This Management Information Circular and the accompanying materials require your immediate attention. If you are in doubt as to how to deal with these documents or the matters to which they refer, please consult with your investment dealer, broker, lawyer or other professional advisor. This document and the accompanying materials do not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful.

SECURECOM MOBILE INC.
NOTICE OF MEETING AND INFORMATION CIRCULAR

For
THE ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS

to be held on
July 20, 2017

CONCERNING A PROPOSED BUSINESS COMBINATION INVOLVING
SECURECOM MOBILE INC.
AND
DFMMJ INVESTMENTS, LTD.

June 19, 2017
SecureCom Mobile Inc.

June 19, 2017

Dear Shareholder:

The board of directors (the “Board”) of SecureCom Mobile Inc. ("SecureCom") cordially invites you to attend the annual and special meeting (the “Meeting”) of shareholders of SecureCom ("SecureCom Shareholders") to be held commencing at 10:00 a.m. (Toronto time) on July 20, 2017, at the office of Gowling WLG (Canada) LLP located at 100 King Street West, Suite 1600, Toronto, Ontario, M5X 1G5.

At the Meeting, in addition to the annual general meeting requirements, SecureCom Shareholders will be asked to consider, and if thought fit, to approve a special resolution approving the amalgamation (the “Amalgamation”) of 1006397 B.C. Ltd., ("Subco") a British Columbia company and wholly-owned subsidiary of SecureCom, with DFMMJ Investments, Ltd. ("Holdco"), a British Columbia company incorporated under the Business Corporations Act (British Columbia), forming an amalgamated corporation (“Amalco”) to be named “Liberty Health Sciences USA Ltd.”, and resulting in a Business Combination (as defined below) whereby SecureCom will acquire 100% of the issued and outstanding shares of Holdco by way of the Amalgamation in exchange for common shares in the capital of SecureCom (the “Consideration Shares”), substantially on the terms and conditions set out in the transaction agreement dated April 4, 2017 between Holdco and SecureCom (the “Transaction Agreement”), a copy of which may be accessed on SEDAR at www.sedar.com and which is included with this management information circular (the “Circular”) at Schedule “B”. In connection with the Amalgamation, SecureCom will change its name to “Liberty Health Sciences Inc.” (the “Resulting Issuer”).

As detailed in the accompanying Circular, Holdco has completed a private placement offering of subscription receipts (the “Offering”) raising gross proceeds of approximately C$34.15 million under the Offering. The holders of subscription receipts will receive Consideration Shares on the same basis as shareholders of Holdco (“Holdco Shareholders”).

If completed, the Amalgamation and the series of transactions ancillary thereto, pursuant to which the businesses of SecureCom and Holdco will be combined (collectively, the “Business Combination”) will constitute a fundamental change under the policies of the Canadian Securities Exchange (the “CSE” or the “Exchange”). Subject to completion of the Business Combination, SecureCom will combine its business with Holdco and thereafter be engaged in the business of the cultivation and harvesting of marijuana in certain permitted state jurisdictions in the United States.

Pursuant to the Transaction Agreement SecureCom has agreed, among other things, to change its name to “Liberty Health Sciences Inc.” and, following the consummation of the Business Combination and the issuance of the Consideration Shares, to effect a consolidation of the common shares of the Resulting Issuer (the “Resulting Issuer Shares”) on a 3 to 1 basis (the “Consolidation”), such that the total number of issued and outstanding Resulting Issuer Shares will be 284,021,221 on a non-diluted basis.1

Upon completion of the Business Combination, current Holdco Shareholders are expected to own approximately 84.7% of the Resulting Issuer Shares and current SecureCom Shareholders are expected to own approximately 15.3% of the Resulting Issuer Shares, on a non-diluted basis.

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1 References to issued and outstanding Resulting Issuer Shares following the Business Combination do not account for the individual rounding which may occur following the Consolidation.
At the Meeting, SecureCom Shareholders will also be asked to pass ordinary resolutions to approve an advance notice by-law (the "Advance Notice By-Law") and amendments to the Option Plan (the "Option Plan Amendment"), all as described further in the accompanying Circular. The resolutions approving the Advance Notice By-Law and the Option Plan Amendment must be approved by a simple majority of the votes validly cast by SecureCom Shareholders present in person or represented by proxy at the Meeting. The resolution approving the empowerment of directors to determine the number of directors, from time to time and in accordance with corporate law, must be approved by a special majority (not less than 66 2/3%) of the votes cast by SecureCom Shareholders voting in person or represented by proxy at the Meeting.

The Board has unanimously determined that the consideration being offered pursuant to the Amalgamation is fair to SecureCom Shareholders and that the foregoing transactions are in the best interests of SecureCom. Accordingly, the Board recommends that SecureCom Shareholders vote in favour of the Amalgamation, the Advance Notice By-Law and the Option Plan Amendment.

To be effective, the Amalgamation must be approved by two-thirds of the votes validly cast by shareholders present or represented by proxy at the Meeting (other than those required to be excluded in determining such approval pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions). The Amalgamation is also subject to certain conditions.

The accompanying Notice of Meeting and Circular provide a full description of the Amalgamation and include certain additional information to assist you in considering how to vote. You are encouraged to consider carefully all of the information in the accompanying Circular including the documents incorporated by reference therein. If you require assistance, you should consult your financial, legal or other professional advisors.

Your vote is important regardless of the number of SecureCom shares you own. If you are a registered holder of SecureCom shares, we encourage you to take the time now to complete, sign, date and return the enclosed form of proxy by no later than 10:00 a.m. (Toronto time) on July 18, 2017, to ensure that your shares will be voted at the meeting in accordance with your instructions, whether or not you are able to attend in person. If you hold your shares through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your shares.

Subject to obtaining regulatory approval and satisfying all other conditions of closing, it is anticipated that the Business Combination will be completed in late July 2017.

If you have any questions relating to the Amalgamation or the Business Combination, please contact Michael Galloro, CEO and Director of SecureCom, at the address and telephone number indicated above.

On behalf of SecureCom, we would like to thank all shareholders for their ongoing support.

Yours very truly,

(Signed) "Michael Galloro"

Michael Galloro
Chief Executive Officer and Director
TO: The Shareholders of SecureCom Mobile Inc.

NOTICE IS HEREBY GIVEN that the Annual and Special General Meeting of shareholders of SecureCom Mobile Inc. (the "Corporation" or "SecureCom") will be held at the offices of Gowling WLG (Canada) LLP located at 100 King Street West, Suite 1600, Toronto, Ontario on the 20th day of July, 2017 at 10:00 a.m. (Toronto time) (the "Meeting"), for the following purposes:

1. to receive and consider the financial statements of the Corporation for the financial year ended June 30, 2016, together with the report of the auditor's thereon;

2. to empower the directors of SecureCom to determine, from time to time by resolution, the number of directors of SecureCom in accordance with the articles and by-laws of SecureCom and in accordance with corporate law;

3. to elect the board of directors to serve until the next annual general meeting of the Shareholders or until their successors are duly elected or appointed;

4. to fix, conditional upon, and effective as of the completion of the Business Combination, the number of directors of the Corporation at five (5) and to elect, conditional upon, and effective as of the completion of the Business Combination, as directors of SecureCom: Vic Neufeld, John Cervini, Aaron Serruya, Michael Galloro and Brady Cobb;

5. to appoint MNP LLP, Chartered Accountants as auditors of the Corporation for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors for the ensuing year;

6. to consider, and if thought fit, to approve a fundamental change by way of special resolution (the "Amalgamation Resolution") approving the amalgamation (the "Amalgamation") of 1006397 B.C. Ltd., ("Subco") a British Columbia company and wholly-owned subsidiary of SecureCom, with DFMMJ Investments, Ltd. ("Holdco"), a British Columbia company under the Business Corporations Act (British Columbia), to form an amalgamated corporation ("Amalco"), and resulting in a business combination whereby SecureCom will acquire 100% of the issued and outstanding shares of Holdco by way of the Amalgamation, substantially on the terms and conditions set out in the transaction agreement dated April 4, 2017 between Holdco and the Corporation;

7. to consider and, if thought fit, to approve, with or without variation, by ordinary resolution, as more particularly set forth in the accompanying Circular and conditional upon the Business Combination becoming effective, the adoption of an advance notice by-law for SecureCom;

8. to consider, and if thought fit, to approve, with or without variation, by ordinary resolution, as more particularly set forth in the accompanying Circular and conditional upon the Business Combination becoming effective, an amendment to the terms of the Corporation's stock option plan; and

9. to transact such other business as may properly come before the Meeting or any adjournment(s) thereof.

Accompanying this notice of meeting ("Notice") is a management information circular ("Circular"), a form of proxy and a financial statement request form. Shareholders who are unable to attend the Meeting are requested to complete, sign, date and return the enclosed form of proxy in accordance with the instructions set out therein and any accompanying information from your intermediary. A proxy will not be valid unless it is deposited at the office of the Corporation's registrar and transfer agent, TMX Trust Company, at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time
fixed for the Meeting or any adjournment(s) thereof. The chair of the Meeting has the discretion to accept proxies received after that time. Only shareholders of record at the close of business (5:00 p.m. (Toronto Time)) on June 19, 2017 will be entitled to vote at the Meeting.

To be effective, the Amalgamation Resolution must be passed by not less than two-thirds of the votes validly cast by all SecureCom Shareholders present in person or represented by proxy at the Meeting (other than those required to be excluded in determining such approval pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions), which holders are entitled to one vote for each SecureCom Share held.

Copies of the Amalgamation Resolution and the Amalgamation Agreement may be obtained on SEDAR at www.sedar.com. The foregoing documents, and other documents related to the Business Combination, will also be available for inspection prior to the Meeting at the head office of SecureCom located at Suite 1600 – 100 King Street W., Toronto, Ontario M5X 1G5, during regular business hours.

Each registered SecureCom Shareholder has the right to dissent in respect of the Amalgamation Resolution and the dissent rights are described in the accompanying Circular. To exercise such right, (a) a written notice of dissent to the Amalgamation Resolution must be received by SecureCom, c/o Gowling WLG (Canada) LLP, 100 King Street West, Suite 1600, Toronto, Ontario, M5X 1G5, Attention: Mr. Peter Simeon, at least two days prior to the Meeting (or any adjournment(s) of the Meeting), (b) the SecureCom Shareholder must not have voted in favour of the Amalgamation Resolution, and (c) the SecureCom Shareholder must have otherwise complied with the provisions of sections 237 to 247 of the BCBCA. The right to dissent is described in the Circular and sections 237 to 247 of the BCBCA are set forth in Schedule “C” to the Circular.

Persons who are beneficial owners of SecureCom Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered holders of SecureCom Shares are entitled to dissent. Accordingly, a beneficial owner of SecureCom Shares desiring to exercise this right must make arrangements for the SecureCom Shares beneficially owned by such person to be registered in his, her or its name prior to the time the written notice of dissent to the Amalgamation Resolution is required to be received by SecureCom or, alternatively, make arrangements for the registered holder of SecureCom Shares to dissent on his, her or its behalf. Failure to strictly comply with the requirements set forth in sections 237 to 247 of the BCBCA may result in the loss of any right of dissent.

The Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice.

Only Registered Shareholders are entitled to exercise dissent rights in respect of the Amalgamation. Such Registered Shareholders wishing to exercise rights of dissent should do so in respect of the Amalgamation in accordance with the dissent provisions of the Business Corporations Act (British Columbia) (the “BCBCA”) as set out in Schedule “C” to the Circular.

