drivers of the DCF methodology. Clarus observed an implied range of values from C\$125.7MM to C\$147.3MM for LATAM.

Fairness Considerations

The assessment of fairness, from a financial point of view, of the consideration under a transaction must be determined in the context of the particular transaction. Clarus based its conclusion that the Consideration payable to Scythian pursuant to the Transaction is fair, from a financial point of view, to Scythian upon a number of quantitative and qualitative factors including, but not limited to:

- (a) the consideration payable to Scythian pursuant to the Transaction is within the observed range derived from our analyses using public company comparables;
- (b) the consideration payable to Scythian pursuant to the Transaction compares favourably to the observed range derived from our analyses using precedent change of control earnings multiple analysis;
- (c) the consideration payable to Scythian pursuant to the Transaction compares favourably to the observed range derived from our analyses using DCF; and
- (d) other factors or analyses, which we have judged, based on our experience rendering such opinions, to be relevant.

8. ASSUMPTIONS AND LIMITATIONS

This Fairness Opinion is meant solely to provide an indication of fairness, from a financial point of view, of the Consideration payable to Scythian pursuant to the Transaction for the purposes outlined under the heading “Introduction”. This Fairness Opinion is subject to the assumptions, explanations and limitations set forth below and noted throughout this Fairness Opinion. In addition, it should be noted that, Clarus was not requested to consider

or solicit potential alternatives to the Transaction. In forming our conclusion as to the fairness, from a financial point of view, of the Consideration payable to Scythian pursuant to the Transaction, we assumed, in addition to the various assumptions noted throughout this Fairness Opinion, that:

- there has been no material change in LATAM's financial position, operations, or outlook as of the date of this Fairness Opinion;
- all material governmental, regulatory, and other approvals and consents necessary for completion of the Transaction will be obtained without any material adverse effect on Scythian or Aphria;
- there is no litigation pending or threatened against MMJ International, MMJ Colombia, and MMJ Jamaica as of the date of this Fairness Opinion;
- all material governmental, regulatory, and other approvals and consents necessary for completion of the Transaction will be obtained without any material adverse effect on Scythian;
- the definitive acquisition of MMJ Colombia by Scythian will be completed substantially in accordance with the terms set forth in the executed MMJ Colombia LOI dated April 8, 2018 and in compliance with all applicable laws;
- the definitive acquisition of MMJ Jamaica by Scythian will be completed substantially in accordance with the terms set forth in the draft MMJ Jamaica LOI dated March 20, 2018 and in compliance with all applicable laws;
- the definitive acquisition of MMJ International will be completed substantially in accordance with the terms set forth in the Business Combination Agreement dated May 11, 2018; and
- there are no additional significant factors of the Transaction which would have a material impact upon LATAM, as of the date of this Fairness Opinion, that we have not considered in arriving at our conclusions as noted in this this Fairness Opinion.

With the Board's permission and as provided in the Engagement Agreement, Clarus has relied upon, and has assumed the completeness, accuracy and fair presentation of, all financial and other information, data, advice, opinions and representations obtained by us from public sources, or provided to us by Scythian or its advisors or otherwise obtained pursuant to our engagement, and this Fairness Opinion is conditional upon such completeness, accuracy and fair presentation. Clarus has not been requested or attempted to verify independently the accuracy, completeness or fairness of presentation of any such information, data, advice, opinions and representations. With respect to any forecast, projection, budget or other future-oriented financial information provided to us and relied upon in our analysis, we have assumed (subject to the exercise of our professional judgment) that they have been prepared using assumptions, estimates and judgments which were reasonable on the date such future-oriented financial information was prepared,

having regard to LATAM and Scythian's industry, business, financial condition, plans and prospects. Without limiting the foregoing, we have not completed site visits to LATAM.

Scythian has represented to Clarus in an officer's certificate delivered as at the date hereof, among other things, that the information, data and other material (financial and otherwise) provided to us by Scythian or their representatives, including the written information and discussions referred to above under the heading "Scope of Review" (collectively, the "**Information**") was, at the date the Information was provided to Clarus and is complete, true and correct in all material respects, and, to the best of Scythian's knowledge, did not and does not contain any untrue statement of a material fact in respect of Scythian and its subsidiaries or the Transaction and did not and does not omit to state a material fact in relation to Scythian and its subsidiaries or the Transaction necessary to make the Information not misleading in light of the circumstances under which the Information was presented and that, since the dates on which the Information was provided to us and to the best of Scythian's knowledge, there has been no material change in the condition of LATAM and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Fairness Opinion.

We are not legal, tax or accounting experts and make no representation as to the adequacy or the appropriateness of this letter for your purposes and express no view as to the legal, tax or accounting aspects of the Transaction.

This Fairness Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of LATAM as they are reflected in the Information and as they were represented to us in our discussions with management of Scythian. In our analyses and in connection with the preparation of this Fairness Opinion, we made numerous assumptions with respect to industry performance, commodity prices, currency exchange rates, general business, market and economic conditions and other matters, many of which are beyond the control of any party involved in the Transaction.

This Fairness Opinion has been provided to the Board of Directors for its use in considering the Transaction and may not be relied upon by any other person, used for any other purpose or published without the prior written consent of Clarus (such consent not to be withheld unreasonably). Notwithstanding the foregoing, Scythian shall be entitled to make reference to or include this Fairness Opinion in Scythian's public disclosure documents, in whole or in part, and Scythian will be solely responsible for the completeness and accuracy of any such disclosure. This Fairness Opinion also does not constitute a recommendation to a potential purchaser of LATAM as to whether or not they should acquire LATAM and this Fairness Opinion should not be relied upon by any shareholder or financier as such a recommendation. Clarus expresses no opinion with respect to any aspect of the Transaction other than as expressly provided herein.

This Fairness Opinion is given as of the date hereof and, although we reserve the right to change, withdraw or supplement the Fairness Opinion if we learn that any of the Information that we relied upon in preparing the Fairness Opinion was inaccurate,

incomplete or misleading in any material respect, we disclaim any obligation to change, withdraw or supplement the Fairness Opinion, to advise any person of any change that may come to our attention or to update the Fairness Opinion after today.

The preparation of a fairness opinion is a complex process and its respective components cannot be viewed in isolation. Reading selected portions of this Fairness Opinion without considering all of its sections together could result in the misinterpretation of comments and analysis concerning the fairness, from a financial point of view, of the Consideration payable to Scythian pursuant to the Transaction.

9. OVERVIEW OF LATAM

ABP is an established and successful pharmaceutical import and distribution company that holds a series of licenses, including for the import of CBD oil, notably the first company in Argentina to have received this license. ABP currently operates a pharmaceutical distribution warehouse and retail pharmacy and distributes to an extensive network of pharmacies, distributors, government clinics and hospitals in Argentina. ABP holds agreements with the top 20 health insurance companies as well.

Marigold holds several key licenses issued by the Jamaican Cannabis Licensing Authority including:

- A tier 3 license to cultivate more than five acres of land with cannabis for medical, scientific, and therapeutic purposes. There is currently only one other company that has been approved for this license;
- A conditional tier 2 license to process cannabis for medical, scientific, and therapeutic purposes, including the manufacturing of cannabis-products in a space of 200 square metres;
- A conditional herb house retail license to sell cannabis products for medical, scientific, and therapeutic purposes;
- A conditional therapeutic retail license to provide therapeutic or spa services utilizing cannabis products; and
- A conditional R&D license.

Colcanna is the first company in the coffee zone of Colombia with cultivation and manufacturing licenses for the production of medical extracts of cannabis, a research

license and a license for the production and extraction of cannabis, including cannabis oil, for domestic use for export. It is in the advanced licensing stages for a THC license.

Colcanna sits on 34 acres of fertile, flat land. The greenhouse will occupy more than 20 acres with 6 harvests per year and two natural sources of water for irrigation. Colcanna is expected to achieve annualized production of 30,000 kg initially growing to 50,000 kg.

10. FAIRNESS OPINION

Based upon and subject to the foregoing and such other matters as Clarus considered relevant, it is Clarus' opinion that, as of the date of this Fairness Opinion, the Consideration payable to Scythian pursuant to the Transaction is fair, from a financial point of view, to Scythian.

Yours truly,

Clarus Securities Inc.

CLARUS SECURITIES INC.

**APPENDIX C
HAYWOOD FORMAL VALUATION AND FAIRNESS OPINION**

(see attached)

Formal Valuation Report and Fairness Opinion



July 16, 2018

Prepared by:



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Introduction

Haywood Securities Inc. (“**Haywood**”) has been engaged by Scythian Biosciences Corp. (“**Scythian**” or the “**Company**”) to provide an independent formal valuation and fairness opinion (collectively, the “**Report**”) on the fair market value, as at July 16, 2018 (the “**Valuation Date**”) of Scythian’s wholly-owned subsidiary (“**HoldCo**”) and whether the C\$193,000,000 in Aphria Inc. (“**Aphria**”) shares payable to Scythian and the assumption of US\$1,000,000 in aggregate liabilities of the Assets (as defined below) (the “**Consideration**”) pursuant to the Transaction (as defined below) is fair, from a financial point of view, to Scythian.

Following a corporate reorganization, HoldCo will hold binding agreements to acquire: (i) MMJ International Investment Inc. (“**MMJ International**”), the 100% owner of ABP, S.A. (“**ABP**”), a company existing in the Argentine Republic, (ii) MMJ Colombia Partners Inc. (“**MMJ Colombia**”), who has a binding share purchase agreement to acquire 90% of ColCanna S.A.S. (“**ColCanna**”), a company existing in the Republic of Colombia, and (iii) Marigold Acquisitions Inc., 100% owner of Hampstead Holdings Ltd., which owns 49% of the equity of Marigold Projects Jamaica Limited. (“**Marigold**”) as well as a 95% royalty interest in the net revenues from products sold by Marigold., a company existing in Jamaica (together, the “**Assets**” and individually, the “**Asset**”) in compliance with the provisions of the Ontario Securities Commission’s Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) in connection with a potential “related party transaction” as defined by MI 61-101 involving the sale of the issued and outstanding shares of HoldCo by Scythian to Aphria (the “**Transaction**”).

Engagement

Scythian initially contacted Haywood with respect to preparing the Report on July 10, 2018. Pursuant to a letter of agreement between Scythian and Haywood dated July 11, 2018 (the “**Engagement Letter**”), Scythian engaged Haywood to provide a formal valuation and fairness opinion (the “**Engagement**”) to the board of directors of Scythian (the “**Board**”).

Pursuant to the terms of the Engagement Letter, Scythian paid to Haywood a cash engagement fee of C\$175,000 (plus applicable taxes thereon) upon execution of the Engagement Letter and is required to pay Haywood a cash valuation fee of C\$175,000 (plus applicable taxes thereon) upon the delivery of the final Report by Haywood to the Board, irrespective of the conclusions of the Report.

Scythian also agreed to reimburse Haywood for its reasonable out-of-pocket expenses, including the fees and expenses of its legal counsel relating to the performance of its services pursuant to the Engagement Letter, and to indemnify Haywood in respect of certain liabilities which may arise in connection with the Engagement.

Unless otherwise indicated, all monetary amounts are stated in US dollars. The USD/CAD exchange rate used for the Report is 0.7607.

Credentials of Haywood

Haywood is one of Canada's leading independent investment dealers with operations in corporate finance, equity sales and trading, and investment research. Haywood is a participating organization of the Toronto Stock Exchange and the TSX Venture Exchange (the “**Exchange**”) and is a member of the Investment Industry Regulatory Organization of Canada (“**IIROC**”).

The opinions expressed herein are the opinions of Haywood. The persons primarily responsible for preparing the Report are employees of Haywood who have broad experience in merger, acquisition and divestiture matters, including valuations and fairness opinions. The Report has been internally reviewed as required by the rules of the IIROC and Haywood’s internal policies governing formal valuation reports.

Independence of Haywood

Haywood has reviewed the requirements of MI 61-101 regarding valuator independence. Haywood is independent of the Company for the purposes of MI 61-101. In particular, neither Haywood or its principals nor any of its employees, affiliates or associates:

- is an “associated entity”, “affiliated entity” or “issuer insider” of Scythian or Aphria, or any “interested party” as each such terms are used in MI 61-101;
- is acting as an advisor to Scythian or Aphria, or any “interested party” in respect of the Transaction, except for the provision of this Report to the Board;
- is a manager or co-manager or member of a soliciting dealer group for the Transaction;
- has a financial interest in the completion of the Transaction; or
- has entered into any understandings, agreements or commitments with Scythian or Aphria or any “interested party”, or any of their respective principals, employees, associates or affiliates with respect to any future business dealings.

The compensation received for undertaking and preparing the Report is in no way dependent in whole or in part on an agreement, arrangement or understanding that gives Haywood a financial incentive in respect of the conclusion reached in the Report or the outcome of the Transaction.

Haywood acts as a trader and dealer, both as principal and agent, in major financial markets. Accordingly, Haywood may have had, and may in the future have positions in the securities of Scythian, Aphria or those of any of their respective associates or affiliates and from time-to-time may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. In the ordinary course of trading and brokerage activities, Haywood or one or more of its employees, may hold long or short positions, may trade or otherwise effect transactions for their own account or for the accounts of their customers in the securities of Scythian or Aphria. As an investment dealer, Haywood conducts research on securities and may,

in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to Scythian, Aphria or any of their respective associates or affiliates.

For Scythian, during the 24-month period preceding July 10, 2018, the date on which Haywood was initially contacted in respect of the Transaction, Haywood was a member of a syndicate of underwriters, for a C\$12,501,525 public offering in January 2018 at a participation rate of 10%.

For Aphria, during the 24-month period preceding July 10, 2018, the date on which Haywood was initially contacted in respect of the Transaction, Haywood was a member of a syndicate of underwriters, for a C\$40,250,000 public offering in November 2016, a C\$57,500,000 public offering in February 2017, and a C\$258,750,794 public offering in June 2018 at a participation rate in each financing of 5.00%, 5.00% and 3.00% respectively. Haywood also rendered a formal valuation to Aphria in January 2018 for the sale of its ownership in Copperstate Farms Investors, LLC to Liberty Health Sciences Inc.

Scope of the Report

Scope of Review

Before reaching its valuation conclusion, Haywood relied, without audit or verification, primarily upon the following sources of information:

- Interviews with members of the management team of Scythian, as well as those directly responsible for the management of the Assets, about their operations;
- Discussions with Scythian's management about their views of the growth potential of each Asset;
- A site visit of each Asset;
- A review of each of:
 - the Company's website;
 - the Company's responses to a comprehensive due diligence questionnaire prepared by Haywood in connection with the Engagement;
 - the management-prepared financial projections for each Asset;
 - the licenses and conditional licenses relating to the Assets;
 - Scythian's binding letter of intent and binding business acquisition agreements for the Assets;
 - the Company's press releases for the two years preceding the Valuation Date;
 - HoldCo's existing and proposed corporate organization chart;

- HoldCo's existing and proposed capital structure;
- relevant market information from various public sources including the Cannabis Licensing Authority (Jamaica), GlobeNewswire, Marijuana Business Magazine, Scythian Biosciences Corp. News Releases, Reuters, and Drug Policy Alliance;
- the share price performance, financial information, and research reports on the following companies:
 - ICC Labs Inc. (“**ICC**”);
 - Canopy Growth Corporation (“**Canopy**”)
- industry reports about the regulatory framework pertaining to the medical and recreational cannabis markets in Argentina, Colombia and Jamaica.

Scope Restrictions

Haywood has reviewed the historical financial statements for the Assets, for a complete list of financial statements received from the Company please see Schedule C. In our opinion, the lack of prior financial statements does not have a material effect on our valuation conclusion.

Assumptions of the Report

Haywood has relied on the accuracy and completeness of the financial and other information (“**Information**”) provided to it by Scythian, and each of its respective affiliates, associates, advisors and representatives. Haywood has assumed that the Information is accurate and complete and does not contain any material omission of fact. The Report's analyses, conclusions and opinion as to value are conditional upon the accuracy and completeness of the Information. In accordance with the terms of the Engagement Letter, Haywood has not conducted an independent investigation to verify the accuracy or completeness of the Information.

Haywood has assumed that budgets, forecasts, projections, and estimates provided to it by the Company and used in its analysis have been reasonably prepared to reflect the best currently available estimates and judgments of the Company's management and cautions that the projection of future results is inherently subject to uncertainty. An overview of the key assumptions by the Company is included in Schedule A.

Haywood has also relied on the public information available to it from sources which Haywood believes are reliable, but which it has not independently verified. Accordingly, the Report's reliance on these sources of public information are subject to the same provisos and caveats noted above.

In addition to those assumptions outlined elsewhere in this Report, Haywood assumed the following as of the Valuation Date:

- There is no material change in the financial position of the Company between the date we received the financial projections for the Assets (July 11, 2018) and the Valuation Date,

unless expressly noted in the Report.

- The Company has no contingent or other liabilities, unusual contractual arrangements, or substantial commitments except those which it regularly incurs in the ordinary course of business or any litigation pending or threatened which would affect our valuation opinion other than those disclosed by management and set out in the Report.

Conditions of the Report

- Haywood reserves the right, but will be under no obligation, to review all calculations contained in the Report and, if Haywood considers it necessary, to revise its valuation conclusion in light of any information existing at the Valuation Date which becomes known to it after the date of the Report.
- The Report is prepared solely to assist Scythian to be in compliance with MI 61-101 regarding the Transaction and may not be used or otherwise relied on by any other person or used for any other purpose except as expressly permitted herein without the express prior written consent of Haywood.
- The Report may be given to the Exchange and such other Canadian regulatory authorities as may be necessary for the purpose of the Transaction.
- The Report may also be referenced and/or included in Scythian's public disclosure and submitted to its shareholders as may be necessary in connection with the Transaction.
- Any use of the Report beyond that permitted above is done without Haywood's consent and at the full risk of the reader.
- The Report is an independent review of HoldCo as of July 16, 2018. Unless expressly stated herein, Haywood makes no representations, conclusions, or assessments, expressed or implied, regarding HoldCo or events after the date of the management-prepared financial statements or financial projections provided on July 11, 2018.
- The information/assessments contained in the Report pertain only to the conditions prevailing at the time the Report was substantially completed in July 2018.
- Should any of the assumptions or Information relied on be found to be incorrect, incomplete or otherwise invalid, the valuation conclusion would have to be reviewed in light of correct and/or additional information to assess its validity.
- Haywood disclaims any and all liability for any unauthorized use of the Report.
- Haywood has relied extensively on information, materials and representations provided to it by the Company's management and its representatives and other sources of public information. Haywood will require the Company's management to confirm in writing that the information, materials and representations it provided Haywood for this Report are accurate, correct and complete, and that there are no material omissions of information that

would affect the conclusions contained in the Report. Haywood reserves the right to revise the Report if it becomes aware after the date of the Report that any of the Information or other sources of public information are inaccurate, incomplete or otherwise unreliable.