DATED at Toronto, Ontario, this 19th day of June, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) “Michael Galloro”
Michael Galloro
Chief Executive Officer and Director

If you are a non-registered shareholder of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the Meeting.
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Schedule “C” – Dissent Provisions of the BCBCA
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Schedule “E” – Reporting package on change of Auditor
Schedule “F” – Financial Statements
Schedule “G” – Advance Notice By-Law
Schedule “H” – Option Plan (as amended)
Glossary of Terms

In this Circular, the following capitalized words and terms shall have the following meanings:

"AcquireCo" means DFMMJ Investments, LLC, a limited liability company existing under the laws of the State of Florida and a wholly-owned subsidiary of Holdco;

"Acquisition" means the acquisition by AcquireCo of all or substantially all of the assets of Chestnut, pursuant to the Acquisition Agreement;

"Acquisition Agreement" means the asset purchase agreement dated March 30, 2017 between AcquireCo, as purchaser and Chestnut, as seller;

"Advance Notice By-Law" means the proposed advance notice by-law to be considered by SecureCom Shareholders at the Meeting in the form attached hereto as Schedule “G”;

"Agency Agreement" means the Agency Agreement dated April 27, 2017, between Holdco and Clarus;

"Agent" means Clarus Securities Inc.;

"Amalco" means the resulting company from the amalgamation of the Parties pursuant to the Amalgamation, to be named Liberty Health Sciences USA Ltd.;

"Amalco Shares" means the common shares in the capital of Amalco;

"Amalgamation" means the amalgamation of Holdco and Subco on the terms and conditions set forth in the Amalgamation Agreement;

"Amalgamation Agreement" means the agreement to be entered into among Holdco, Subco and SecureCom in the form attached hereto in Schedule “B”;

"Amalgamation Resolution" means the proposed special resolution to be considered by SecureCom Shareholders at the meeting in the form attached hereto as Schedule “A”;

"Aphria" means Aphria Inc., a company continued under the laws of the Province of Ontario and a significant shareholder of the Resulting Issuer following the completion of the Business Combination;

"BCBCA" means the Business Corporations Act (British Columbia) as from time to time amended or re-enacted;

"Board" means the board of directors of SecureCom;

"Business Combination" means the business combination between SecureCom and Holdco wherein SecureCom will acquire 100% of the issued and outstanding shares of Holdco pursuant to the terms of the Amalgamation Agreement and Transaction Agreement;

"Certificate of Amalgamation" means the certificate of amalgamation to be issued by the Registrar, evidencing that the Amalgamation is effective;

"Chestnut" means Chestnut Hill Tree Farm LLC, a limited liability company existing under the laws of the State of Florida;

"Circular" means this management information circular, including the notice of meeting and all schedules and amendments;
"Company" means SecureCom Mobile Inc.;

"Consideration Shares" means the common shares in the capital of SecureCom that will be exchanged by way of Amalgamation for 100% of the issued and outstanding shares of Holdco;

"Consolidation" means the consolidation of SecureCom Shares, the SecureCom Options and the Holdco Replacement Broker Warrants, on a 3 to 1 basis as further set out in the Amalgamation Agreement;

"CSA" means the Controlled Substances Act;

"CSE" means the Canadian Securities Exchange;

"Dissent Procedures" means the procedures to be taken by a SecureCom Shareholder in exercising Dissent Rights;

"Dissent Rights" means the right to dissent in connection with the Amalgamation as set out in sections 237 to 247 of the BCBCA and attached hereto as Schedule “C”;

"Dissenting Shareholder" means a registered SecureCom Shareholder who has duly and validly exercised Dissent Rights in strict compliance with the Dissent Procedures;

"Dissenting Shares" means any SecureCom Shares held by a Dissenting Shareholder;

"Effective Date" means the date the Business Combination is completed, as evidenced by the issuance of the Certificate of Amalgamation giving effect to the Amalgamation;

"Escrow Agreement" means the agreement entered into among the purchasers under the Offering pursuant to the Subscription Receipt Agreement;

"Escrow Release Conditions" means all the conditions precedent to the Business Combination being satisfied or waived in accordance with the terms of the Agreement, and the acceptance from the CSE to list the Resulting Issuer Shares on the Exchange;

"Escrowed Shares" means the Resulting Issuer Shares issued to the purchasers under the Offering upon the deemed exercise of the Subscription Receipts sold under the Offering;

"Exchange" means the CSE;

"Exchange Ratio" means 1.00;

"Fundamental Change" means a major acquisition accompanied or preceded by a change of control as defined in Policy 8 of the CSE policies;

"Holdco" means DFMMJ Investments, Ltd.;

"Holdco Broker Warrants" means the 8,985,577 common share purchase warrants to purchase Holdco Shares, exercisable at $0.208 and expiring 24 months from the closing date of the Offering;

"Holdco Replacement Broker Warrants" means the replacement broker warrants of SecureCom to be issued in exchange for and replacement of the Holdco Broker Warrants, each entitling the holder to purchase, such number of SecureCom Shares (rounded down to the nearest whole SecureCom Share), as is equal to the number of Holdco Shares issuable pursuant to the Holdco Broker Warrants immediately prior to the completion of the Business Combination multiplied by the Exchange Ratio at an exercise price per share (rounded up to the nearest whole cent) equal to the original exercise price per share of the Holdco Broker Warrants divided by the Exchange Ratio;
“Holdco Shareholders” means the shareholders of Holdco;

“Holdco Shares” means the common shares in the capital of Holdco, as presently constituted on the date hereof;

“Holdco Subscription Receipts” means the 164,182,679 subscription receipts of Holdco issued in connection with the Offering;

“Investor Rights Agreement” means the agreement to be entered into between the Resulting Issuer and Aphria, conditional upon completion of the Business Combination, pursuant to which Aphria will be entitled to certain director nomination and pre-emptive rights;

“Know-How Licence” means the agreement entered into between Holdco and Aphria on April 25, 2017 pursuant to which Holdco obtained a license to use any know-how (including knowledge, methodologies and techniques) made available by Aphria;

“License” means the license issued by the Florida Department of Health, Office of Compassionate Use under the provisions of the Compassionate Medical Cannabis Act of 2014 that permits Chestnut to operate as a “dispensing organization” under applicable Florida law and to possess, cultivate, process, dispense and sell medical marijuana in the State of Florida;

“Management Agreement” means the definitive agreement entered into between AcquireCo and Chesnut with respect to control and operation of Chestnut;

“Meeting” means the annual and special general meeting of the SecureCom Shareholders, including any adjournment(s) thereof, to be held to consider and, if deemed advisable, to pass with or without variation, the Amalgamation Resolution, the Advance Notice By-Law and the Option Plan Amendment;

“Meeting Materials” means, collectively, the notice of meeting, this Circular and the form of proxy;

“Notice of Meeting” means the notice of annual and special general meeting of shareholders provided to the SecureCom Shareholders;

“Offering” means a private placement offering of 164,182,679 Holdco Subscription Receipts, pursuant to the terms of an agency agreement dated April 27, 2017 between Holdco and Clarus;

“Option Plan” means SecureCom's stock option plan;

“Option Plan Amendment” means the proposed amendment to SecureCom's stock option plan to be considered by SecureCom Shareholders at the Meeting in the form attached hereto as Schedule “H”;

“Paid-up Capital” has the meaning assigned to the term “paid-up capital” in subsection 89(1) of the Tax Act;

“President’s List Purchaser” means certain accredited investors introduced to the Agent by Holdco;

“Registrar” means the Registrar of Companies appointed under Section 400 of the BCBCA;
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Registration Rights Agreement</strong></td>
<td>means the agreement to be entered into by SecureCom and Aphria, conditional upon completion of the Business Combination, where Aphria will be provided with customary demand and “piggy back” registration rights;</td>
</tr>
<tr>
<td><strong>Resulting Issuer</strong></td>
<td>means the resulting company after completion of the Amalgamation Resolution;</td>
</tr>
<tr>
<td><strong>Resulting Issuer Board</strong></td>
<td>means the board of directors of the Resulting Issuer;</td>
</tr>
<tr>
<td><strong>Resulting Issuer Director</strong></td>
<td>means the directors of the Resulting Issuer that will take office upon completing of the Business Combination;</td>
</tr>
<tr>
<td><strong>Resulting Issuer Shares</strong></td>
<td>means the common shares of the Resulting Issuer;</td>
</tr>
<tr>
<td><strong>SecureCom Convertible Securities</strong></td>
<td>means, collectively, all outstanding rights to acquire SecureCom Shares pursuant to the SecureCom Options and other warrants, broker warrants, convertible debentures, rights of conversion or exchange privileges or other securities entitling the holder thereof to acquire any SecureCom Shares, or any other rights, agreements or commitment of any character requiring the issuance, sale or transfer by SecureCom of any SecureCom Shares;</td>
</tr>
<tr>
<td><strong>SecureCom Directors</strong></td>
<td>means the individuals that management of SecureCom proposes to nominate, as described under “Business of the Meeting – Election of SecureCom Directors”;</td>
</tr>
<tr>
<td><strong>SecureCom Options</strong></td>
<td>means the 770,000 existing stock options of SecureCom, each entitling the holder to purchase one SecureCom Share, in accordance with their terms;</td>
</tr>
<tr>
<td><strong>SecureCom Replacement Options</strong></td>
<td>has the meaning ascribed to such term in Section 13(g)(iii) of the Amalgamation Agreement;</td>
</tr>
<tr>
<td><strong>SecureCom Shareholders</strong></td>
<td>means the shareholders of SecureCom;</td>
</tr>
<tr>
<td><strong>SecureCom Shares</strong></td>
<td>means the common shares in the capital of SecureCom, as presently constituted on the date hereof;</td>
</tr>
<tr>
<td><strong>Subco</strong></td>
<td>means 1006397 B.C. Ltd., a wholly-owned subsidiary of SecureCom;</td>
</tr>
<tr>
<td><strong>Subco Shares</strong></td>
<td>means the common shares in the capital of Subco;</td>
</tr>
<tr>
<td><strong>Subscription Receipts</strong></td>
<td>means the subscription receipts of Holdco that were issued pursuant to the terms of the agency agreement dated April 27, 2017 between Holdco and Clarus;</td>
</tr>
<tr>
<td><strong>Subscription Receipt Agreement</strong></td>
<td>means the Subscription Receipt Agreement dated April 27, 2017 between TSX Trust Company, SecureCom, Holdco and Clarus;</td>
</tr>
<tr>
<td><strong>Subscription Share</strong></td>
<td>means a common share in the capital of Holdco that is issuable on a 1:1 basis to holders of Subscription Receipts upon the satisfaction of the Escrow Release Conditions;</td>
</tr>
<tr>
<td><strong>Tax Act</strong></td>
<td>means the <em>Income Tax Act</em> (Canada);</td>
</tr>
<tr>
<td><strong>Trademark Licence</strong></td>
<td>means a trademark licence agreement, conditional upon the completion of the Business Combination, to be entered into between Holdco and Aphria pursuant to</td>
</tr>
</tbody>
</table>
which Holdco and its subsidiaries (including AcquireCo) will obtain a licence to use Aphria’s Trademarks;

“Trademarks” means Aphria’s trademarks for the purposes of marketing, distributing and selling medical marijuana in the State of Florida; and

“Transaction Agreement” means the transaction agreement dated April 4, 2017 among SecureCom and Holdco governing the terms and conditions of the Business Combination, as amended from time to time and attached hereto as Schedule “B”. 

MANAGEMENT INFORMATION CIRCULAR

(As at June 19, 2017, except as indicated)

SecureCom Mobile Inc. (the “Corporation”) is providing this Circular and a form of proxy in connection with management’s solicitation of proxies for use at the Annual and Special General Meeting of the shareholders of the Corporation (the “Meeting”) to be held at the offices of Gowling WL G (Canada) LLP located at 100 King Street West, Suite 1600, Toronto, Ontario on July 20, 2017 at 10:00 a.m. (Toronto time) and at any adjournments thereof. The solicitation will be primarily by mail, however, proxies may be solicited personally or by telephone by the regular officers and employees of the Corporation. The cost of solicitation will be borne by the Corporation.

REPORTING CURRENCIES

Unless otherwise indicated, all dollar amounts referenced in this Circular are expressed in Canadian dollars.

CAUTIOUS STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Circular contains, or incorporates by reference, “forward-looking information” within the meaning of applicable securities laws in Canada. Forward-looking information may relate to SecureCom’s, Holdco’s and the Resulting Issuer’s future financial outlook and anticipated events or results and may include information regarding SecureCom’s, Holdco’s and the Resulting Issuer’s financial position, business strategy, growth strategies, budgets, operations, financial results, taxes, acquisition plans and other business objectives. Particularly, information regarding expectations of future results, performance, achievements, prospects or opportunities or the markets in which such entities operate is forward-looking information. The Circular also contains forward-looking information in respect of: the completion of the Business Combination and the Amalgamation and satisfaction of the closing conditions relating thereto; the anticipated benefits from the Business Combination; the expected completion and implementation date of the Business Combination; certain combined operational and financial information; the nature of the Resulting Issuer’s operations following the Amalgamation; sources and uses of funds; expectations regarding the ability to raise capital; the Resulting Issuer’s business outlook following the Business Combination; plans and objectives of management for future operations; forecast business results; and anticipated financial performance.

In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent SecureCom’s expectations, estimates and projections regarding future events or circumstances.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that SecureCom, Holdco and the Resulting Issuer consider appropriate and reasonable as of the date hereof. Some of the opinions, estimates and assumptions of each of SecureCom, Holdco and the Resulting Issuer include, but are not limited to, the various assumptions set forth in their respective management’s discussion and analysis. However, SecureCom cautions the reader that such forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements of SecureCom, Holdco and the Resulting Issuer to be materially different from their respective estimated future results, performance or achievements expressed or implied by the forward-looking statements. Therefore, shareholders are cautioned not to place undue reliance on forward-looking information, which should not be read as guarantees of future performance.

Factors that could cause the actual results, level of activity, performance or achievements of SecureCom, Holdco and the Resulting Issuer to be materially different from their respective estimated future results, performance or achievements expressed or implied by the forward-looking statements include, but are not limited to, those discussed in the section entitled “Risk Factors”.

RISK FACTORS
Although SecureCom has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known or that are presently believed to be not material, that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. As such, the risk factors referred to in this Circular are not intended to represent a complete list of the risk factors that could affect SecureCom, Holdco or the Resulting Issuer.

There can be no assurance that the forward-looking statements in this Circular will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements in this Circular. All of the forward-looking statements made in this Circular, including all documents incorporated by reference herein, are qualified by these cautionary statements.

SecureCom, Holdco and the Resulting Issuer do not intend, and do not assume any obligation to update these forward-looking statements, whether as a result of new information, future events or results, or to explain any material difference between subsequent actual events and such forward-looking statements, except as required by applicable laws.

NOTICE TO NON-RESIDENT SHAREHOLDERS

For those SecureCom Shareholders not resident in Canada, the Business Combination described herein is made in respect of the securities of a foreign company, and as a result the disclosure requirements and financial statements may be different from comparable disclosure requirements and financial statements for comparable companies that issue securities in the jurisdiction in which you reside.

It may be difficult for you to enforce your rights and any claim that you may have arising under applicable federal securities laws, since Holdco and SecureCom are located in a foreign country, and some or all of their officers and directors may be residents of that foreign country. You may not be able to sue the foreign company or its officers or directors in a court in a jurisdiction outside of Canada for violations of the securities laws.