- The Report does not constitute a tax opinion or a fairness opinion and may not now, or in the future, be used for such purposes.
- Haywood's total liability for any error, omission or other fault in connection with the preparation and delivery of the Report, howsoever arising, whether in tort, contract or other cause of action in law or in equity shall be limited to the fees charged and paid for the Report. For the purpose of this limitation of liability the reference to Haywood includes its directors, officers, and employees. Haywood, on its own behalf and on behalf of its directors, officers and employees, will assume no responsibility or liability for losses incurred by Scythian or HoldCo, or any of their respective shareholders, directors, or any other parties as a result of the circulation, publication, reproduction, or use of the Report which are contrary to the provisions of this paragraph.

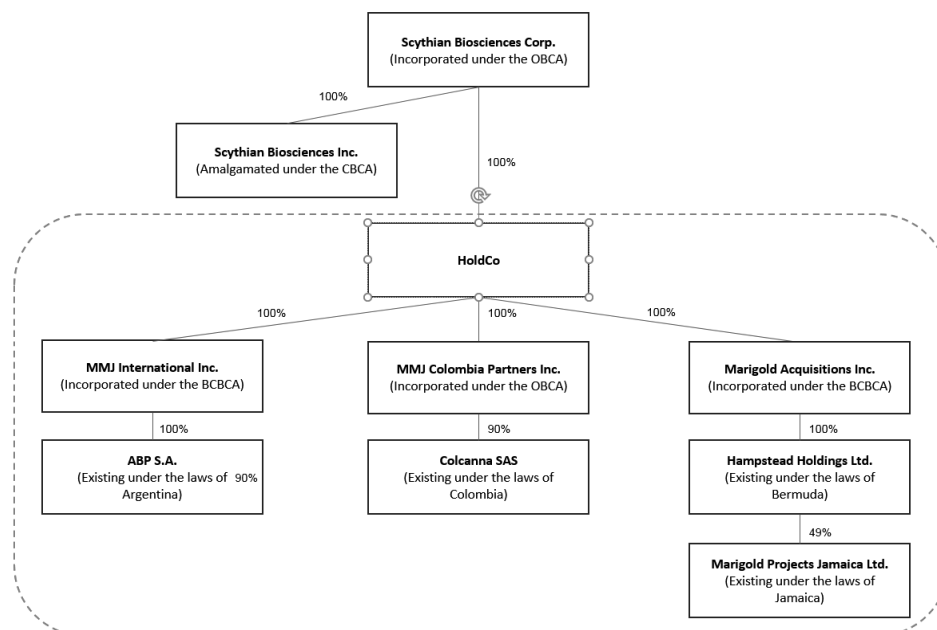
Prior Valuations

No prior valuations have been completed for the Assets.

FORMAL VALUATION

About Scythian and HoldCo

Scythian is a reporting issuer in each of the Provinces of Canada. Its common shares are currently listed for trading on the Exchange under the stock symbol SCYB.



Background of HoldCo

HoldCo is a wholly-owned subsidiary of Scythian hold binding agreements to acquire the Assets.

Argentina

Overview

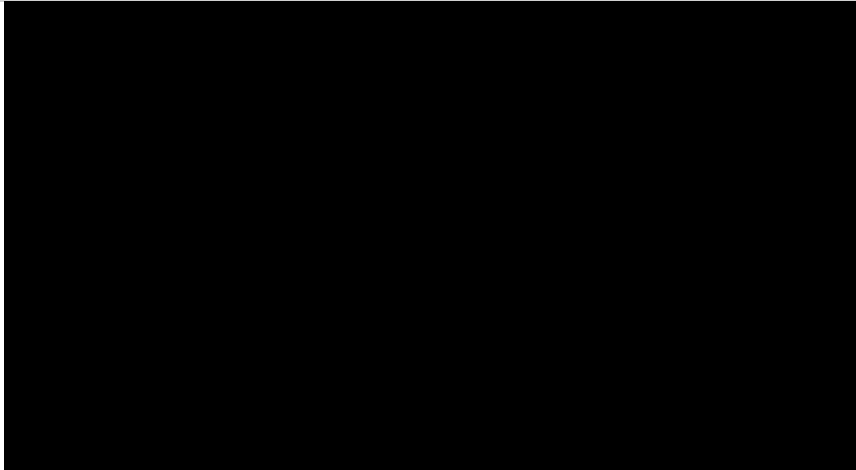
On May 12, 2018, Scythian entered into a binding business combination agreement (“**Argentina Agreement**”) with MMJ International, the owner of ABP. Under the terms of the Argentina Agreement, Scythian will acquire all of the issued and outstanding common shares of MMJ by way of a three-cornered amalgamation whereby MMJ International will amalgamate with HoldCo. In consideration, Scythian will issue an aggregate of 6,176,320 common shares of the Company at Scythian’s share price at the closing date.

ABP is a pharmaceutical import and distribution company with a license to import, sell and distribute medical products and derivatives in Argentina. ABP also holds a license to import CBD oil into Argentina and sell controlled substances in Argentina. ABP operates two facilities located in the City of Buenos Aires - a pharmacy that operates under the trade name Farmacia & Perfumeria and a wholesale drugs distribution centre, which also serves as a secondary warehouse for Farmacia & Perfumeria.

ABP has a supply agreement with Aphria to purchase CBD oil. ABP received its first purchase order of CBD oil under its supply agreement with Aphria in April 2018.

Financial Projections (see Schedule A for key assumptions)

(in USD) [Redacted for commercial confidentiality reasons]

Year	2018	2019	2020	2021	2022	2023
Key Financials (US\$M)						
Revenues						
OPEX						
EBITDA						
Depreciation						
Taxes						
NOPAT						
Capex						
Δ NWC						
FCF						

Source: Scythian

Board and Senior Officer Information

Gonzalo Arnao, VP & Managing Director

Mr. Gonzalo Arnao has 20+ years of experience in the pharmaceutical industry. Mr. Arnao served as a Commercial Manager at two pharmaceutical companies in Argentina, responsible for purchases, sales, relationships with laboratories, and marketing. Mr. Arnao also worked as a Medical Sales Representative with a pharmaceutical laboratory in Argentina managing accounts.

Argentina Market

Regulatory Framework:

As of March 2017, the Argentina federal government passed legislation legalizing cannabis oil for medicinal patients who have a valid prescription from a licensed physician. The Argentine Congress passed laws legalizing the use of cannabis for strictly medical purposes following very little debate; all 58 senators present at the hearing voted in favor of the new legislation. The legislation also permits the federal government to grow marijuana for research and therapeutic purposes.¹

Licenses:

The government will oversee cultivation and production of multiple varieties of marijuana-based

¹ "Argentina Lawmakers Approve Cannabis Oil for Medicinal Use." Reuters. March 29, 2017. Accessed July 16, 2018. <https://www.reuters.com/article/us-argentina-cannabis-idUSKBN170391>.

products for both medical use and research via the National Agency of Public Laboratories. Until the law is fully implemented, the Ministry of Health is permitted to import marijuana products to satisfy demand.²

Market:

The estimated number of registered medical cannabis patients in Argentina is approximately 72,000, with an annual demand of 27,800 kg. On this basis, the market size could be estimated to be US\$152 million.³ The population is approximately 44 million people with a population density of 16 P/Km².⁴

Colombia

Overview

On April 9, 2018, Scythian entered into a binding letter of intent to acquire all of the issued and outstanding shares of MMJ Colombia Partners Inc. (“**MMJ Colombia**”). MMJ Colombia is expected to complete the purchase of 90% of the issued and outstanding shares of ColCanna SAS prior to the completion of the Scythian acquisition.

Scythian agreed to acquire MMJ Colombia for the following:

- advancing US\$1,200,000 of the purchase price in cash upon receipt by ColCanna of the final cannabis licenses;
- issue on the closing date C\$32,000,000 of common shares in the capital of Scythian (the “Common Shares”) at an issue price equal to the volume weighted average price of the Common Shares over the 20 trading days prior to the closing date of the Acquisition, provided that no less than 6,280,000 Common Shares will be issued as share consideration;
- issue on the closing date US\$5,000,000 of non-interest bearing, unsecured promissory notes for the following principal amounts due on the following dates:
 - US\$2,000,000, due on June 30, 2018;
 - US\$2,000,000, due on September 30, 2018;
 - US\$500,000, due on December 30, 2018; and
 - US\$500,000, due on March 19, 2019.

The promissory notes may be repaid by way of cash or common shares at the option of Scythian.

Colombian-based ColCanna received licenses from the Ministry of Health which permitted the extraction, production, and research for the local market and export to international markets

² "Argentina Legalizes Medical Marijuana." Drug Policy Alliance. Accessed July 16, 2018. <http://www.drugpolicy.org/news/2017/04/argentina-legalizes-medical-marijuana>.

³ “Gestión Laboral, Servicios Jurídicos, Fiscales Y Contables a Empresas.” Consulting Torga Inforges. Accessed July 16, 2018. <http://consultingtorga.es/>.