FOR SECURECOM SHAREHOLDERS RESIDENT IN THE UNITED STATES, NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS CIRCULAR IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

You are advised to consult your tax advisor to determine the particular tax consequences to you of the Business Combination described herein.
SUMMARY

The following information is a summary of the contents of this Circular. This summary is provided for convenience only and the information contained in this summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information and financial data and statements contained elsewhere in this Circular, including the schedules hereto and the documents incorporated by reference herein. Capitalized terms in this summary have the meanings set out in the Glossary of Terms or as set out in this summary. The terms of the Transaction Agreement are summarized in this Circular and the full text of the Transaction Agreement is attached as Schedule “B” hereto.

Date, Time and Place of Meeting

The Meeting will be held on July 20, 2017, at 10:00 a.m. (Toronto time), at the office of Gowling WLG (Canada) LLP located at 100 King Street West, Suite 1600, Toronto, Ontario, M5X 1G5.

The Record Date

The record date for determining the SecureCom Shareholders entitled to receive notice of and to vote at the Meeting is June 19, 2017. Only SecureCom Shareholders of record as of the close of business (5:00 p.m. (Toronto time)) on the Record Date are entitled to receive notice and to vote at the Meeting.

Purpose of the Meeting

This Circular is furnished in connection with the solicitation of proxies by management of SecureCom for use at the Meeting.

The principal purpose of the Meeting is, among other things, to conduct the matters required for the 2017 annual general meeting and to consider and, if deemed advisable, to pass, with or without variation, the Amalgamation Resolution approving the Amalgamation. At the Meeting, SecureCom Shareholders will be also asked:

(a) to receive and consider the financial statements of the Corporation for the financial year ended June 30, 2016, together with the report of the auditor’s thereon;

(b) to empower the directors of SecureCom to determine, from time to time by resolution, the number of directors of SecureCom in accordance with the articles and by-laws of SecureCom and in accordance with corporate law;

(c) to elect the board of directors to serve until the next annual general meeting of the Shareholders or until their successors are duly elected or appointed;

(d) to fix, conditional upon, and effective as of the completion of the Business Combination, the number of directors of the Corporation at five (5) and to elect, conditional upon, and effective as of the completion of the Business Combination, as directors of SecureCom: Vic Neufeld, John Cervini, Aaron Serruya, Michael Galloro and Brady Cobb;

(e) to appoint MNP LLP, Chartered Accountants as auditors of the Corporation for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors for the ensuing year;

(f) to consider and, if thought fit, to approve, with or without variation, by ordinary resolution, conditional upon the Business Combination becoming effective, the adoption of the Advance Notice By-Law; and

(g) to consider, and if thought fit, to approve, with or without variation, by ordinary resolution, conditional upon the Business Combination becoming effective, the Option Plan Amendment.
The approval of the Amalgamation Resolution and the resolution approving the empowerment of directors to determine the number of directors, from time to time and in accordance with corporate law, must be approved by a special majority (not less than 66 2/3%) of the votes cast by SecureCom Shareholders voting in person or represented by proxy at the Meeting (other than those required to be excluded in determining such approval pursuant to MI 61-101).

The Business Combination

Parties to the Business Combination

SecureCom was incorporated pursuant to the provisions of the BCBCA on November 9, 2011. The head office and principal office of the Company is located at Suite 1600, 100 King St. W., Toronto, Ontario, Canada. There are currently 130,044,447 SecureCom Shares issued and outstanding. See “Information Concerning SecureCom”. Subco, a company previously amalgamated under the BCBCA on August 25, 2014, will be the vehicle used in order to effect the Amalgamation. Subco is a wholly-owned subsidiary of SecureCom.

Holdco was incorporated under the BCBCA on March 20, 2017. There are currently 678,028,848 Holdco Shares, 43,990,369 Subscription Receipts and 8,985,577 Holdco Broker Warrants issued and outstanding. Holdco’s principal business strategy will be the business of the cultivation and harvesting of marijuana in certain permitted state jurisdictions in the United States, the first of such states being Florida, as further described elsewhere in this Circular. See “Information Concerning Holdco”.

The Amalgamation Agreement

The Amalgamation Agreement, substantially in the form attached as Schedule “B” to this Circular, is expected to be entered into among SecureCom, Holdco and Subco prior to the Effective Date in order to effect the Amalgamation.

The Transaction Agreement

General

On April 4, 2017, SecureCom and Holdco entered into the Transaction Agreement which sets out the terms and conditions pursuant to which the parties will complete the Business Combination. The Transaction Agreement contains various covenants, representations and warranties of and from each of the Parties and various conditions precedent. The terms of the Business Combination are the result of arm’s length negotiations conducted between SecureCom and Holdco and their respective legal advisors. A complete copy of the Transaction Agreement is attached as Schedule “B” to this Circular. You should read the Transaction Agreement in its entirety as it contains important provisions governing the terms and conditions of the Amalgamation.

The purpose of the Business Combination is to effect SecureCom’s acquisition of all of the issued and outstanding Holdco Shares. If all conditions precedent to the Business Combination are satisfied or waived, including the approval of the Business Combination by shareholders of Holdco, the Business Combination will be implemented by way of a three-cornered amalgamation whereby Holdco will amalgamate with Subco under the BCBCA to form Amalco and securityholders of Holdco will receive securities of SecureCom which will continue under the name “Liberty Health Sciences Inc.”. Amalco will continue under the name “Liberty Health Sciences USA Ltd.” as a wholly-owned subsidiary of SecureCom and, together with SecureCom, will continue Holdco’s business. Name changes by both Amalco and SecureCom will be completed by way of directors’ resolution under their respective articles of incorporation.

The Offering

On April 27, 2017, Holdco completed an equity private placement offering (the “Offering”) of 164,182,679 subscription receipts (the “Subscription Receipts”) of Holdco at a price of $0.208 per Subscription Receipt for gross proceeds of $34,149,997.23, pursuant to an agency agreement (the “Agency Agreement”) dated April 27, 2017, between Holdco and Clarus Securities Inc. (“Clarus” or the “Agent”).
Each Subscription Receipt issued under the Offering entitles the holder thereof, following the satisfaction of the Escrow Release Conditions (as defined below) without the payment of any further consideration or the undertaking of any further action by the holders thereof to receive one common share in the capital of Holdco (a “Subscription Share”) immediately prior to the completion of the Business Combination.

Other than as described below, the gross proceeds from the Offering, less the Agent’s commission, fees, and estimated costs and expenses, are being held in escrow with TSX Trust Company pursuant to a subscription receipt agreement dated April 27, 2017 between TSX Trust Company, SecureCom, Holdco and Clarus (the “Subscription Receipt Agreement”) and will continue to be held in escrow pending the satisfaction of: (i) all conditions precedent to the Business Combination being satisfied or waived in accordance with the terms of the Agreement; and (ii) the acceptance from the Canadian Securities Exchange (the “CSE” or “Exchange”) to list the Resulting Issuer Shares (as defined below) on the Exchange (collectively, the “Escrow Release Conditions”). In the event the Escrow Release Conditions are not satisfied on or before 5:00 p.m. (Toronto time) on July 26, 2017, the gross proceeds of the Offering, plus the interest accrued thereon, shall be returned to the purchasers pro rata and the Subscription Receipts shall be automatically cancelled, void and of no value or effect.

On May 19, 2017, holders of an aggregate of approximately $25 million of Subscription Receipts agreed to waive the application of the Escrow Release Conditions in order to fund, in part, the acquisition of the assets of Chestnut. See “The Acquisition Agreement.” Such holders have been issued Holdco Shares in exchange for the cancellation of such Subscription Receipts. The balance of the proceeds currently being held in escrow will be released upon satisfaction of the Escrow Release Conditions.

On the Effective Date, the Subscription Shares issued upon the deemed exercise of the Subscription Receipts will be exchanged for Resulting Issuer Shares.

Pursuant to the Agency Agreement, Holdco has paid to the Agent, along with the reasonable expenses of the Agent, a cash commission of $1,869,000.02, equal to six percent (6%) of the gross proceeds raised in the Offering, excluding the proceeds raised in connection with the sale of Subscription Receipts to certain accredited investors introduced to the Agent by Holdco (each a “President’s List Purchaser”). In addition, the Agent received a total of 8,985,577 broker warrants (“Holdco Broker Warrants”) entitling them to subscribe for the number of Subscription Shares as is equal to six percent (6%) of the aggregate number of Subscription Receipts sold pursuant to the Offering. Each Holdco Broker Warrant is exercisable at a price of $0.208 for a period of 24 months following April 27, 2017. See “The Business Combination – Offering.”

Escrowed Securities

Pursuant to the Subscription Receipt Agreement, purchasers under the Offering will enter into an escrow agreement (the “Escrow Agreement”) in respect of the Resulting Issuer Shares issued to them upon the deemed exercise of the Subscription Receipts sold under the Offering (the “Escrowed Shares”). Pursuant to the terms of the Escrow Agreement, in respect of such Escrowed Shares, 25% will be released three months following the completion of the Business Combination, 25% will be released six months following the completion of the Business Combination, and the balance will be released six months following the completion of the Business Combination.

Business Combination Steps

Immediately prior to the Effective Date of the Amalgamation, each Subscription Receipt will convert automatically into one (1) Subscription Share without payment of additional consideration or further action on the part of the holder and the Escrowed Proceeds will be released from escrow.

On the Effective Date of the Amalgamation:

   (a) Subco and Holdco will amalgamate and continue as Amalco;

   (b) Each Holdco Share, including the Subscription Shares, shall be cancelled, and former Holdco Shareholders (other than dissenting Holdco Shareholders (who are ultimately entitled to be paid the fair value of their Holdco Shares)) shall receive one Consideration Share for each Holdco Share held by them;
(c) the common shares of Subco will be cancelled and replaced by common shares Amalco ("Amalco Shares") on the basis of one Amalco Share for each common share of Subco;

(d) as consideration for the issuance of the Consideration Shares to former Holdco Shareholders to effect the Amalgamation, Amalco will issue to its immediate shareholder, SecureCom, one Amalco Share for each Consideration Share so issued;

(e) each Holdco Broker Warrant will be replaced with one Holdco Replacement Broker Warrant and each such Holdco Broker Warrant will be cancelled;

(f) all of the property, rights and interests of Holdco and Subco will continue as the property, rights and interests of Amalco, and Amalco will become liable for all of the liabilities and obligations of the Holdco and Subco;

(g) Amalco will be a direct wholly-owned subsidiary of SecureCom under the name “Liberty Health Sciences USA Ltd.”; and

(h) SecureCom will change its name to “Liberty Health Sciences Inc.”.

SecureCom will file the Amalgamation Filings as soon as practicable after the conditions set out in the Transaction Agreement have been satisfied or waived by the Parties at which time the Amalgamation will become effective upon the Certificate of Amalgamation being issued.

On completion of the Amalgamation, SecureCom will consolidate all of the SecureCom Shares (including the Consideration Shares), the SecureCom Options and the Holdco Replacement Brokers Warrants on a 3 to 1 basis by way of directors’ resolution under their articles of incorporation.

Following the Amalgamation:

(a) the Resulting Issuer will carry on the business previously carried on by Holdco;

(b) former shareholders of SecureCom will hold 43,348,149 Resulting Issuer Shares\(^2\), representing approximately 15.3% of the outstanding Resulting Issuer Shares, on a non-diluted basis; and

(c) former shareholders of Holdco, including holders of Subscription Receipts, will hold 240,673,076 Resulting Issuer Shares, representing approximately 84.7% of the outstanding Resulting Issuer Shares, on a non-diluted basis

Assuming no SecureCom Shareholder exercises Dissent Rights and no Holdco Broker Warrants are exercised during the period between the date of this Circular and the Effective Date, on completion of the Amalgamation, there will be 284,021,221 Resulting Issuer Shares issued and outstanding.

Conditions to Completion

Completion of the Business Combination and the transactions contemplated by the Transaction Agreement are subject to, among other things:

- all consents and approvals necessary to consummate the Amalgamation having been obtained, including approval by the Holdco Shareholders of the Business Combination, approval by the SecureCom Shareholders of the Amalgamation Resolution, the Advance Notice By-Law and the Option Plan Amendment and approval of the Exchange, which is in force and has not been modified;

- no Law being in effect that makes the consummation of the Business Combination illegal or otherwise prohibits or enjoins Holdco or SecureCom from consummating the Business Combination;

\(^2\) References to issued and outstanding Resulting Issuer Shares following the Business Combination do not account for the individual rounding which may occur following the Consolidation.
there not having occurred a Material Adverse Effect with respect to SecureCom or to Holdco;

the Transaction Agreement shall not have been terminated pursuant to the terms thereof;

the divestiture of SecureCom’s existing technology assets having been completed;

all SecureCom Convertible Securities having been exercised and/or converted in accordance with
their terms, other than the SecureCom Options;

SecureCom having cash on hand, together with HST receivables, of not less than $7,375,000 (net of
expenses relating to the Business Combination incurred by SecureCom); and

each of SecureCom and Holdco having fulfilled or complied, in all material respects, with all covenants
contained in the Transaction Agreement and any agreements, certificates and other instruments
derivered or given pursuant to the Transaction Agreement, to be fulfilled or complied with by them at
or prior to the Effective Date.