⁴ “Argentina Population (LIVE).” (2018) - Worldometers. Accessed July 16, 2018. <http://www.worldometers.info/world-population/argentina-population/>.

of cannabis derivatives (non-psycho-active – less than 5% THC). ColCanna is expected to receive a psycho-active license (>5% THC) during the week of 16th of July. ColCanna is the only cultivator to receive a license to cultivate cannabis in the coveted Colombian coffee zone. ColCanna operates 35 acres of arable land in Chinchina and Caldas, Colombia. Located in a temperate climate that supports four harvests a year, the first of which is expected in late 2018, this land is ideal for year-round cultivation without artificial climate control. Currently, ColCanna is constructing over 500,000 square feet of total greenhouse production space and is planning to build its laboratory for the fabrication of cannabis extracts in a warehouse in Pereira, Colombia.

Financial Projections

(in USD) [Redacted for commercial confidentiality reasons]

Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Key Financials (US\$M)										
Revenues										
OPEX										
EBITDA										
Depreciation										
Taxes										
NOPAT										
Capex										
Δ NWC										
FCF										

Source: Scythian. Financial results for 100% of Colcanna

Board and Senior Officer Information

Michael Armbrester, Co-Owner

Mr. Michael Armbrester has worked in the agriculture industry in Colombia since 2012, owning and operating a citrus and cash crop farm. He started an education platform for his employees on

the farm to teach them sustainable farming practices and financial management. He created a mandatory health program that brought doctors on site to educate his employees about the importance of family health and self-health. Mr. Armbrester formerly owned a restaurant and food factory in Colombia, worked as a real estate agent in Alabama, and as an Area Manager at a landscaping firm in Washington State. Mr. Armbrester earned his bachelor's degree in Management Information Systems from the University of Alabama Birmingham in 1999.

Alejandro Santos, Engineer

Mr. Alejandro Santos is an engineer with over 45 years of experience creating and running businesses in different industries; including the mining industry. Mr. Santos led the productive integration of two metal mechanic factories in Colombia, transforming the company's sales structure.

Colombia Market

Regulatory Framework:

Colombia's cannabis regulatory framework focuses on extracts to generate a purely medical product market and provides for product quality and consistency through the Colombia National Food and Drug Surveillance Institute (“**INVIMA**”). Derivatives extracted from cannabis cannot be commercialized as final products without sanitary approval from INVIMA. The aim of the Colombian cannabis regulatory framework is to enable access for patients to medications made in Colombia that are safe, of high-quality and accessible, while concurrently promoting scientific research in the country.⁵

Colombia formally legalized medical marijuana in 2015, after the nation's President Juan Manuel Santos signed a decree which permitted the consumption of cannabis products. Law 1787 of 2016 enacted by Colombian Congress, Decree 613 of 2017 and regulatory resolutions 577, 578 and 579 of August 8th of 2017 enacted by the Ministry of Justice, and resolutions 2891 and 2892 of 2017 enacted by the Ministry of Health, form the legal framework that regulates the actions of companies in Colombia working with cannabis for medical and scientific purposes, including its cultivation, production, and domestic and international distribution as well as cannabis seeds, high tetrahydrocannabinol, and low tetrahydrocannabinol medicinal cannabis extracts.

Resolutions 2891 and 2892 of 2017 regulate the production and/or manufacturing of cannabis derivatives (extracts). The resolutions define whether the derivatives are to be used in the national market as raw material for final medical products or if they are to be exported to international markets. If the derivative is to be used in the national market it can be used as a synthetic or prescription drug, or a final regulated product. The final product sold to the public may be regulated herbal or mass market phototherapeutic products. If a product or extract is exported, the license

⁵ “Regulations for Medicinal Cannabis in Colombia are Ready (2017) – Government of Colombia. Accessed July 16, 2018. <https://www.minsalud.gov.co/English/Paginas/Regulations-For-Medicinal-Cannabis-In-Colombia-Are-Ready.aspx>

holder must obtain a permit from the Fondo Nacional de Estupefacientes (“FNE”) allowing for its delivery.

Licenses:

There are four types of licenses granted by the Colombian government:

1. **Production of derivatives from cannabis:** This license authorizes activities relating to the transformation of the psychoactive constituent elements of cannabis in oils, resins, and other forms for medical and scientific purposes. The license may include an authorization by the Ministry of Health to carry out any of the following activities: manufacture, acquisition, import, export, storage, transport, trade, and distribution of psychoactive or non-psychoactive cannabis by-products.
2. **Use of seeds for sowing:** This license authorizes the management of seeds for planting which comprises their acquisition, import, storage, trade, possession, and final disposal, as well as their export and use for medical and scientific purposes.
3. **Cultivation of psychoactive cannabis plants:** This license authorizes the cultivation of high tetrahydrocannabinol medicinal cannabis plants, and comprises the planting, acquisition, and production of seeds, storage, trade, distribution, and final disposal of plants, as well as export and use for medical and scientific purposes.
4. **Cultivation of non-psychoactive cannabis plants:** This license authorizes the cultivation of low tetrahydrocannabinol medicinal cannabis plants, and comprises the planting, acquisition, and production of seeds, storage, trade, distribution, and final disposal of plants, as well as export and use for medical and scientific purposes.

Licenses are non-transferable, exchangeable, or assignable and are valid for five years and may be renewed for an equal period as many times as requested by the licensee. Licenses may not be granted to individuals or legal persons who intend to carry on licensed activities on lands that are in national parks or in protected areas established by the National System of Protected Areas.⁶

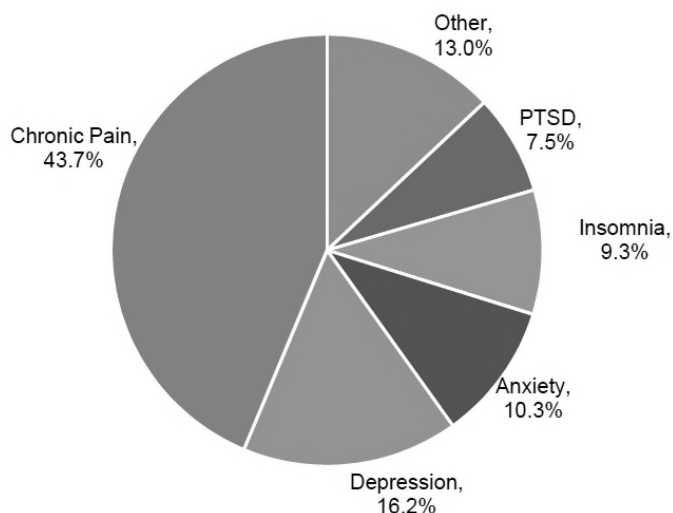
Market:

Colombia is the third-largest country in Latin America after Mexico and Brazil, with an estimated population of 49 million and a population density of 45 P/Km²⁷. The total estimated market for patients with qualifying conditions for medical cannabis treatment in Colombia is 5.6 million, with

⁶ Khiron Life Sciences Corp. Filing Statement, May 2018; “A New Path to Your Success Via Human Data Science.” IQVIA. Accessed July 16, 2018. <https://www.iqvia.com/>.

⁷ “Colombia Population (LIVE).” (2018) - Worldometers. Accessed July 16, 2018. <http://www.worldometers.info/world-population/colombia-population/>

the following breakdown of conditions:⁸



Jamaica

Overview

On March 21, 2018, Scythian entered into a binding letter of intent to acquire Marigold Acquisitions Inc., which owns 100% of Hampstead Holdings Ltd., which in turn owns 49% stake in Marigold Projects Jamaica Limited (“**Marigold**”), making Scythian a major stakeholder in Marigold. Scythian will issue 6,000,000 common shares as consideration for this acquisition. The acquisition will result in Scythian owning a 49% interest in Marigold and a 95% royalty interest in the net revenues from products sold by Marigold.

Marigold holds 1 license: (A) a “Cultivator’s License 3 Tier License” (described below) to cultivate cannabis for scientific, medical and therapeutic purposes, and 4 conditional licenses: (B) a “Processing License 2 Tier License” (described below) to process cannabis for medical, scientific and therapeutic purposes; (C) a “Retail License” (described below) to sell cannabis products for medical, scientific and therapeutic purposes and provide a space for immediate consumption by consumers; (D) a “Therapeutic License” (described below) to provide therapeutic or spa services utilizing cannabis products; and (E) a “Research and Development, Experimental License” (described below).

The Cultivator’s License 3 Tier License requires Marigold to pay, for every 43,562 square feet, (A) a US\$3,000 (or the Jamaican dollar equivalent at the prevailing rate of exchange based on the Bank of Jamaica’s weighted average) license fee; and (B) a US\$2,000 (or the Jamaican dollar equivalent at the prevailing rate of exchange based on the Bank of Jamaica’s weighted average)

⁸ *"Marijuana.Business.Magazine.Accessed:July16, 2018.* <https://mjbizmagazine.com/digital-issues/2018-05-MayJun/62/>.

security bond. Marigold currently leases its cultivation premises located at Volume 1388 Folio 682, Lot 6, Bernard Lodge, Block A, Spanish Town P.O., in the parish of Saint Catherine and plans to construct state of the art greenhouses for commercial growing and a 36,000 square foot research centre on the premises. It is estimated that the proposed facilities could employ up to 200 people over a two-year period.

Marigold also has two other leases: a lease for office space at Suite #6, 22 Trafalgar Road, Kingston 10, and a lease for an herb house of approximately 800 square feet at Unit #51, Pulse Center, 38a Trafalgar Road, Kingston 10.