Termination of the Transaction Agreement

The Transaction Agreement may be terminated by the mutual written agreement of the Parties, or by either Party
upon notice by either one to the other prior to the Effective Date: (a) if the Business Combination is not approved
by the Holdco Shareholders, or the approval of SecureCom Shareholders of all matters to be considered at the
Meeting is not obtained, provided that a Party may not terminate the Transaction Agreement if the failure to obtain
the requisite 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 Transaction
Agreement; (b) if after the date of the Transaction Agreement, any Law is enacted, made, enforced or amended,
as applicable, that makes the consummation of the Business Combination illegal or otherwise permanently
prohibits or enjoins Holdco or SecureCom from consummating the Business Combination, and such Law has, if
applicable, become final and non-appealable; and (c) if the Effective Date does not occur on or prior to July 31,
2017 (or such later date as Holdco and SecureCom may agree to in writing), provided that the failure of the
Effective Date to so occur is not due to Party seeking to terminate the Transaction Agreement being in breach of
one of its representations or warranties or to perform any of the covenants and agreements of such Party set forth
therein. In addition to the foregoing, Holdco may also terminate the Transaction Agreement if SecureCom has
breached any of its material representations or warranties or failed to perform any covenant or agreement
contained in the Transaction Agreement and such breach or failure is incapable of being cured or is not cured on
or prior to July 31, 2017 (provided that Holdco is not then in breach of any of its representations, warranties or
covenants under the Transaction Agreement). In addition to the foregoing, SecureCom may also terminate the
Transaction Agreement if Holdco has breached any of its material representations or warranties or failed to perform
any covenant or agreement contained in the Transaction Agreement and such breach or failure is incapable of
being cured or is not cured on or prior to July 31, 2017 (provided that SecureCom is not then in breach of any of
its representations, warranties or covenants under the Transaction Agreement). See “The Transaction Agreement”
for particulars of the terms and conditions of the Transaction Agreement.

Acquisition Agreement

On March 30, 2017, DFMMJ Investments, LLC, a wholly-owned subsidiary of Holdco (“AcquireCo”) and Chestnut
Hill Tree Farm, LLC (“Chestnut”) entered into an asset purchase agreement (the “Acquisition Agreement”)
pursuant to which AcquireCo agreed to acquire, and Chestnut agreed to sell, all or substantially all of the assets
of Chestnut, the principal asset of which consists of a license (the “License”) issued by the Florida Department of
Health, Office of Compassionate Use under the provisions of the Compassionate Medical Cannabis Act of 2014.
The License permits Chestnut to operate as a “dispensing organization” under applicable Florida law and to
possess, cultivate, process, dispense and sell medical marijuana in the State of Florida.

As consideration for the purchase of the License and related ancillary assets, AcquireCo agreed to pay the total
sum of US$40 million. The purchase price was payable by an immediate, up-front deposit of approximately
US$3.26 million, with the balance to paid on closing of the acquisition. The deposit became non-refundable after
the expiration of an open due diligence period wherein AcquireCo satisfied itself of relevant due diligence
investigations. A portion of the purchase price will be held in escrow for a period of 12 months as a customary
indemnity holdback to satisfy any indemnity claims that may be made by AcquireCo. Holders of an aggregate of
approximately $25 million of Subscription Receipts (or approximately US$18.4 million) agreed to waive the application of the Escrow Release Conditions in order to fund, in part, the purchase price. Such holders have been issued Holdco Shares in exchange for the cancellation of such Subscription Receipts. The balance of the purchase price (less the non-refundable deposit) was funded by Aphria Inc. ("Aphria").

The Acquisition Agreement was amended to clarify certain clerical matters on April 13, 2017 and further amended on May 19, 2017 (the "Second Amendment"). The Second Amendment was prepared in response to a delay by the Florida legislature to enact legislation that would have clarified the transfer protocols and authority to transfer the License. Accordingly, pursuant to the terms of the Second Amendment, the purchase and sale of the assets of Chestnut will be effectuated in two stages.

The first stage of the purchase and sale, which was completed concurrent with the execution of the Second Amendment on May 19, 2017, contemplated the sale of all assets of Chestnut, other than the License, on the condition that, among other things, the parties enter into a definitive management agreement (the "Management Agreement") in respect of the control and operation of Chestnut, as further described below. The second stage of the purchase and sale will be completed upon the approval of the State of Florida to transfer the License to AcquireCo. Unless and until the approval is received by AcquireCo from the State of Florida for the transfer of the License from Chestnut to AcquireCo in accordance with the terms of the Second Amendment, the parties have agreed that the terms of the Management Agreement shall govern.

Management Agreement

Pursuant to the terms of the Management Agreement, AcquireCo will exclusively be responsible for control and determination of the day-to-day conduct of the business activities of Chestnut as they relate to the business of growing, producing, and distributing marijuana pursuant to the License, including cultivation processes, cultivation, media relations, marketing, personnel control and personnel/employee decisions, banking, accounts payable, accounts receivable, billing procedures, collection matters, cash management policies, pricing, procurement of equipment used or useful in connection with such business, and such other matters as may be necessary or appropriate in connection with day-to-day conduct of the business.

In furtherance of AcquireCo's control and determination of the marijuana business of Chestnut, AcquireCo is authorized and empowered, without further authorization from Chestnut to, among other things, (a) establish policies and procedures with respect to all operations, marketing, banking, accounting, financial controls, and personnel activities; (b) contract for the purchase or sale of products, supplies, inventory, goods and services in connection with the ordinary course of business; (c) purchase products or property from, or sell, lease or convey products or property to, Chestnut relating to the marijuana business; and (d) open and close all bank accounts, deposit and withdraw monies and otherwise be listed as authorized signatories on all Chestnut bank accounts as related to the marijuana business.

In consideration of the services to be provided under the Management Agreement for the development of services that will be made available to Chestnut, and to recognize that AcquireCo has paid Chestnut for the right to manage Chestnut's operations, AcquireCo is entitled to retain all pre-tax profits generated by the marijuana business of Chestnut during the term of the Management Agreement. The Management Agreement has an initial term of forty (40) years and shall thereafter automatically renew for successive terms of five (5) years each.

The Management Agreement may only be terminated in very limited circumstances, including (a) the bankruptcy or insolvency of either Chestnut or AcquireCo; (b) upon mutual written consent of both parties; (c) breach of certain pre-defined material obligations; or (d) 30 days following AcquireCo's receipt of the License from the Florida Department of Health or the definitive approval or authorization therefor.

On May 22, 2017, the Florida Department of Health issued a written notice acknowledging and confirming that AcquireCo and Chestnut may proceed with their commercial arrangement pursuant to the terms of the Management Agreement.
Agreements for the Benefit of Aphria

It is a condition of the Business Completion that Aphria will have a minimum of 37.56% of the issued and outstanding Resulting Issuer Shares (on a non-diluted basis) following the completion of the Business Combination. SecureCom and Aphria have also agreed to enter into the following commercial agreements, in form and substance satisfactory to Aphria, such agreements to be entered into concurrent with (and as a condition of) the closing of the Business Combination.

Know-How Licence Agreement

On April 25, 2017, Holdco entered into a know-how licence agreement (the “Know-How Licence”) with Aphria pursuant to which Holdco obtained a licence to use any know-how (including knowledge, methodologies and techniques) made available by Aphria to Holdco related to the production of medical marijuana (the “Know-How”) for the purposes of cultivating, distributing and selling medical marijuana in the State of Florida. To the extent Holdco makes any improvement or enhancement to the Know-How (an “Improvement”), such Improvement will be wholly owned by Aphria. Following the completion of the Business Combination, Holdco will make available such Know-How directly to AcquireCo, which will in turn be relayed to assist with the control and operation of the day-to-day marijuana business of Chestnut.

In exchange for such license, Holdco issued to Aphria 192,400,000 Holdco Shares and has agreed to pay Aphria an annual license fee of $10,000.00 plus applicable taxes (the “Annual License Fee”).

The Know-How License has no defined term, but will immediately terminate in the event Holdco experiences a change of control, except to the extent Aphria provides its prior written consent thereto. In addition, Aphria has the right to immediately terminate the Know-How Licence in the event: (a) Holdco commits a material breach of the Know-How License (subject to a thirty (30) day cure period); (b) any applicable law (i) prohibits the grant of rights contemplated in the Know-How License; (ii) results in a requirement to make any material change to the grant of rights in the Know-How License; or (iii) requires any material change to any other terms and conditions in the Know-How License; (c) Holdco or any of its subsidiaries goes bankrupt, becomes insolvent or suspends or ceases, or threatens to suspend or cease, to carry on all or a substantial part of its business; or (d) Holdco contests the secret or substantial nature of the Know-How. Upon termination of the Know-How License, Holdco must cease all exploitation and use of the Know-How and any Improvements thereto.

Trademark Licence Agreement

Conditional upon completion of the Business Combination, Holdco will also enter into a trademark licence agreement (the “Trademark Licence”) with Aphria pursuant to which Holdco and its subsidiaries (including AcquireCo) will obtain a licence to use Aphria’s trademarks identified therein (the “Trademarks”) for the purposes of marketing, distributing and selling medical marijuana in the State of Florida. The Trademark License will supersede the terms of an interim trademark license agreement currently in effect between Aphria and Holdco which was implemented on a temporary basis following the Acquisition. The fees payable pursuant to the interim trademark license agreement are consistent with the description of the fees for the Trademark License described below.

In exchange for such license, SecureCom (and ultimately the Resulting Issuer) will pay Aphria a royalty of 3% on sales of each product that is sold or otherwise supplied by Holdco or any of its subsidiaries to another person under Aphria’s name (excluding, for greater clarity, any costs of packing, insurance, transport, delivery and consumption taxes).

Subject to each party’s termination rights therein, the Trademark Licence will remain in effect for an initial term of five (5) years, automatically renewing for successive twelve (12) month periods unless a party provides the other party with notice of non-renewal. The Trademark Licence will immediately terminate in the event Holdco experiences a change of control, except to the extent Aphria provides its prior written consent thereto. In addition, Aphria has the right to immediately terminate the Trademark Licence in the event: (a) Holdco commits a material breach of the Trademark Licence (subject to a thirty (30) day cure period); (b) Holdco or any of its subsidiaries goes bankrupt becomes insolvent or suspends or ceases, or threatens to suspend or cease, to carry on all or a substantial part of its business; or (c) the Know-How Licence is terminated.
Investor Rights Agreement

Conditional upon completion of the Business Combination, SecureCom (and ultimately, the Resulting Issuer) will enter into an investor rights agreement (the “Investor Rights Agreement”) pursuant to which, among other things, Aphria will be entitled to certain director nomination and pre-emptive rights. In particular, Aphria will have the right to designate two director nominees for election to the board of directors of the Resulting Issuer (the “Resulting Issuer Board”) for so long as Aphria beneficially owns, directly or indirectly, in the aggregate, 10% or more of the issued and outstanding Resulting Issuer Shares (on a non-diluted basis). The Resulting Issuer Board will consist of five directors. Such nomination rights will terminate in the event that Aphria’s ownership interest in the Resulting Issuer falls below 10%.

The Investor Rights Agreement will also include customary pre-emptive rights in favour of Aphria pursuant to which in the event of a proposed distribution or issuance of common shares of the Resulting Issuer (the “Resulting Issuer Shares”) or other securities convertible or exchangeable into Resulting Issuer Shares (other than stock options or other securities issued under security based compensation arrangements), the Resulting Issuer will grant Aphria the right to subscribe for that number of Resulting Issuer Shares, or, as the case may be, for securities convertible or exchangeable into Resulting Issuer Shares, on the same terms and conditions, including the same subscription or exercise price, as applicable, in order that Aphria may continue to maintain its pro rata equity ownership interest in the Resulting Issuer.

Registration Rights Agreement

Conditional upon completion of the Business Combination, SecureCom (and ultimately, the Resulting Issuer) will enter into a registration rights agreement (the “Registration Rights Agreement”) pursuant to which, among other things, Aphria will be provided with customary demand and “piggy back” registration rights, as further described below.

Under the terms of the Registration Rights Agreement, Aphria may at any time and from time to time (but in no event more than 3 times per calendar year), require the Resulting Issuer to file a prospectus under applicable securities laws and take such other steps as may be necessary to facilitate a secondary offering in Canada of all or any portion of the Resulting Issuer Shares held by Aphria, by giving written notice of such request to the Resulting Issuer. Subject to certain conditions set out in the Registration Rights Agreement, the Resulting Issuer shall use commercially reasonable efforts to as expeditiously as possible, but in any event no more than 60 days after the Resulting Issuer’s receipt of such notice, prepare and file a preliminary Prospectus under applicable securities laws and promptly thereafter take such other steps as may be necessary in order to effect the distribution in Canada of all or any portion of the Resulting Issuer Shares of Aphria as may be requested.

Additionally, if at any time and from time to time from and after the Effective Date, the Resulting Issuer proposes to make a distribution for its own account, the Resulting Issuer will, at that time, promptly provide Aphria with notice of such proposed distribution. Upon the written request of Aphria to the Resulting Issuer that Aphria wishes to include a specified number of its Resulting Issuer Shares in the distribution, the Resulting Issuer will cause such Resulting Issuer Shares of Aphria to be included in the distribution.

Recommendation of the SecureCom Board

The SecureCom Board, after careful consideration, unanimously determined that the Amalgamation is fair to the SecureCom Shareholders and is in the best interests of SecureCom. Accordingly, the SecureCom Board unanimously recommends that SecureCom Shareholders vote IN FAVOUR of the Amalgamation Resolution for the reasons set out under the heading “The Amalgamation – Reasons for the Recommendation”.

Reasons for Recommendation

In the course of its evaluation of the Amalgamation, the SecureCom Board consulted with SecureCom’s senior management and legal counsel and reviewed an extensive amount of information. The conclusions and recommendations of the SecureCom Board are based on a number of factors, including:
• the Amalgamation removes SecureCom’s need to complete new financing in the immediate future;

• completion of the Amalgamation should result in increased liquidity for the SecureCom Shareholders, based upon the greater market capitalization of SecureCom on completion of the Amalgamation;

• SecureCom Shareholders will continue to participate in any increase in value in SecureCom’s assets and will also be able to participate in any increase in value in Holdco’s assets;

• the effective business combination of Holdco and SecureCom will provide savings in the administrative, auditing, legal and maintenance costs for the SecureCom Shareholders as these expenses will be lower for one entity rather than if the companies continued as separate entities;

• upon completion of the Amalgamation, SecureCom Shareholders will continue to have access to management with significant depth of executive experience;

• the Amalgamation Resolution must be approved by not less than two-thirds of the votes validly cast by all SecureCom Shareholders present in person or represented by proxy at the Meeting (other than those required to be excluded in determining such approval pursuant to MI 61-101);

• registered SecureCom Shareholders will have the opportunity to exercise Dissent Rights;

• the SecureCom Board concluded that none of the possible alternatives to the Amalgamation, including the possibility of continuing as an independent entity to continue to develop its assets, were superior to the Amalgamation, considering the perceived risks, timing and uncertainty of each such alternative after taking into account SecureCom’s imminent financing requirements and current market conditions; and

• the likelihood that the Amalgamation would be consummated, in light of the absence of significant closing conditions, other than approval of the Amalgamation by SecureCom Shareholders and other customary closing conditions.

The SecureCom Board also identified and considered a variety of issues regarding risks related to the Amalgamation, including, but not limited to:

• the risks to SecureCom if the Amalgamation is not completed, including the costs to SecureCom in pursuing the Amalgamation and the further diversion of SecureCom’s management from the conduct of SecureCom’s business in the ordinary course;

• the conditions to SecureCom’s obligations to complete the Amalgamation; and

• the business, operations, assets, financial performance and condition, operating results and prospects of SecureCom, including the long-term expectations regarding SecureCom’s operating performance.


The foregoing summary of the information and factors considered by the SecureCom Board is not, and is not intended to be, exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the Amalgamation, the SecureCom Board did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its conclusion and recommendation. The SecureCom Board’s recommendations were made after consideration of all of the above-noted factors and in light of the SecureCom Board’s collective knowledge of the business, financial condition and prospects of SecureCom, and were also based upon the advice of legal advisors to the SecureCom Board. In addition, individual members of the SecureCom Board may have assigned different weights to different factors.
Rights of Dissent

Registered Shareholders are entitled to exercise Dissent Rights by providing written notice to SecureCom at or before 10:00 a.m. (Toronto time) at least two days prior to the Meeting (or any adjournment(s) of the Meeting), in the manner described under the heading “The Amalgamation – Dissenting Shareholders Rights”. If a Registered Shareholder dissents and the Amalgamation is completed, SecureCom will acquire the shares of the Dissenting Shareholder for a debt claim against SecureCom entitling the Dissenting Shareholder to be paid the “fair value” of its dissenting SecureCom Shares as of the close of business on the day before the day the Amalgamation Resolution is adopted. Only Registered Shareholders are entitled to dissent. A Non-Registered Holder who wishes to exercise Dissent Rights must arrange for the Registered Shareholder holding its SecureCom Shares to deliver the dissent. Shareholders should carefully read the section in this Circular entitled “The Amalgamation – Dissenting Shareholders Rights” if they wish to exercise Dissent Rights.

See “The Amalgamation - Dissenting Shareholder Rights" in this Circular.

Interests of Certain Persons in the Business Combination

In considering the recommendation of the SecureCom Board, SecureCom Shareholders should be aware that members of the SecureCom Board and the executive officers of SecureCom have interests in the Amalgamation or may receive benefits that may differ from, or be in addition to, the interests of SecureCom Shareholders generally. However, all benefits received, or to be received, by directors or executive officers of SecureCom as a result of the Amalgamation are, and will be, solely in connection with their services as directors or employees of SecureCom or Amalco. No benefit has been, or will be, conferred for the purpose of increasing the value of consideration payable to any such person, nor is it, or will it be, conditional on the person supporting the Amalgamation.

See “The Amalgamation – Interests of Senior Management and Others in the Amalgamation”.

Interests of Insiders

It is anticipated that the following persons will own of record or beneficially, directly or indirectly, or exercise control or direction over more than 10% of the issued and outstanding Resulting Issuer Shares after giving effect to the Business Combination:

<table>
<thead>
<tr>
<th>Name and Municipality of Residence</th>
<th>Resulting Issuer Shares Owned or Controlled</th>
<th>Percentage of Outstanding Resulting Issuer Shares (Non-Diluted/Fully Diluted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>APHRIA INC.(1) Ontario, Canada</td>
<td>106,864,102</td>
<td>37.63%/37.20%</td>
</tr>
</tbody>
</table>

(1) Aphria Inc. owns 312,592,307 Holdco Shares directly, prior to giving effect to the Consolidation.

Risk Factors

There are certain risk factors associated with the Business Combination which should be carefully considered by SecureCom Shareholders, including the fact that the Business Combination may not be completed if, among other things, the Business Combination is not approved by Holdco Shareholders or if any other conditions precedent to the completion of the Business Combination, such as obtaining all regulatory requirements, are not satisfied or waived as applicable. If the Business Combination is completed as contemplated, the business of the Resulting Issuer upon completion of the Business Combination will be the business of Holdco. There are numerous risks associated with such business and the medical marijuana industry in general, such as: regulatory risks; Holdco’s limited operating history; stock price volatility; agricultural risks; energy costs; reliance on management; insurance risks; third party transportation; new industry; potential conflicts of interest; dependence on suppliers; difficulty to forecast; management of growth; internal controls; liquidity; legislative or regulatory reform; unfavourable publicity or consumer perception; and the particular risks associated with investments in medical marijuana in the United States. SecureCom Shareholders should review carefully the risk factors set forth under “Risk Factors” and “Information Concerning SecureCom – Risk Factors” in the Circular.
Selected Pro Forma Financial Information of the Resulting Issuer

The following table sets forth certain pro forma financial information of the Resulting Issuer after giving effect to the Business Combination and assuming completion of the Offering. Such unaudited pro forma consolidated financial statements are based on certain assumptions and adjustments and are not necessarily indicative of the Resulting Issuer’s consolidated financial position if the events reflected therein were in effect for the periods presented, nor do they purport to project the Resulting Issuer’s financial position or results from operations for any future period.

<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th>Pro Forma as at March 31, 2017 after Giving Effect to the Business Combination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>$11,722,769</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$859,904</td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td>$70,038,072</td>
</tr>
</tbody>
</table>

Share Capital

The following table sets forth the pro forma capitalization of SecureCom after giving effect to the Business Combination, Consolidation, and related commercial agreements in favour of Aphria described above:

<table>
<thead>
<tr>
<th>Equity</th>
<th>Number of Shares</th>
<th>Percentage of Outstanding Shares(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares to be held by Aphria Inc.</td>
<td>106,864,102</td>
<td>37.63%</td>
</tr>
<tr>
<td>Shares to be held by existing SecureCom Shareholders (other than Aphria Inc. and existing Holdco Shareholders)</td>
<td>15,914,815</td>
<td>5.60%</td>
</tr>
<tr>
<td>Shares to be issued with respect to the Offering(2)</td>
<td>54,727,559</td>
<td>19.27%</td>
</tr>
<tr>
<td>Shares to be issued with respect to existing Holdco Shareholders</td>
<td>106,514,743</td>
<td>37.50%</td>
</tr>
<tr>
<td>Total(3)</td>
<td>284,021,221</td>
<td>100%</td>
</tr>
</tbody>
</table>

(1) Expressed on a non-diluted basis.
(2) Excluding any SecureCom Shares issuable in connection with the exercise of the Holdco Broker Warrants.
(3) Numbers may not add due to rounding.

Listing and Share Price on the Exchange

The SecureCom Shares are primarily listed and posted for trading on the Exchange under the trading symbol “SCE”. The price of the SecureCom Shares on April 3, 2017, being the last day the SecureCom Shares traded prior to the announcement of the Business Combination, was $0.44. See “Information Concerning SecureCom - Trading History”. There is currently no public market for any securities of Holdco.

Interests of Experts

There is no interest, direct or indirect, in any securities or property of Holdco, SecureCom or the Resulting Issuer, or of an associate or affiliate of Holdco, SecureCom or the Resulting Issuer, received or to be received by an expert.

For the purposes hereof, “expert” means any person or company whose profession or business gives authority to a statement made by that person or company and who is named as having prepared or certified a part of this Circular, or prepared or certified a report or valuation described or included in this Circular. See “General Matters – Experts of Holdco and SecureCom”.
INFORMATION CONCERNING THE MEETING

Appointment of Proxyholder

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder’s behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Corporation (the “Management Proxyholders”).

A shareholder has the right to appoint a person other than a Management Proxyholder to represent the shareholder at the Meeting. A shareholder may do so by striking out the names of the Management Proxyholders and by inserting the desired person’s name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.

The instrument of proxy must be signed by the shareholder or by his attorney in writing, or, if the shareholder is a Corporation, it must either be under its common seal or signed by a duly authorized officer.

Voting by Proxy

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice in accordance with the instructions of the shareholder on any ballot or poll that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice and in favour of all other matters proposed by management at the Meeting.

The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting. At the date of this Circular, management of the Corporation knows of no such amendments, variations, or other matters to come before the Meeting.

Completion and Return of Proxy

As a shareholder you can choose from three different ways to vote your shares by proxy: (a) by mail or delivery in the addressed envelope provided or deposited at the offices TSX Trust Company, at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 (or by facsimile to (416) 595-9593), not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment(s); or (b) on the internet at www.voteproxyonline.com, unless the chair of the Meeting elects to exercise his or her discretion to accept proxies received late.

Non-Registered Holders

Only shareholders whose names appear on the records of the Corporation as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are “non-registered” shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSPs, RRIFs, RESPs and similar plans, or a clearing agency such as The Canadian Depository for Securities Limited (an “Intermediary”). If you purchased your shares through a broker, you are likely a non-registered holder. In the United States, the vast majority of such shares are registered under the name of Cede & Co., the registration name for The Depository Trust Company, which acts as nominee for many United States brokerage firms.

In accordance with securities regulatory policy, the Corporation has distributed copies of the Meeting materials, including the Notice, this Circular and the form of proxy, to the Intermediaries for distribution to non-registered holders.
Intermediaries are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting, unless the holder has waived the right to receive these materials. Shares held by Intermediaries can only be voted in accordance with the instructions of the non-registered holder. Intermediaries often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from your Intermediary in order that your shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by your Intermediary and return the form to your Intermediary in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

Non-registered holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as "non-objecting beneficial owners ("NOBOs"). Those non-registered holders who have objected to their Intermediary disclosing ownership information about themselves to the Corporation are referred to as "objecting beneficial owners" ("OBOs").

The Corporation will pay for Intermediaries to deliver the Meeting materials and Form 54-101F7 - Request for Voting Instructions Made by Intermediary to OBOs.

The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("Broadridge") in Canada. Broadridge typically prepares a machine-readable voting instruction form ("VIF"), mails those forms to beneficial shareholders and asks beneficial shareholders to return the VIFs to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A beneficial shareholder who receives a Broadridge VIF cannot use that form to vote shares directly at the Meeting. The VIFs must be returned to Broadridge (or instructions respecting the voting of shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the shares voted.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about the holdings of your securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Notice and Access

The Corporation is not sending the Meeting materials to shareholders using “notice-and-access”, as defined under NI 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer.

Revocability of Proxy

A shareholder who has given a proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or by his/her attorney authorized in writing, or, if the shareholder is a corporation, it must either be under its common seal, or signed by a duly authorized officer and deposited at the Corporation’s registered office at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the proxy is to be used, or to the chair of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

Voting Securities and Principal Holders Thereof

The Corporation is authorized to issue an unlimited amount of common shares without par value of which 130,044,447 common shares are issued and outstanding as of the date of this Circular. All common shares in the capital of the Corporation carry the right to one vote. Persons who are registered shareholders at the close of
business on the record date, June 19, 2017 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Corporation has only one class of voting shares.

Under the Corporation’s articles, the quorum for the transaction of business at the Meeting consists of one or more persons, present in person or by proxy, holding not less than one voting share of the Corporation entitled to be voted at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as of the date of this Circular no person beneficially owns, directly or indirectly, or exercises control or direction over shares carrying 10% or more of the voting rights of the Corporation.

In order to approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required unless the motion requires a special resolution, in which case a majority of not less than 66⅔% of the votes cast will be required. In the event that a matter to be voted upon at the Meeting requires disinterested shareholder approval, those shares will be excluded from the count of votes cast on such matter.