Financial Projections

(in USD) [Redacted for commercial confidentiality reasons]

Year	2018	2019
Key Financials (US\$M)		
Revenues		
OPEX		
EBITDA		
Capex		
Pre-Tax FCF		

Source: Scythian. Financial results for 100% of Marigold

Board and Senior Officer Information

Lloyd Tomlinson, Managing Director

Mr. Lloyd Tomlinson has had a distinguished career in London, England and the Caribbean, holding senior positions at Colgate-Palmolive, Beecham Products Overseas, and SmithKline Beecham. Mr. Tomlinson now runs a of series businesses that includes a 135-acre Blue Mountain Coffee Estate and Factory, and a housing development company. Mr. Tomlinson earned his BA in Marketing at Thames University in England.

Charles Scott, Head of Operations and R&D

Mr. Charles Scott is a highly distinguished cannabis grower with nineteen 1st place finishes at the World Cannabis Cup. Mr. Scott has done extensive research studying the effects of CBD and THC. Mr. Scott has worked as a master grower at commercial cannabis projects worldwide and has a personal portfolio of over 200 strains.

Jamaica Market

Regulatory Framework:

In 2015, the Jamaican federal government established the *Cannabis Licensing Authority* (the “CLA”) to establish and regulate legal cannabis and hemp in the country. The CLA has developed regulations and licensing processes to govern the legal medical cannabis industry.

Licenses:

There are five types of licenses granted by the Jamaican government:

1. **Cultivator’s License 3 Tier:** (A) Tier 1, permits a licensee to cultivate up to 1 acre (4047 square meters) of land cultivating cannabis for medical, scientific and therapeutic purposes; (B) Tier 2, permits a licensee to cultivate between 1-5 acres (4,047-20,235 square meters) of cultivated cannabis for medical, scientific, and therapeutic purposes; and (C) Tier 3, permits a licensee to cultivate over 5 acres (20,235 square meters) of cannabis for medical, scientific, and therapeutic purposes.
2. **Processing License 2 Tier:** (A) Tier 1, permits a licensee to process cannabis for medical, scientific and therapeutic purposes, including the manufacturing of cannabis-based products, in a space of up to 200 square meters; (B) Tier 2, permits a licensee to process cannabis for medical, scientific and therapeutic purposes, including the manufacturing of cannabis-based products, in a space over 200 square meters.
3. **Transport License:** Permits a licensee to transport cannabis between two licensed premises in an approved motor vehicle.
4. **Retail License - 3 types:** (A) Retail, permits a licensee to sell cannabis for medical, scientific and therapeutic purposes; (B) Smoking, permits a licensee to sell cannabis for medical scientific and therapeutic purposes, with a space for immediate consumption by consumers; and (C) Therapeutic, permits a licensee to provide therapeutic or spa services utilizing cannabis products.
5. **Research and Development - 2 types:** (A) Experimental, permits a licensee to undertake all activities involved in the assessment, study, research, development and testing of products derived from all or any part of the cannabis plant, including the analytical services for own use; and (B) Analytical Services, permits a licensee to provide commercial services exclusively for the determination of any or all the constituents, characteristics, quality or safety parameters of cannabis or cannabis products by accepted and/or accredited methods.

Companies which apply for licenses must have the majority ownership of the lands the cannabis business will operate on and the company must be controlled by a person who has lived in Jamaica

for 3 consecutive years and is at least 18 years old. Licenses are valid for 3 years. Companies are not permitted to import or export cannabis flower.

The CLA has not developed regulations surrounding international trade of cannabis because of its overwhelming illegality around the world. However, the CLA has indicated that in the future it will develop regulations surrounding international trade with countries who have legalized the use of cannabis.⁹

Market:

Jamaica's population is 2,900,000 with a population density of approximately 268 P/Km².¹⁰ The estimated market value for cannabis will be approximately US\$1.5 Billion.¹¹

Definition of Fair Market Value

In this Report, fair market value is defined as the highest price available in an open and unrestricted market between informed and prudent parties, acting at arms-length and under no compulsion to act, expressed in terms of cash.

With respect to the market for the shares of a company viewed "*en bloc*" there are as many "prices" for any business interest as there are purchasers. Each prospective purchaser for a particular "pool of assets", be it represented by underlying shares or the assets themselves, can likely pay a price unique to it because of its ability to utilize the assets in a manner peculiar to it. In any open market transaction, a purchaser will review a potential acquisition in relation to what economies of scale or "synergies" that may result from such an acquisition (e.g., reduced or eliminated competition, ensured source of material supply or sales, cost savings arising on business combinations following acquisitions, and the like).

The Engagement did not permit us to expose HoldCo for sale in the open market, so we are unable to determine the existence of any special interest purchasers who might be prepared to pay a price greater than the fair market value outlined in the Report (assuming such special interest purchasers exist). Based on Haywood's experience, it is only in negotiations with such a special purchaser that potential synergies can be quantified and even then, the purchaser is generally in a better position than the vendor to quantify the value of any special benefit.

⁹ "Licenses." Cannabis Licensing Authority. Accessed July 16, 2018.
<http://cla.org.jm/application/types-licences>

¹⁰ "Jamaica Population (LIVE)." (2018) - Worldometers. Accessed July 16, 2018.
<http://www.worldometers.info/world-population/jamaica-population/>.

¹¹ "Medicanja Values 'potential' Ganja Market at US\$1.5b." Letters | Jamaica Gleaner. October 29, 2017. Accessed July 16, 2018. <http://jamaica-gleaner.com/article/business/20171029/medicanja-values-potential-ganja-market-us15b>.

Review of Financial Information

Historical Financial Statements

ColCanna's and Marigold's facilities are currently under construction and have no historical commercial operations. HoldCo's only assets are the Assets. The historical financials are provided in Schedule C.

Budgets / Projections

We reviewed management-prepared financial projections for each of the Assets. See Schedule A which sets out management's assumptions and see below for a more detailed overview of assumptions. For our economic assumptions, we used the US benchmark risk free interest rate as a globally recognized reference then we took into account the blended risk of each of the countries where the Assets are located using a higher market risk premium and specific company risk premium.

Valuation Methodology - Going Concern versus Liquidation Value

The first stage in determining which approach to utilize in valuing a company is to determine whether the company should be valued as a going concern or on a liquidation basis. A business is deemed to be a going concern if it is both conducting operations at a given date and has every reasonable expectation of doing so for the foreseeable future thereafter. If a company is deemed to not be a going concern, it is valued based on a liquidation basis.

Overview

In valuing a business, there is no single or specific mathematical formula. The approach and the factors to consider will vary in each case. Where there is evidence of open market transactions involving the shares or operating assets of a business interest, those transactions may often form the basis for establishing their value. In the absence of open market transactions, the three basic generally-accepted approaches for valuing a business interest are:

- (a) The Income/Cash Flow Approach ("**Cash Flow Approach**");
- (b) The Market Approach ("**Market Approach**"); and
- (c) The Cost or Asset-Based Approach ("**Cost Approach**").

A summary of these generally-accepted valuation approaches is provided below.

The Cash Flow Approach is a general way of determining a value indication of a business (or its underlying assets), using one or more methods wherein a value is determined by capitalizing or discounting anticipated future benefits. This approach contemplates the continuation of the operations as if the business is a "going concern".

The Market Approach is a general way of determining a value indication of a business or an equity interest therein using one or more methods that compare the subject entity to similar businesses, business ownership interests, and securities (investments) that have been sold. Examples of methods applied under this approach include, as appropriate: (a) the “Guideline Company Method”, (b) the “Merger and Acquisition Method”; and (c) analyses of prior transactions of ownership interests in the subject entity.

The Cost Approach is based upon the economic principle of substitution. This basic economic principle asserts that an informed, prudent purchaser will pay no more for an asset than the cost to obtain an opportunity of equal utility (that is, either purchase or construct a similar asset). From an economic perspective, a purchaser will consider the costs that they will avoid and use this as a basis for value. The Cost Approach typically includes a comprehensive and all-inclusive definition of the cost to recreate an asset.

Typically, the definition of cost includes the direct material, labor and overhead costs, indirect administrative costs, and all forms of obsolescence applicable to the asset.

The Cost Approach is adopted when: (a) liquidation is contemplated because the business is not viable as an ongoing operation; (b) the nature of the business is such that asset values constitute the prime determinant of corporate worth (e.g., vacant land, a portfolio of real estate, marketable securities, or investment holding company, etc.); or (c) there are no indicated earnings/cash flows to be capitalized. If consideration of all relevant facts establishes that the Cost Approach is applicable, the method to be employed will be either a going-concern scenario or a liquidation scenario (on either a forced or an orderly basis), depending on the facts.

A combination of the above approaches may be necessary to consider the various elements that are often found within specialized companies and/or are associated with various forms of intellectual property.

Company Valuation Approaches

In our opinion, it is appropriate to value HoldCo on a going concern basis because:

- although HoldCo does not currently have positive earnings, it is projected to;
- HoldCo has sufficient cash to maintain operations; and
- the going concern approach yields a higher value than a liquidation approach.

It is also our opinion that given the nature and status of HoldCo at the Valuation Date, the most appropriate approach to determine the range of the fair market value of HoldCo at the Valuation Date were the Income Approach (specifically the Discounted Cash Flow Method) and the Market Approach, with the most weight being given to the Discounted Cash Flow Method.

Valuation of HoldCo

(The equity of HoldCo has been valued en bloc)

We used a sum of the parts valuation to evaluate HoldCo. Each of the Assets was valued using a

combination of discounted cash flow analysis and market approach on a standalone basis. The sum of the standalone values reflects our total value of HoldCo.