**Securities Law Considerations**

The Resulting Issuer Shares to be issued Holdco Shareholders pursuant to the Business Combination will be issued in reliance on exemptions from prospectus requirements of applicable securities laws of the various applicable provinces in Canada and will generally, subject to applicable escrow and resale restrictions imposed by the Exchange (or in the case of holders of Subscription Receipts under the Offering, the terms of the Subscription Receipt Agreement) be “freely tradable” (and not subject to any “restricted period” or “hold period”) if the following conditions are met: (i) the trade is not a control distribution (as defined under applicable securities laws); (ii) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade; (iii) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and (iv) if the selling security holder is an insider or officer of the Resulting Issuer, the selling security holder has no reasonable grounds to believe that the Resulting Issuer is in default of securities legislation.
BUSINESS OF THE MEETING

Financial Statements

The directors will place before the Meeting the financial statements of the Corporation for the year ended June 30, 2016, together with the auditors’ report thereon. The financial statements, the auditor’s report thereon together with management discussion and analysis (“MD&A”) for the financial year ended June 30, 2016 are available on SEDAR at www.sedar.com. The Notice, the Circular, the request for financial statements (NI 51-102) and form of proxy will be available from the Corporation’s Registrar and Transfer Agent, TSX Trust Company, at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, or from the Corporation’s office located at Suite 1600 – 100 King Street West, Toronto, Ontario M5X 1G5. National Instrument 51-102 “Continuous Disclosure Obligations” (“NI 51-102”) sets out the procedures for a shareholder to receive financial statements. If you wish to receive financial statements, you may use the enclosed form or provide instructions in any other written format. Registered shareholders must also provide written instructions in order to receive the financial statements.

Election of SecureCom Directors

The directors of the Corporation are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are elected or appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed. In the event that a vacancy among the nominees occurs for any reason prior to the Meeting, the proxy shall not be voted with respect to such vacancy. Management of the Corporation proposes to nominate each of the following persons for election as a director (the “SecureCom Directors”). Information concerning such persons, as furnished by the individual nominees, is as follows:

<table>
<thead>
<tr>
<th>Name and Jurisdiction of Residence</th>
<th>Present Position(s) with the Corporation</th>
<th>Present Principal Occupation and Principal Occupation for Five Preceding Years</th>
<th>Served as Director Since</th>
<th>No. of SecureCom Shares Beneficially Owned, Controlled or Directed, directly or indirectly, at present</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael Galloro, Toronto, Ontario, Canada</td>
<td>Chief Executive Officer &amp; Director</td>
<td>Chartered Accountant; Director and Senior officer of several private and public companies</td>
<td>22-Nov-2016</td>
<td>Nil</td>
</tr>
<tr>
<td>Peter Simeon, Toronto, Ontario, Canada</td>
<td>Director</td>
<td>Mr. Simeon is an experienced corporate commercial and securities lawyer. Partner in Gowling WLG (Canada) LLP’s Toronto office.</td>
<td>22-Nov-2016</td>
<td>400,000</td>
</tr>
<tr>
<td>Chris Irwin, Toronto, Ontario, Canada</td>
<td>Director</td>
<td>Mr. Irwin practices securities and corporate/commercial law and has been the managing partner of Irwin Lowy LLP, a law firm, since January 2010, prior thereto he was the President of Irwin Professional Corporation, a professional corporation providing legal services, from August 2006. Mr. Irwin advises a number of public companies, board of directors and independent committees on a variety of issues. Mr. Irwin is a director and/or officer of a number of public companies.</td>
<td>22-Nov-2016</td>
<td>Nil</td>
</tr>
</tbody>
</table>
**Election of Resulting Issuer Directors**

At the Meeting, SecureCom Shareholders will be asked to fix, conditional upon, and effective as of the completion of the Business Combination, the number of directors of SecureCom at five (5), and to elect, conditional upon and effective as of the completion of the Business Combination, the directors of SecureCom to hold offices until the next annual meeting of SecureCom Shareholders or until the successors of such directors are elected or appointed. If the Business Combination is completed, it will be desirable to increase the size of the board of directors of the Resulting Issuer Board from three directors to five directors and to elect five members to the expanded Resulting Issuer Board (the "**Resulting Issuer Directors**"), with the Resulting Issuer Directors to take office upon the completion of the Business Combination.

At the time of the Meeting, the Business Combination will not yet have been completed. As such, it is not appropriate to give effect to an increase to the size of the SecureCom Board or to elect nominees other than Messrs. Galloro, Simeon and Irwin until the Business Combination is completed. If the Business Combination is completed, and subject to approval of shareholders, Vic Neufeld, John Cervini, Aaron Serruya and Brady Cobb will succeed the SecureCom Directors upon completion of the Business Combination. It is proposed that Michael Galloro will remain as a director of the Resulting Issuer. The SecureCom Shareholders will be able to vote in favour of, or withhold from voting, separately for each of the Resulting Issuer Directors. If elected, such nominees will take office upon the completion of the Business Combination. Immediately upon completion of the Business Combination, and assuming the election of the SecureCom Directors, the SecureCom Directors will resign as directors of SecureCom. If the Business Combination is not completed for whatever reason, the SecureCom Directors will remain as directors of SecureCom and the number of directors shall remain at three (3).

The management representatives designated in the form of proxy (or voting instruction form, as applicable) will vote or withhold from voting the SecureCom Shares in respect of which they are appointed by proxy in the election of the nominees for director in accordance with the instructions of the shareholder as indicated on the proxy. In the absence of such instructions, such SecureCom Shares will be voted FOR the election of such directors. Management does not contemplate that any of the proposed nominees will be unable to serve as a director but, if that should occur for any reason before the Meeting, the management representatives designated in the form of proxy (or voting instruction form, as applicable) reserve the right to vote for another nominee at their discretion. Each Resulting Issuer Director elected will hold office from and after the completion of the Business Combination until SecureCom’s next annual meeting or until his successor is elected or appointed. The SecureCom Directors have agreed to resign from the SecureCom Board with effect as of the completion of the Business Combination. See below for detailed information on the Resulting Issuer Directors.

In order to allow the Resulting Issuer Board the flexibility to appoint additional directors in accordance with corporate law, the SecureCom Shareholders will be asked at the Meeting to consider, and if thought appropriate, to pass a special resolution, requiring the affirmative vote of at least two-thirds of the votes cast in respect thereof by shareholders present in person or represented by proxy at the Meeting, the text of which is as follows:

**BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:**

1. The directors of SecureCom are hereby empowered to determine, from time to time by resolution, the number of directors of SecureCom, so long as the total number of directors appointed will not be greater than one and one-third times the number of directors elected at the most recent meeting of SecureCom Shareholders at which directors were elected.

Unless instructed otherwise, the management designees in the accompanying form of proxy intend to vote FOR the foregoing resolution.

The following table and notes set out the name of each of the proposed Resulting Issuer Directors, their principal occupation, the year they first became a director and the number of shares of SecureCom beneficially owned, or controlled or directed, directly or indirectly, by each such individual as of the date hereof. For a table showing similar information for the SecureCom Directors, see above under “Election of SecureCom Directors”.

---

**Election of SecureCom Directors**

The following table and notes set out the name of each of the proposed Resulting Issuer Directors, their principal occupation, the year they first became a director and the number of shares of SecureCom beneficially owned, or controlled or directed, directly or indirectly, by each such individual as of the date hereof. For a table showing similar information for the SecureCom Directors, see above under “Election of SecureCom Directors”.

---

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<table>
<thead>
<tr>
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<th>Present Principal Occupation and Principal Occupation for Five Preceding Years</th>
<th>Served as Director Since</th>
<th>No. of SecureCom Shares Beneficially Owned, Controlled or Directed, directly or indirectly, at present</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vic Neufeld Lakeshore, Ontario Canada</td>
<td>Nominee</td>
<td>CEO and Chair of the Board of Aphria Inc.; Mr. Neufeld was formerly a Partner with Ernst &amp; Young LLP, formerly CEO of Jamieson Laboratories, Canada’s largest manufacturer and distributor of natural vitamins, minerals, concentrated food supplements, herbs and botanical medicines. He currently sits as Chair of Enwin Utilities Ltd., a local energy provider, and sits on the board of WFCU Credit Union</td>
<td>N/A</td>
<td>Nil</td>
</tr>
<tr>
<td>John Cervini Leamington, Ontario Canada</td>
<td>Nominee</td>
<td>Co-founder, Vice-President, Infrastructure and Technology and director of Aphria Inc., Mr. Cervini is a fourth generation greenhouse grower with hydroponic agricultural experience. Together with his father and brother, Mr. Cervini helped establish Lakeside Produce, one of North America’s leading sales and marketing companies selling fresh produce from Canada to multinational retailers throughout North America. Mr. Cervini is a leading innovator in greenhouse growing technology and has also overseen greenhouse expansion to Carpentaria, California and Guadalajara, Mexico.</td>
<td>N/A</td>
<td>Nil</td>
</tr>
<tr>
<td>Aaron Serruya Toronto, Ontario Canada</td>
<td>Nominee</td>
<td>President of International Franchise Inc., home of global brands such as Yogen Früz®, Pinkberry® and Swensen's® Ice Cream, has over 4,500 frozen yogurt and ice cream franchises in over 50 countries and has over three decades of experience in the retail franchising sector. In addition, he is a Managing Director at Serruya Private Equity and was involved, on an advisory level, with Coolbrands, Kahala Brands and Jamba Juice. Mr. Serruya currently sits on the Board of Directors of Blue Goose Capital Corporation.</td>
<td>N/A</td>
<td>Nil</td>
</tr>
<tr>
<td>Name and Jurisdiction of Residence</td>
<td>Present Position(s) with the Corporation</td>
<td>Present Principal Occupation and Principal Occupation for Five Preceding Years</td>
<td>Served as Director Since</td>
<td>No. of SecureCom Shares Beneficially Owned, Controlled or Directed, directly or indirectly, at present</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>-------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>Michael Galloro Toronto, Ontario Canada</td>
<td>Chief Executive Officer &amp; Director</td>
<td>Chartered Accountant; Director and Senior officer of several private and public companies</td>
<td>22-Nov-2016</td>
<td>Nil</td>
</tr>
<tr>
<td>Brady Cobb Fort Lauderdale, Florida U.S.A</td>
<td>Nominee</td>
<td>Mr. Cobb is a partner at Cobb Eddy, PLLC. Mr. Cobb’s practice focuses on the areas of regulated medical cannabis, healthcare, commercial litigation, government relations, commercial transactions and corporate structuring, compliance and asset protection.</td>
<td>N/A</td>
<td>Nil</td>
</tr>
</tbody>
</table>

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Other than as disclosed herein, to the knowledge of the executive officers and directors of the Corporation, no SecureCom Director or proposed Resulting Issuer Director is, or has been in the last 10 years, a director, chief executive officer or chief financial officer of an issuer (including the Corporation) that, (a) while that person was acting in that capacity, was the subject of a cease trading order or similar order or an order that denied the issuer access to any exemptions under securities legislation, for a period of more than 30 consecutive days; or (b) was subject to, after that person ceased to be a director, chief executive officer or chief financial officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer.

In addition, no SecureCom Director or proposed Resulting Issuer Director is, or within the ten years prior to the date of this Circular has been, a director, chief executive officer or chief financial officer of an issuer (including the Corporation) that: (a) was declared bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person; or (b) was a director or officer of a corporation (including the Corporation) that, while that person was acting in that capacity or within a year of the person ceasing to act as a director or officer of the corporation became bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except as disclosed herein.

Mr. Irwin was formerly a director and secretary of Straight Forward Marketing Corporation, which is subject to a management cease trade order resulting from a failure to file financial statements dated November 2, 2005 and has not been rescinded as of the date hereof. In addition, Mr. Irwin was formerly a director, president and secretary of Brighter Minds Media Inc., which is subject to a cease trade order dated May 8, 2009, as extended on May 20, 2009, resulting from a failure to file financial statements. The cease trade order has not been rescinded as of the date hereof.

**Penalties and Sanctions**

No SecureCom Director or proposed Resulting Issuer Director or any personal holding companies of a SecureCom Director or proposed Resulting Issuer Director have been subject to (a) any penalties or sanctions imposed by a
court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director of the Corporation.

Appointment and Remuneration of Auditors

Charleton & Company, Chartered Professional Accountants, of Toronto, Ontario, who have served as auditors of the Corporation since 2014 resigned at the request of the Corporation on October 3, 2016 in order to facilitate the appointment of MNP LLP, Chartered Accountants, as the successor auditor for the Corporation. MNP LLP has served as auditor of the Corporation since October 3, 2016 and will be nominated at the Meeting for the ensuing year.

As required by Section 4.11 of NI 51-102, copies of the notice of change of auditor and the response letters from Charleton & Company and MNP LLP (the “Reporting Package”) are attached as Schedule “E”. The audit report of Charleton & Company for the financial year ended June 30, 2016 did not contain any reservations.

Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted in favour of the appointment of MNP LLP Chartered Accountants as the auditors of the Corporation to hold office for the ensuing year at a remuneration to be fixed by the directors.

Approval of the Business Combination

At the Meeting, the SecureCom Shareholders will be asked to consider and, if deemed fit, approve a special resolution as set forth in the attached Schedule “A” (the “Amalgamation Resolution”) authorizing a fundamental change by way of the amalgamation of Subco and Holdco under the BCBCA (the “Amalgamation”) giving effect to the Business Combination on the terms and conditions set out in the Transaction Agreement, the full text of which is included at Schedule “B” to this Circular. For a summary of the principal terms of the Business Combination see “The Business Combination”.

The Amalgamation Resolution must be approved by not less than 66% of the votes validly cast by SecureCom Shareholders, present in person or represented by proxy at the Meeting. It is the intention of the persons named in the enclosed form of proxy, in the absence of instructions to the contrary, to vote the proxy FOR the Amalgamation Resolution.