Discounted Cash Flow Method

Performing a discounted cash flow requires the preparation and analysis of a forecast of the expected future financial performance of HoldCo. For purposes of performing this analysis, management provided a detailed financial forecast of revenues and operating expenses for the Assets.

ABP: The forecast covered the six-year period to the end of fiscal 2023
 ColCanna: The forecast covered the ten-year period to the end of fiscal 2027
 Marigold: The forecast covered the two-year period to the end of fiscal 2019.

We performed a review of the forecasts provided by management to assess the plausibility of their underlying assumptions. This assessment was performed by reviewing key assumptions and valuation indicators, and by comparing them to objective support. We also engaged in discussions with the Company's management to understand how they derived their expected future financial projections.

We then applied our key assumptions and normalized expenses to create an "EBITDA" (earnings before interest taxes and depreciation) margin more in-line with comparable companies. Forecasted earnings were then discounted to a present value using a discount rate which, in our opinion, appropriately accounts for the market cost of capital, as well as the risk and nature of the subject cash flows.

To complete our valuation, an assumption must be developed about the sustainable long-term rate of earnings growth at the end of the forecasted period, and a terminal or residual value of the remaining cash flows must be estimated and discounted to a present value. The sum of the present values of the forecasted earnings and the terminal value equals the value of the invested capital.

Adjustments to Management Forecast

The following adjustments have been made to management's forecasts:

Marigold: *[Redacted for commercial confidentiality reasons]*

Adjusted Inputs

% International

% Retail

International Price (\$/g)

Retail Price (\$/g)

EBITDA Margin

Company	Haywood	Adj	Source

ColCanna: [Redacted for commercial confidentiality reasons]

Adjusted Inputs	Company	Haywood	Adj	Source
Retail Price (\$/ml)				
Retail				
EBITDA Margin				

ABP:

No changes to management projections.

Notes on Assumptions:

For Marigold and ColCanna, we were conservative in the end retail price for their projected flower and oil sales. We adjusted management's forecasted sale pricing down by 20% to reflect our view that competition in the marketplace will drive end prices lower than forecasted by management. Given that both Marigold and ColCanna are not currently selling product, we relied on our own research which we believe reflects a more realistic EBITDA margin than forecasted by management. No changes to management's assumptions for ABP were made as the underlying asset is a standalone operating business that has an operating history. Management's projections for ABP were also in line with our view of the market going forward.¹²

Discount Rate Estimation

The discount rate applied to the free cash flow/earnings must reflect the current standing of HoldCo and the risk of the underlying cash flow/earnings included in the forecast. For the purposes of our analysis, the appropriate discount rate is a weighted average cost of capital, calculated using estimates of required equity rates of return and after-tax costs of debt.

Cost of Equity

To estimate an appropriate equity rate of return for use in our analysis, we used the Capital Asset Pricing Model ("CAPM"), which is defined as follows:

$$R_e = R_f + \beta(R_m) + R_{est} + R_{ic} + CRP$$

where:

- R_e = Return on equity
- R_f = Risk-free rate
- β = Beta
- R_m = Market risk premium

¹² "Receives Organic Certification; Harvest to Commence Next Week" Haywood Securities Inc. Research. May 11, 2018. Accessed July 16, 2018. https://clients.haywood.com/uploadfiles/secured_reports/ICCMay112018.pdf?inf_contact_key=8ba77fcbdc4b4d7ba889bbaabc65a4b56bf7176e4a63854c6e61ba6c5363fc20

Rest = Size premium
Ric = Specific company risk premium
CRP = Country risk premium

The emerging markets Government bonds are not risk-free, given the credit ratings for those countries and the inherent risks involved with doing business in those countries. Hence, we have used the US market indicator as a base, and added the country specific risk premium on top of it to arrive at the WACC for the Assets in discussion.

A risk-free rate of 2.85% was selected based upon the yields on a 10-year US Treasury bond as of the Valuation Date. A market risk premium of 5.5% was assumed, which represents the midpoint forecast of the expected long-term equity risk premium (per Canadian Institute of Actuaries).

To estimate the appropriate beta for use in our analysis, we used Canadian comparables in a similar business as HoldCo. The equity beta for each company in our sample was researched, and a levered beta of 1.1 was selected.

A specific size premium of 2.68% was assumed to reflect the 9th percentile of smallest companies (Ibbotson).¹³

A specific company risk premium of 3.0% was assumed to reflect the risks inherent in achieving the Company's forecasted debt-free cash flows. Specifically, we considered the following positive and negative factors attributable to HoldCo:

Positive Factors

- First mover advantage: One of the first companies to be licensed
- Optimal cultivation environment
- Low cost operations
- Scalable cultivation infrastructure
- Strong management and operational team

Negative Factors

- HoldCo does not yet own the Assets
- Political and criminal risk
- New market for cannabis; potential market size unknown
- Medical cannabis only markets (no recreational adult use permitted)

¹³ Ibbotson SBBI Valuation Yearbook, 2017

A country risk premium of 3.0% was assumed to reflect the inherent risks in the countries in discussion (See Schedule B).

Cost of Debt

We determined HoldCo's pre-tax cost of debt at 14.0%. Given there is no public history of banks lending to cannabis companies in Argentina, Colombia or Jamaica, we assumed it would be private debt. Given an effective tax rate of 30%, HoldCo's after-tax cost of debt was determined to be 9.8%.

Optimal Capital Structure

We have assumed an optimal capital structure of 20.0% debt-to-capital. The low debt-to-capital optimal ratio is due to U.S. and international banks not lending to international cannabis companies because cannabis remains classified as a Schedule 1 drug as defined by the United States *Controlled Substances Act*.

WACC

Based on the foregoing we estimated a weighted average cost of capital calculation ("WACC") of 16.0%.

Terminal Value Calculation

The terminal value was calculated using an EV/2023E EBITDA multiple ("EV" means Enterprise Value):

1. Terminal Value:
Multiple: 7.0x EV/2023E EBITDA

In determining the terminal value, we assumed that the sale of cannabis would be commoditized following the legalization in the Canadian market. We expect that as current licensed producers begin selling cannabis following the nationwide legalization, prices will compress and valuations among cannabis producers and sellers will compress to an approximate EV/EBITDA multiple of 7.0x. We believe both domestic and international competitive pressures will be central to the compression of EV/EBITDA multiples to 7.0x.

Market Approach Method

a) Comparable Companies

To assist in analyzing the reasonableness of our valuation conclusion derived on a discounted cash flow basis, we performed a market approach as a secondary valuation methodology. This involved comparing HoldCo to similar businesses or "guideline" companies whose securities are actively traded in public markets.

We did not include Canadian Licensed Producers in our market approach analysis because:

- The Canadian cannabis market is more mature.
- Cultivation conditions and growing methods in Canada are different and are more expansive than found in outdoor and indoor operations in Latin America and the Caribbean.
- The Assets are in countries where only cannabis for medical use is legal.
- Canadian Licensed Producers are valued on their projected 2019 financial results (i.e. a full year after the recreational market in Canada will be in effect).

Cannabis Companies in South America

In our opinion, publicly-traded South American cannabis companies represent the best comparable for a market approach analysis because they have in common with HoldCo, similar cultivation conditions and growing methods, low labour costs, similar operational and political climates, and are new markets.

Valuation Multiple Selection

In determining our valuation multiple, we first looked to publicly listed companies with cannabis operations similar to HoldCo. There are currently few publicly traded South American cannabis companies, and only one that met the criteria of both having research and a similar South American focused strategy to HoldCo:

- ICC

ICC is an integrated company dedicated to the production of CBD extract in South America. The company holds one of two licenses for recreational cannabis production in Uruguay and is also licensed to grow high CBD cannabis outdoors for extraction and sales internationally. ICC has also received licenses for the cultivation, production and international distribution of psychoactive and non-psychoactive cannabis for medical purposes in Colombia. ICC was the first public company fully licensed for production and distribution of cannabis in the two Latin American countries that allow it.

Currently, ICC is trading at a 7.0x multiple to 2019E EBITDA.¹⁴ Using Haywood's modeled analysis for HoldCo, HoldCo is projected to generate a consolidated 2019E EBITDA of \$21.9M. At a 7.0x multiple to 2019E EBITDA, the total implied market valuation of HoldCo is ~\$154M (C\$202M). Accounting for the ownership stake in the respective assets, the implied valuation would be \$146M (C\$192M).

b) Precedent Transactions

We also compared HoldCo to the acquisition metrics of similar businesses or "guideline" companies that were acquired by Canadian Licensed Producers to build an analysis around precedent transactions.

¹⁴ "Bloomberg Intelligence | Bloomberg Professional Services." Bloomberg.com. Accessed July 16, 2018. <https://www.bloomberg.com/professional/product/bloomberg-intelligence/>.

On July 5, 2018, Canopy acquired Spectrum Cannabis Colombia S.A.S. (“**Spectrum**”).

Acquisition Price¹⁵
(in USD)

At closing:	\$34,832,593	
#1	\$15,313,255	
#2	\$15,313,255	
#3	\$15,313,255	
#4	\$15,313,255	
	<hr/>	
	\$61,253,020	
Total with Milestones	\$96,085,613	
Extra Payment		
July 4, '23	\$40,000,000	4% of Canopy LATAM Equity Value
	<hr/>	
	\$136,085,613	
USDCAD	1.31	
	CS\$178,895,245	

** Based on a \$1 billion equity value. Currently has presence in Chile, Brazil, and Colombia and intends to build numerous markets across South and Central America*

We believe that ColCanna, Marigold, and ABP should each be valued at about 30%-40% of Spectrum’s current value of ~C\$180,000,000 based on their respective scale and the licenses they have.