Approval of the Advance Notice By-Law

At the Meeting, SecureCom Shareholders will be asked to consider, and if thought fit, approve, conditional upon the Business Combination becoming effective, the adoption of the Advance Notice By-Law. The full text of the Advance Notice By-Law is set out in Schedule “G” to this Circular. The following summary of the Advance Notice By-Law is qualified in its entirety by the full text of the Advance Notice By-Law.

The Advance Notice By-Law requires that advance notice be given to the Resulting Issuer in circumstances where nominations of persons for election as a director of the Resulting Issuer are made by Resulting Issuer Shareholders other than pursuant to: (i) a requisition of a meeting made pursuant to the provisions of the BCBCA; or (ii) a Resulting Issuer Shareholder proposal made pursuant to the provisions of the BCBCA.

Among other things, the Advance Notice By-Law fixes a deadline by which Resulting Issuer Shareholders must submit a notice of director nominations to the Resulting Issuer prior to any annual or special meeting of Resulting Issuer Shareholders where directors are to be elected and sets forth the information that such holders must include in the notice for it to be valid.

In the case of an annual meeting of shareholders, notice to the Resulting Issuer must be given no less than 30 nor more than 65 days prior to the date of the annual meeting provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be given no later than the close of business on the 10th day following such public announcement.
In the case of a special meeting of Resulting Issuer Shareholders (which is not also an annual meeting), notice to the Resulting Issuer must be given no later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made. For the purposes of the Advance Notice By-Law, "public announcement" means disclosure in a press release disseminated by the Resulting Issuer through a national news service in Canada, or in a document filed by the Resulting Issuer for public access under its profile on SEDAR at www.sedar.com. The Resulting Issuer Board may, in its sole discretion, waive any requirement of the Advance Notice By-Law.

The Advance Notice By-Law will allow the Resulting Issuer to receive adequate prior notice of director nominations, as well as sufficient information on the nominees. The Resulting Issuer will thus be able to evaluate the proposed nominees’ qualifications and suitability as directors. It will also facilitate an orderly and efficient meeting process.

At the Meeting, SecureCom Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution approving and adopting the Advance Notice By-Law as set out below:

**BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. Subject to the Business Combination becoming effective, SecureCom Mobile Inc. (the "Corporation") is hereby authorized to adopt an advance notice by-law (the "Advance Notice By-Law"), substantially in the form set out as Schedule "G" to the Corporation’s management information circular (the "Circular") dated June 19, 2017, and the same be and is hereby authorized and approved.

2. The Board of Directors be and is hereby authorized in its absolute discretion to administer the Advance Notice By-Law and to make such minor revisions to the Advance Notice By-Law as may be needed to reflect changes required by securities regulatory agencies or stock exchanges.

3. Any director or officer be and is hereby authorized to do such things and to sign execute and deliver all documents that such director or officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution.

In order for the resolution approving and adopting the Advance Notice By-Law to be effective, it must be approved by the affirmative vote of a majority of the votes cast in respect thereof by shareholders present in person or represented by proxy at the Meeting. **Unless instructed otherwise, the management designees in the accompanying form of proxy intend to vote FOR the foregoing resolution.**

**Approval of the Option Plan Amendment**

At the Meeting, SecureCom Shareholders will be asked to consider, and if thought appropriate, approve, conditional upon the Business Combination becoming effective, the Option Plan Amendment. The purpose of the Option Plan Amendment is to (i) reduce the maximum term of the Option Plan from ten (10) years to five (5) years; and (ii) to amend the termination provisions of the Option Plan so as to allow existing holders of SecureCom Options to continue to hold such securities for an additional 12 months following the Effective Date. For a full description of the Option Plan, see "Statement of Executive Compensation - Material Terms of the Option Plan."

Accordingly, at the Meeting, SecureCom Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution, with or without variation, approving and adopting the Option Plan Amendment as set out below:

**BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. Subject to the Business Combination becoming effective, SecureCom Mobile Inc. (the "Corporation") is hereby authorized to amend its stock option plan (the "Option Plan"), as more particularly described in the Corporation’s management information circular (the "Circular") dated June 19, 2017 and the same be and is hereby authorized and approved.

2. Any director or officer of SecureCom or the Resulting Issuer (as defined in the Circular) be and is hereby authorized to do such things and to sign execute and deliver all documents that such
director or officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution.

In order for the resolution approving and adopting the Option Plan Amendment to be effective, it must be approved by the affirmative vote of a majority of the votes cast in respect thereof by shareholders present in person or represented by proxy at the Meeting, excluding the votes attaching to SecureCom Shares beneficially owned by insiders to whom stock options may be issued pursuant to the Option Plan and their associates. Such persons currently hold, directly or indirectly, or exercise control or direction over, approximately 400,000 SecureCom Shares (approximately 0.31% of the issued and outstanding SecureCom Shares). Unless instructed otherwise, the management designees in the accompanying form of proxy intend to vote FOR the foregoing resolution.

CORPORATE GOVERNANCE DISCLOSURE


Board of Directors

As at the date of this Circular, the Board consists of three directors, two of whom the Corporation believes to be independent based upon the tests for independence set forth in NI 52-110—Audit Committees. Michael Galloro is not independent since he is also the Chief Executive Officer of the Corporation. Peter Simeon and Chris Irwin are considered to be independent.

NI 58-201 suggests that the board of directors of reporting issuers should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who has no direct or indirect material relationship with the Corporation. A material relationship is a relationship that could, in the view of the board of directors, reasonably interfere with the exercise of a director’s independent judgment. In addition, the independent judgment of the Board in carrying out its responsibilities is the responsibility of all directors. The Board facilitates independent supervision of management through meetings of the Board and through frequent informal discussions among independent members of the Board and management. In addition, the Board has access to the Corporation’s external auditors, legal counsel and to any of the Corporation’s officers.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Corporation, provide leadership and direction to management, evaluate management, set policies appropriate for the business of the Corporation and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Corporation is delegated by the Board to the senior officers of the Corporation. The Board will give direction and guidance through the President and CEO to management and will keep management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the shareholders for election as directors, and immediately following each annual general meeting appoints an Audit Committee.

The Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Corporation are subject to prior approval of the Board. To facilitate open and candid discussion among its independent directors, such directors are encouraged to communicate with each other directly to discuss ongoing issues pertaining to the Corporation.
Participation of Directors in Other Reporting Issuers

The following directors of the Corporation are also currently directors of other reporting issuers as stated:

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Name of Other Reporting Issuer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael Galloro</td>
<td>SustainCo Inc. and Goldstream Minerals Inc.</td>
</tr>
<tr>
<td>Peter Simeon</td>
<td>Cluny Capital Corp., Namaste Technologies Inc. and Tomolina Gold Inc.</td>
</tr>
</tbody>
</table>

(1) If the Business Combination is completed, and subject to approval of shareholders, Vic Neufeld, John Cervini, Aaron Serruya and Brady Cobb will succeed the SecureCom Directors upon completion of the Business Combination. It is proposed that Michael Galloro will remain as a director of the Resulting Issuer.

Orientation and Continuing Education

While the Corporation does not have formal orientation and training programs, orientation of new members of the Board is conducted by informal meetings with members of the Board, briefings by management, and the provision of copies of or access to the Corporation’s documents.

The Corporation has not adopted formal policies respecting continuing education for Board members. Board members are encouraged to communicate with management, legal counsel, auditors and consultants, to keep themselves current with industry trends and developments and changes in legislation with management’s assistance, and to attend related industry seminars and visit the Corporation’s operations. Board members have full access to the Corporation’s records.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Corporation’s governing corporate legislation and the common law, and the restrictions placed by the BCBCA on an individual director’s participation in decisions of the Board in which the director has an interest have helped to ensure that the Board operates independently of management and in the best interests of the Corporation.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, if a director of the Corporation also serves as a director or officer of another company engaged in similar business activities to the Corporation, that director must comply with the conflict of interest provisions of the BCBCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors that evoke such a conflict.

Nomination of Directors

At present, the Corporation does not have a stand-alone nomination committee. The full Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the industry are consulted for possible candidates.

Compensation

The Board conducts reviews with regard to directors’ and officers’ compensation at least once a year. Recently, the Board established a Compensation Committee to oversee compensation matters. For information regarding
the steps taken to determine compensation for the directors and the executive officers, see “Statement of Executive Compensation” herein.

Other Board Committees

At present, the Board has no other committees other than the Audit Committee and the Compensation Committee.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees. On an ongoing annual basis, the Board assesses the performance of the Board as a whole, each of the individual directors and each committee of the Board in order to satisfy itself that each is functioning effectively.

Audit Committee

National Instrument 52-110 - Audit Committees ("NI 52-110") requires the Corporation, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee (the “Committee”) and its relationship with its independent auditor, as set forth in the following.

The Audit Committee’s Charter

The Corporation has adopted a Charter of the Audit Committee of the board of directors (the “Board”), a copy of which is attached as Schedule “D”.

Composition of the Audit Committee

The following are the current members of the Audit Committee as of the date of this Circular:

<table>
<thead>
<tr>
<th>Name</th>
<th>Status</th>
<th>Financially literate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael Galloro</td>
<td>Not-Independent¹</td>
<td>Financially literate¹</td>
</tr>
<tr>
<td>Peter Simeon</td>
<td>Independent¹</td>
<td>Financially literate¹</td>
</tr>
<tr>
<td>Chris Irwin</td>
<td>Independent¹</td>
<td>Financially literate¹</td>
</tr>
</tbody>
</table>

(1) As defined by NI 52-110.

It is anticipated that, conditional upon the completion of the Business Combination, the Audit Committee will be reconstituted by the following director nominees:

<table>
<thead>
<tr>
<th>Name</th>
<th>Status</th>
<th>Financially literate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vic Neufeld</td>
<td>Not-Independent¹</td>
<td>Financially literate¹</td>
</tr>
<tr>
<td>Aaron Serruya</td>
<td>Independent¹</td>
<td>Financially literate¹</td>
</tr>
<tr>
<td>Brady Cobb</td>
<td>Independent¹</td>
<td>Financially literate¹</td>
</tr>
</tbody>
</table>

(1) As defined by NI 52-110.

Relevant Education and Experience

Michael Galloro, Director – Michael Galloro is an accomplished financial executive with over 20 years of experience. Mr. Galloro gained public markets experience engaged as a Vice President of Finance for a TSXV listed company operating in the payment processing industry. He then pursued a consulting career focused primarily on the small and mid-cap space working closely with emerging private and publicly listed companies operating globally assisting with financings, M&A, corporate structuring and go public transactions, both in Canada and the US. Michael earned his Chartered Professional Accountant, Chartered Accountant (CPA, CA) designation while working in the financial institutions practice for KPMG LLP and has his Honours Bachelor of Accounting (BAcc) Degree from Brock University.
Peter Simeon, Director - Peter Simeon is an experienced corporate commercial and securities lawyer. As a partner in Gowling WLG (Canada) LLP’s Toronto office, he focuses his practice on corporate finance, mergers and acquisitions, and structured products. Working closely with issuers, underwriters, and other corporate clients, Mr. Simeon delivers practical, effective advice to help businesses move their transactions forward. He has acted for clients across a range of industries, such as mining, energy and technology. His expertise includes public offerings, including initial public offerings, private placements, reverse takeovers and qualifying transactions, bought deal financings, secondary offerings and share and asset purchase transactions. In addition to his work in private practice, Mr. Simeon is also an experienced in-house lawyer. He spent several years as corporate counsel at a multinational technology company, and completed a secondment at the Ontario Securities Commission in its Market Regulation Group. Mr. Simeon is on the board of directors of Tolima Gold Inc. (TSXV:TOM), Cluny Capital Corp. (NEX:CLN.H), Namaste Technologies Inc. (CSE:N) and SecureCom Mobile Inc. (CSE:SCE). He holds an LLB from Osgoode Hall Law School at York University and a BA (Political Studies) from Queen's University.

Chris Irwin, Director - Mr. Irwin practices securities and corporate/commercial law and has been the managing partner of Irwin Lowy LLP, a law firm, since January 2010, prior thereto he was the President of Irwin Professional Corporation, a professional corporation providing legal services, from August 2006. Mr. Irwin advises a number of public companies, board of directors and independent committees on a variety of issues. Mr. Irwin is a director and/or officer of a number of public companies.

Vic Neufeld, Director – Mr. Neufeld is the President and Chief Executive Officer of Aphria. Mr. Neufeld is the former CEO of Jamieson Laboratories ("Jamieson") Canada’s largest manufacturer and distributor of natural vitamins, minerals, concentrated food supplements, herbs and botanical medicines. Mr. Neufeld brings 15 years of experience as a chartered accountant and partner with Ernst & Young and 21 years as CEO of Jamieson. Mr. Neufeld, a native of Leamington, Ontario, earned a Bachelor’s degree in Economics from Western University, Honours degree in business from the University of Windsor and an MBA from the University of Windsor. Mr. Neufeld is also a CPA.

Aaron Serruya, Director – Mr. Serruya is the President of International Franchise Inc., home of global brands such as Yogen Früz®, Pinkberry® and Swensen’s® Ice Cream with over 4,500 frozen yogurt and ice cream franchises in over 50 countries. Mr. Serruya has over three decades of experience in the retail franchising sector. In addition, he is a Managing Director at Serruya Private Equity and was involved, on an advisory level, with Coolbrands, Kahala Brands and Jamba Juice. Mr. Serruya currently sits on the Board of Directors of Blue Goose Capital Corporation.