We also considered the implied amount paid by Scythian at the announcement date for each of the Assets it is acquiring, and then applied a multiplier to reflect the milestones to be subsequently achieved. This analysis (see table below) resulted in a total value of the Assets of ~C\$185,000,000.

	ABP	ColCanna	Marigold
Purchase Price	\$32,250,000	\$33,200,000	\$24,519,990
Announcement Date	22-Mar-18	9-Apr-18	11-May-18
Milestones	Received Final License Signed Agreements with Hospital & University	Received CBD Extract & Export Psycho-active (>5% THC) license expected during the week of 16 th of July	Received Final Tier 3 License Signed Agreement with Peter Tosh Museum Found Two Locations for Herb House

¹⁵ Canopy Growth. Accessed July 16, 2018. <https://www.canopygrowth.com/investors/news-releases/>.

Multiplier	1.5x	2.25x	2.5x
Valuation (C\$)	\$48,375,000	\$74,700,000	\$61,299,975

Valuation Conclusions

Valuation Summary of each methodology

Methodology	Valuation (US\$M)	Valuation (C\$M)
Discounted Cash Flow	\$141	\$185
Comparable Analysis	\$146	\$192
Canopy Precedent	\$136	\$179
Multiple to Purchase Price	\$140	\$184
Range (C\$M)		\$180 - \$200

Relying on the Information, other assumptions as set out above, and applying the methodologies, it is our opinion that the fair market value of HoldCo at the Valuation Date is in the range of **C\$180,000,000 to C\$200,000,000**.

Fairness Opinion

The conclusion of our fairness opinion is subject to all of the conditions, limitations, qualifications, disclaimers and assumptions reflected in and underlying the formal valuation, as described above. The analysis, investigations, research, testing of assumptions and conclusions reflected in and underlying the formal valuation are integral to the provision of our fairness opinion.

In arriving at our fairness opinion, Haywood considered several factors including but not limited to the following:

- a) discounted cash flow analysis of the Assets based on, what we believe to be, fair assumptions and discount rates;
- b) current trading multiples of companies we deemed relevant, using Comparable Companies;
- c) precedent multiples paid for similar assets and operations and compares favourably to our analysis using precedent transactions, after making certain adjustments to reflect the difference in the size and operations of the Assets; and

- d) taking into account the implied appreciation in the value over the price paid by the Corporation to acquire the Assets, based on the achievement of certain milestones.

Based upon and subject to the foregoing, Haywood is of the opinion that, as of the date hereof, the Consideration payable is fair from a financial point of view to Scythian.

Certifications and Qualifications

The Report preparation was carried out by Mr. Mathieu Couillard and was thereafter reviewed by Mr. Campbell Becher and Mr. Neal Gilmer.

Campbell Becher, Managing Director, Investment Banking

Mr. Becher joined Haywood in 2016 as a Managing Director focused on Special Situations. He has been actively involved in the investment industry since 1993. Mr. Becher spent 8 years in retail at RBC Dominion and BMO Nesbitt Burns before pursuing merchant banking for 6 years with Bearbeech Capital and Becher McMahon. From 2008-2014 he served as President & CEO of Byron Capital, an investment bank headquartered in Toronto with offices in Montreal and Vancouver.

Mathieu Couillard, Vice President, Investment Banking

Mr. Couillard, *FSA*, joined Haywood in January 2017. Mr. Couillard has been involved in the execution of more than 100 M&A transactions involving companies in a variety of sectors and geographical locations.

Prior to joining Haywood, Mr. Couillard spent 10 years at National Bank of Canada in investment banking where he gained broad experience in merger, acquisition, and divestiture matters, including valuations and fairness opinions


Mr. Couillard holds a Bachelor of Science (Actuarial Science) from the Université du Québec à Montreal (2003) and holds the *Fellow* designation from the Society of Actuaries (2005).

Neal Gilmer, Senior Research Analyst

Mr. Gilmer joined Haywood in 2017 as Research Analyst, Special Situations, with ten years of experience in the financial industry. Mr. Gilmer's current area of focus is the Cannabis sector. Prior to joining the firm, Mr. Gilmer was a Research Analyst at Mackie Research with a focus on the medical marijuana industry. Prior to that, Mr. Gilmer was a research analyst at Clarus Securities covering a wide range of special situation companies which also included the medical marijuana industry. Mr. Gilmer holds an MBA from Simon Fraser University and a B. Comm. from McGill University.

This Report is a "Formal Valuation" and "Fairness Opinion" and has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of IIROC but the Company has not been involved in the preparation or review of this formal valuation or fairness opinion.

Haywood Securities Inc.

Per: 

Campbell Becher
Managing Director

SCHEDULE A

Management Assumptions *[Redacted for commercial confidentiality reasons]*

Marigold			ColCanna		
Revenue			Revenue		
	Unit	Value		Unit	Value
International Sales Price			Sale Price		
Retail Sales Price			Total Oil Sold Per Year		
International Sales					
Retail Sales			Operating Costs^(*)		
Annual Tourist Demand				Unit	Value
Market Share			Labour Costs		
			Culture Costs		
			SG&A		
			Utilities Costs		
			Other Costs		
Operating Costs^(*)			Capital Costs (inc. sustaining)		
	Unit	Value		Unit	Value
Labour Costs			Equipment		
Utilities Costs			Land and Buildings		
Security Cost			Biological Assets		
			Grow Assumptions		
Capital Costs				Unit	Value
	Unit	Value	Greenhouse		
Greenhouse Construction			Greenhouse Size (peak)		
Licensing Costs			Dry Yield per Greenhouse (peak)		
Renewal Costs					
			ABP		
Grow Assumptions			Revenue		
	Unit	Value		Unit	Value
Outdoor			Revenue per Year		
% Production			Operating Costs^(*)		
Grow Space				Unit	Value
Plants per acre			COGS		
Yield per Plant			Distribution		
# of Harvests			Retail		
			Scythian		
Greenhouse			Labour Costs		
% Production			SG&A		
Size					
Grow Space					
Yield per Harvest					
# of Harvests					

(*) Reflects a weighted average against the total product sold

SCHEDULE B Valuation Model

Summary

NPV Summary			
Business Unit	Ownership	Value (US\$M)	%
Marigold	95%	74	52%
ColCanna	90%	42	30%
ABP	100%	25	18%
Total		141	100%
Total (C\$M)		185	

Marigold *[Redacted for commercial confidentiality reasons]*

Year	2018	2019	2020	2021	2022	2023						
Key Financials (US\$M)												
Revenues												
Operating Costs												
EBITDA												
Depreciation												
Taxes												
NOPAT												
Capex												
Δ NWC												
FCF												
Exit Value												
Discounted FCF												
Discounted Exit Value												
Total Discounted FCF												
NPV for 100%												

ColCanna [Redacted for commercial confidentiality reasons]

Year	2018	2019	2020	2021	2022	2023
Key Financials (US\$M)						
Revenues						
Operating Costs						
EBITDA						
Depreciation						
Taxes						
NOPAT						
Capex						
Δ NWC						
FCF						
Exit Value						
Discounted FCF						
(+) Discounted Exit Value						
Total Discounted FCF						
NPV for 100%						

ABP [Redacted for commercial confidentiality reasons]

Year	2018	2019	2020	2021	2022	2023
Key Financials (US\$M)						
Revenues						
OPEX						
EBITDA						
Depreciation						
Taxes						
NOPAT						
Capex						
Δ NWC						
FCF						
Exit Value						
Discounted FCF						
(+) Discounted Exit Value						
Total Discounted FCF						
NPV for 100%						

Discount Rate Calculation

Metrics	Argentina	Colombia	Jamaica
Risk-free rate US	2.85%	2.85%	2.85%
Equity risk premium US	5.50%	5.50%	5.50%
Beta	1.1	1.1	1.1
Country risk premium ¹⁶	6.34%	2.19%	7.50%
Size premium	2.68%	2.68%	2.68%
Company risk premium	3.00%	3.00%	3.00%
Cost of Equity	20.9%	16.8%	22.1%
Cost of Debt	10%	10%	10%
Debt / (Debt+Equity)	20%	20%	20%
WACC	19%	15%	20%
Country Risk Premium Assumed		3.0%	
WACC Assumed		16.0%	

¹⁶ NYU Stern, Aswath Damodaran - Country Default Spreads and Risk Premiums
http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html

SCHEDULE C

[Redacted for commercial confidentiality reasons]

Marigold Acquisitions Inc. Balance Sheet

Marigold Acquisitions Inc. Income Statement

Marigold Project Jamaica Limited Balance Sheet

Marigold Project Jamaica Limited Income Statement

MMJ International Investment Inc. Balance Sheet

MMJ International Investment Inc. Financial Statement

ABP S.A. Balance Sheet

ABP S.A. Financial Statement

MMJ Colombia Partners Inc. Balance Sheet

MMJ Colombia Partners Inc. Income Statement

ColCanna S.A.S

ColCanna S.A.S

APPENDIX D GLOSSARY OF DEFINED TERMS

“**ABP**” has the meaning ascribed to that term under “The Transaction – Description of the Transaction”.

“**Acquisition Proposal**” means, other than the transactions contemplated by the Share Purchase Agreement and other than any transaction involving Scythian, LATAM and/or one or more of the other Target Corporations and/or their shareholders, any offer, proposal or inquiry (written or oral) from any person or group of persons other than Aphria (or any affiliate of Aphria) after the date of the Share Purchase Agreement relating to: (i) any sale, disposition, alliance or joint venture (or any lease, long-term supply agreement or other arrangement having the same economic effect as the foregoing), direct or indirect, in a single transaction or a series of related transactions, of assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Scythian, LATAM and/or the other Target Corporations or of 20% or more of the voting or equity securities of the Scythian, LATAM and/or the other Target Corporations (or rights or interests in such voting or equity securities); (ii) any direct or indirect take-over bid, exchange offer, treasury issuance or other transaction that, if consummated, would result in such person or group of persons beneficially owning 20% or more of the voting or equity securities of Scythian, LATAM and/or the other Target Corporations (including securities convertible or exercisable or exchangeable for voting or equity securities of Scythian, LATAM and/or the other Target Corporations); (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license involving Scythian, LATAM or any of the other Target Corporations; or (iv) any other similar transaction or series of transactions involving Scythian, LATAM or any of the other Target Corporations;

“**Board**” means the board of directors of Scythian as the same is constituted from time to time.

“**Board Recommendation**” means the statement that the Board has unanimously determined, after receiving legal and financial advice: (A) the entering into of the Share Purchase Agreement is in the best interests of Scythian; and (B) that the Board (with directors abstaining or recusing themselves as required) recommends that the Shareholders vote in favour of the Transaction Resolution.

“**BrazilCo**” has the meaning ascribed to that term under “The Transaction – Description of the Transaction”.

“**Brazil Option**” has the meaning ascribed to that term under “The Transaction –Background to the Transaction”.

“**Business Day**” means any day of the year, other than a Saturday, Sunday or any day on which major Canadian chartered banks are closed for business in Toronto, Ontario.

“**CannCure Acquisition**” means the proposed acquisition of 70% of the issued and outstanding common shares of CannCure Investments Inc., an Ontario company currently acquiring healthcare and medical cannabis businesses in the State of Florida, as previously announced by Scythian on July 30, 2018.

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

“**Change in Recommendation**” has the meaning ascribed to that term under “The Share Purchase Agreement – Termination of the Share Purchase Agreement – Termination”.

“**Circular**” means the management information circular of Scythian dated August 13, 2018.

“**Clarus**” means Clarus Securities Inc.

“**Clarus Fairness Opinion**” means an opinion of Clarus to the effect that, as of the date of such opinion, the Consideration payable to Scythian is fair, from a financial point of view, to Scythian.

“**Colcanna**” has the meaning ascribed to that term under “The Transaction – Description of the Transaction”.

“**Consideration**” has the meaning ascribed to that term under “The Share Purchase Agreement”.

“**Consideration Shares**” has the meaning ascribed to that term under “The Share Purchase Agreement”.

“**Green Farma**” has the meaning ascribed to that term under “The Transaction – Background to the Transaction”.

“**Haywood**” means Haywood Securities Inc.

“**Haywood Formal Valuation and Fairness Opinion**” means an opinion of Haywood to the effect that, as of the date of such opinion, (i) Haywood’s formal valuation (which was prepared in accordance with the requirements in MI 61-101) indicated that the fair market value of the issued and outstanding common shares of LATAM Holdings Inc. is in the range of \$180 million to \$200 million, and (ii) Haywood was of the opinion that, as of the date of such opinion, the Consideration payable to Scythian pursuant to the Transaction was fair, from a financial point of view, to Scythian.

“**LATAM**” means LATAM Holdings Inc., a direct, wholly-owned subsidiary of Scythian.

“**LATAM Shares**” has the meaning ascribed to that term under “The Share Purchase Agreement”.

“**Marigold**” has the meaning ascribed to that term under “The Transaction – Description of the Transaction”.

“**Marigold Acquisitions**” has the meaning ascribed to that term under “The Transaction – Description of the Transaction”.

“**Material Adverse Change**” means any event, change, development or occurrence that, individually or together with any other event, change, effect, state of facts, circumstance, development, or occurrence, is or could reasonably be expected to be materially adverse to the current or future business, condition (financial or otherwise), assets, operations, results of operations, or liabilities (contingent or otherwise) of the Target Corporations, as the case may be, provided that a Material Adverse Change shall not include an adverse change resulting from a change: (i) that arises out of a matter that has been publicly disclosed prior to the date of the Share Purchase Agreement or otherwise disclosed in writing by a party to the other party prior to the date of the Share Purchase Agreement; (ii) that results from conditions affecting the medical cannabis market generally in Canada, the United States, Argentina, Jamaica and Colombia, including changes in laws, government policies or programs or taxes; (iii) that results from general economic, financial, currency exchange, interest rate or securities market conditions in Canada, the United States, Argentina, Jamaica or Colombia; or (iv) that is a direct result of any matter permitted by the Share Purchase Agreement or consented to in writing by the applicable party, provided further, however, that with respect to clauses (ii) through to and including (iv), such matter does not have a materially disproportionate effect on the Target Corporations, taken as a whole, relative to other comparable companies and entities operating in the industry in which the Target Corporations operate;

provided, however that this does not include any currency fluctuations of the Argentinian peso against the US or Canadian dollar.

“**Meeting**” means the special meeting of Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of the Share Purchase Agreement, to be called and held to consider the Transaction Resolution.

“**MI 61-101**” means Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*.

“**MMJ Colombia**” has the meaning ascribed to that term under “The Transaction – Description of the Transaction”.

“**MMJ International**” has the meaning ascribed to that term under “The Transaction – Description of the Transaction”.

“**Name Change Resolution**” has the meaning ascribed to that term under “Approval of Name Change”.

“**Notice**” means the notice of special meeting of shareholders attached to this Circular.

“**Pre-Closing Reorganization**” means the pre-closing corporate reorganization as contemplated in the Share Purchase Agreement pursuant to which Scythian will, prior to the closing date, indirectly acquire each of the Target Corporations in Argentina, Colombia and Jamaica and transfer their shares to LATAM.

“**Public Shareholders**” means the holders of the Shares other than Aphria and any other person who holds Shares in respect of which votes are required to be excluded under Section 8.1(2) of MI 61-101 for the purposes of determining minority approval for the Transaction.

“**Record Date**” means Tuesday, August 7, 2018.

“**Required Approval**” means, in respect of the votes cast by Shareholders at the Meeting for purposes of considering the Transaction Resolution: (i) not less than a majority of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the Meeting; and (ii) a simple majority of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the Meeting excluding for this purpose votes attached to Shares held by persons described in items (a) through (d) of section 8.1(2) of MI 61-101.

“**Scythian**” means Scythian Biosciences Corp.

“**Shareholders**” means the registered or beneficial holders of Shares, as the context requires.

“**Shares**” means the common shares in the capital of Scythian.

“**Share Purchase Agreement**” means the share purchase agreement made as of July 17, 2018 between Scythian and Aphria, as it may have been, or may from time to time be, amended, restated, replaced, supplemented or novated in accordance with its terms and including all schedules to it.

“**Superior Proposal**” means any unsolicited bona fide written Acquisition Proposal from person(s) who are an arm's length third party or parties, made after the date of the Share Purchase Agreement to acquire not less than all of the outstanding Shares (or the LATAM Shares) or all or substantially all of the assets of Scythian, LATAM and/or the Target Corporations that: (a) complies with the *Securities Act* (Ontario) and any other applicable provincial securities laws and did not result from or involve a breach of the Share Purchase Agreement or any other agreement between the person making the Acquisition

Proposal and Scythian or the Target Corporations; (b) is reasonably capable of being completed without undue delay relative to the Share Purchase Agreement, taking into account, all financial, legal, regulatory and other aspects of such proposal and the person making such proposal; (c) is not subject to any financing contingency and in respect of which adequate arrangements have been made to ensure that the required consideration will be available to effect payment in full for all of the Shares or LATAM Shares, as the case may be; (d) is not subject to any due diligence or access condition; (e) the Board determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal, would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable, from a financial point of view, to Scythian, than the transactions contemplated by the Share Purchase Agreement; and (f) in the event that Scythian does not have the financial resources to pay the Termination Fee, the terms of such Acquisition Proposal provide that the Person making such Superior Proposal shall advance or otherwise provide Scythian the cash required for Scythian to pay the Termination Fee and such amount shall be advanced or provided on or before the date such Termination Fee becomes payable.

“Support and Voting Agreements” means, collectively, the support and voting agreements between Aphria and the Supporting Shareholders substantially in the form of Exhibit “A” of Schedule “B” to the Share Purchase Agreement, which *inter alia* may not be terminated by the Supporting Shareholders in the event of a Superior Proposal.

“Supporting Shareholders” has the meaning ascribed to that term under “The Share Purchase Agreement – Support and Voting Agreements”.

“Target Corporations” means, collectively, LATAM, ABP, MMJ International, Marigold Acquisitions, Marigold, MMJ Colombia and Colcanna.

“Termination Fee” has the meaning ascribed to that term under “The Share Purchase Agreement – Termination of the Share Purchase Agreement – Termination Fee”.

“Transaction” means the transaction involving, among other things, the acquisition by Aphria of all of the LATAM Shares as contemplated by the Share Purchase Agreement.

“Transaction Resolution” means the resolution of Shareholders approving the Transaction to be considered at the Meeting, substantially in the form of Appendix A to this Circular.

“TSX” means the Toronto Stock Exchange.

“TSXV” means the TSX Venture Exchange.