Brady Cobb, Director – Mr. Cobb is a partner at Cobb Eddy, PLLC. Mr. Cobb’s practice focuses on the areas of regulated medical cannabis, healthcare, commercial litigation, government relations, commercial transactions and corporate structuring, compliance and asset protection. Mr. Cobb holds a JD from Barry University School of Law and is a member of the Florida Bar, the United States District Court for the Southern District of Florida, the United States District Court for the Middle District of Florida, the United States District Court for the Northern District of California, the United States District Court for the Eastern District of Wisconsin and a registered lobbyist before the legislature and executive branch in Florida.

Audit Committee Oversight

At no time since the commencement of the Corporation’s most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation’s most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Exemption for Venture Issuers

The Corporation is a “venture issuer” as defined in NI 52-110 and is relying on the exemption contained in Section 6.1 of NI 52-110, which exempts the Corporation from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.
Pre-Approval Policies and Procedures

The Committee has authority to engage and communicate with advisors and professionals for non-audit services.

External Auditors Service Fees

The aggregate fees billed by the Corporation’s external auditors for each of the most two recent financial years are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Fees</td>
<td>$16,320</td>
<td>$18,750</td>
</tr>
<tr>
<td>Audit-Related Fees</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Tax Fees</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>All Other Fees</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

(1) Audit fees consist of fees for the audit of our annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.

(2) Audit-related fees are fees for assurance and related services related to the performance of the audit or review of the annual financial statements that are not reported under “Audit Fees”. These include due diligence for business acquisitions, audit and accounting consultations regarding business acquisitions, and other attest services not required by statute.

(3) Tax fees, tax planning, tax advice and various taxation matters.

(4) All other fees include the aggregate fees billed for products and services provided by the Corporation’s external auditor, other than “Audit fees”, “Audit related fees” and “Tax fees” above.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

As of the date of this Circular, the Corporation has not paid any fees to its directors or officers, except as disclosed below. The following is a compensation discussion and analysis in respect of the existing directors and certain executive officers of SecureCom. For a discussion on the compensation of the directors and officers of the Resulting Issuer, see "Information Concerning the Resulting Issuer – Executive Compensation."

Stock Options and Other Compensation Securities

The Corporation has adopted an incentive stock option plan (the “Option Plan”) which provides that the Board may from time to time, in its discretion, and in accordance with the applicable CSE requirements, grant to directors, officers, employees and consultants to the Corporation, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Corporation on a “rolling basis”. Vesting terms will be determined at the time of grant by the Board of Directors. Currently, options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. The terms of the Option Plan are subject to amendment in accordance with the proposed Option Plan Amendment as described in this Circular. See “Business of the Meeting – Approval of the Option Plan Amendment”.

Eligible Persons

The purpose of the Option Plan is to provide an incentive to the Corporation’s directors, officers, employees, management companies and consultants to continue their involvement with the Corporation, to increase their efforts on the Corporation’s behalf and to attract new qualified employees, while at the same time reducing the cash compensation the Corporation would otherwise have to pay. The Option Plan is also intended to assist in aligning management and employee incentives with the interests of Shareholders.
Material Terms of the Option Plan

The following is a summary of the material terms of the Option Plan:

**Maximum Term of Options.** As currently provided, the term of any options granted under the Plan is fixed by the board of directors and may not exceed 10 years from the date of grant. The options are non-assignable and non-transferable.

**Exercise Price.** The exercise price of options granted under the plan is determined by the board of directors, provided that the exercise price is not less than the price permitted by the CSE.

**Amendment.** The terms of an option may not be amended once issued under CSE requirements. If an option is cancelled prior to the expiry date, the Corporation shall not grant new options to the same person until thirty days have elapsed from the date of cancellation.

**Vesting.** Vesting, if any, and other terms and conditions relating to such options shall be determined by the board of directors of the Corporation or the Compensation Committee (as defined below) from time to time and in accordance with Exchange requirements.

**Termination.** As currently provided, any options granted pursuant to the plan will terminate generally within ninety days of the option holder ceasing to act as a director, officer, employee, management company or consultant of the Corporation or any of its affiliates, and within generally thirty days of the option holder ceasing to act as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the options terminate on the first anniversary of such cessation. If such cessation is on account of cause, or terminated by regulatory sanction or by reason of judicial order, the options terminate immediately. Options that have been cancelled or that have expired without having been exercised shall continue to be issuable under the plan. The plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision or exchange of the Corporation’s shares.

**Administration.** The Option Plan is administered by the board of directors of the Corporation or, if the board of the Corporation so elects, by a Committee (the “Compensation Committee”), which committee shall consist of at least two board members, appointed by the board of directors. Although no Compensation Committee has been appointed as of the date hereof, it is expected that a Compensation Committee will be appointed following the completion of the Business Combination.

**Board Discretion.** The Option Plan provides that, generally, the number of Corporation shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable, including vesting schedules, and other terms and conditions relating to such options shall be determined by the board of directors of the Corporation or the Compensation Committee and in accordance with Exchange requirements.

**Amendment.** As described elsewhere in this Circular, shareholders are being asked to approve amendments to the Option Plan to (i) reduce the maximum term of the Option Plan from ten (10) years to five (5) years; (ii) to amend the termination provisions of Option Plan so as to allow existing holders of SecureCom Options to continue to hold such securities for an additional 12 months following the Effective Date.

**Compensation of Executive Officers**

**Summary Compensation Table**

As of the date of this Circular, the Corporation has not paid any fees to its directors or officers, except as disclosed below. Compensation to be paid to the officers and directors of the Corporation will be determined by the board of directors of the Corporation once its operations have been established.
The following table (presented in accordance with National Instrument Form 51-102F6V - Statement of Executive Compensation – Venture Issuers ("Form 51-102F6V")) sets forth all compensation for services in all capacities to the Corporation for the financial year ended June 30, 2016 in respect of:

(a) each individual who acted as Chief Executive Officer ("CEO") or Chief Financial Officer ("CFO") for all or any portion of the most recently completed financial year;

(b) the most highly compensated executive officer of the Corporation including any of its subsidiaries (other than the CEO and the CFO), whose total compensation was more than $150,000 for the most recently completed financial year ended June 30, 2016; and

(c) any individual who would have satisfied these criteria but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of June 30, 2016;

(collectively, the "Named Executive Officers" or "NEOs").

Director and Named Executive Officer compensation, excluding compensation securities

<table>
<thead>
<tr>
<th>Name and position</th>
<th>Year</th>
<th>Salary, consulting fee, retainer or commission ($)</th>
<th>Bonus ($)</th>
<th>Committee or meeting fees ($)</th>
<th>Value of perquisites ($)</th>
<th>Value of all other compensation ($)</th>
<th>Total compensation ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roland Bopp(1), Chief Executive Officer, and Director</td>
<td>2016 2015</td>
<td>Nil Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Sean Comeau(2), CTO and Director</td>
<td>2016 2015</td>
<td>Nil 177,515</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil 177,515</td>
</tr>
<tr>
<td>Arvin Ramos(3), Chief Financial Officer</td>
<td>2016 2015</td>
<td>Nil Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>J. Stephen Barley(4), Director</td>
<td>2016 2015</td>
<td>Nil Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Gary Bartholomew(5), Director</td>
<td>2016 2015</td>
<td>Nil Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Ryan Chung, CFO, Secretary-Treasurer</td>
<td>2016 2015</td>
<td>Nil Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Greg Downey(6), Former CFO, Secretary-Treasurer</td>
<td>2015</td>
<td>Nil Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Mark Gelmon, Former CFO, Secretary-Treasurer</td>
<td>2015</td>
<td>Nil Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

(1) Roland Bopp was appointed as Chief Executive Officer, President, and Director of the Corporation from Feb. 4, 2016 to Nov. 22, 2016.

(2) Sean Comeau’s remuneration was paid to FTL Networks, a private company controlled by Mr. Comeau, and included management fees, salaries of consultants and employees, and overheads relating to software development. Mr. Comeau has been a director of the Corporation from Sept 25, 2014 to February 4, 2016.


(4) Stephen Barley was a director of the Corporation from Mar 29, 2016 to Nov 22, 2016.

(5) Gary Bartholomew was a director of the Corporation from March 29, 2016 to Nov 22, 2016.

(6) Lindsey R. Perry JR was a director of the Corporation from August 11, 2015 to Feb 4, 2016.
(7) Ryan Cheung was Chief Financial Officer of the Corporation from July 13, 2015 to March 29, 2016.
(8) Greg Downey was Chief Financial Officer, Secretary and Treasurer of the Corporation from January 12, 2015 to June 15, 2015.
(9) Mark Gelmon was Chief Financial Officer, Secretary and Treasurer of the Corporation for the period commencing June 15, 2015 to July 13, 2015.

Stock options and other compensation securities

No compensation securities were granted or issued to any directors or NEOs by the Corporation during the fiscal year ended June 30, 2016. The following table sets out all compensation securities granted or issued to all directors and NEOs by the Corporation since June 30, 2016 (being the most recent fiscal year end) for services provided, directly or indirectly, to the Corporation.

<table>
<thead>
<tr>
<th>Name and position</th>
<th>Type of compensation security</th>
<th>Number of compensation securities, number of underlying securities, and percentage of class</th>
<th>Date of issue or grant</th>
<th>Issue, conversion or exercise price ($ pre-consolidation)</th>
<th>Closing price of security or underlying security on date of grant ($)</th>
<th>Closing price of security or underlying security at year end ($)</th>
<th>Expiry date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duck Capital Inc. (Michael Galloro), CEO/Director</td>
<td>Stock option</td>
<td>300,000</td>
<td>February 17, 2017</td>
<td>$0.40</td>
<td>$0.40</td>
<td>N/A</td>
<td>February 16, 2022</td>
</tr>
<tr>
<td>Jonathan Leong, Former CFO</td>
<td>Stock option</td>
<td>100,000</td>
<td>February 17, 2017</td>
<td>$0.40</td>
<td>$0.40</td>
<td>N/A</td>
<td>February 16, 2022</td>
</tr>
<tr>
<td>Peter Simeon, Director</td>
<td>Stock option</td>
<td>100,000</td>
<td>February 17, 2017</td>
<td>$0.40</td>
<td>$0.40</td>
<td>N/A</td>
<td>February 16, 2022</td>
</tr>
<tr>
<td>John O’Rourke, Consultant</td>
<td>Stock option</td>
<td>150,000</td>
<td>February 17, 2017</td>
<td>$0.40</td>
<td>$0.40</td>
<td>N/A</td>
<td>February 16, 2022</td>
</tr>
<tr>
<td>Roland Bopp, Consultant</td>
<td>Stock option</td>
<td>100,000</td>
<td>February 17, 2017</td>
<td>$0.40</td>
<td>$0.40</td>
<td>N/A</td>
<td>November 30, 2022</td>
</tr>
<tr>
<td>Arvin Ramos</td>
<td>Stock option</td>
<td>20,000</td>
<td>March 29, 2016</td>
<td>$0.95</td>
<td>$0.40</td>
<td>N/A</td>
<td>November 30, 2017</td>
</tr>
</tbody>
</table>

No compensation securities were exercised by the Corporation’s Named Executive Officers and Directors during the fiscal year ended June 30, 2016 and none have been exercised as of the date of this Circular.

Employment, Consulting and Management Contracts

Management functions of the Corporation are not, to any substantial degree, performed other than by directors or executive officers of the Corporation. However, Mr. Bopp formerly provided his services as President and CEO through a consulting agreement dated February 1, 2016 between the Corporation and Renewable Energy LLC. This agreement could be terminated by the Corporation by providing one month’s prior notice. Mr. Bopp resigned as a director and senior officer on November 22, 2016 and the agreement was subsequently terminated.

Oversight and Description of Named Executive Officer and Director Compensation

Compensation to be paid to the officers and directors of the Corporation will be determined by the board of directors of the Corporation once its operations have been established.

Pension Plan Benefits

The Corporation does not currently provide any pension plan benefits to its executive officers, directors, or employees.

THE BUSINESS COMBINATION

The Business Combination will be carried out pursuant to the Transaction Agreement and the Amalgamation Agreement. The Business Combination will result in the combination of the businesses, assets and liabilities of
SecureCom and Holdco. Pursuant to the Amalgamation, Holdco will amalgamate with SecureCom’s wholly-owned subsidiary, Subco, and Holdco Shareholders will receive SecureCom Shares in exchange for their Holdco Shares. The amalgamated company, Amalco, will continue as a wholly-owned subsidiary of SecureCom and the Resulting Issuer will continue the business of Holdco. Upon completion of the Amalgamation, Amalco’s corporate name will be “Liberty Health Sciences USA Ltd.” The following summary does not purport to be complete and is qualified in its entirety by reference to the Transaction Agreement and the Amalgamation Agreement, copies of which are included at Schedule “B” of this Circular.

**Background to the Business Combination**

The terms of the Amalgamation are the result of arm’s length negotiations conducted between SecureCom and Holdco and their respective legal advisors. The following is a summary of the principal events leading up to the public announcement of the Amalgamation, the negotiation of the Amalgamation and other ancillary agreements.

Informal discussions between both companies began in March, 2017 concerning the advantages of a business combination.

The SecureCom Board met with members of senior management and was advised as to the status of the Transaction Agreement. After consultation with its legal advisors, the SecureCom Board resolved unanimously that the Amalgamation is fair to the SecureCom Shareholders and is in the best interests of SecureCom and to recommend that SecureCom Shareholders vote their SecureCom Shares in favour of the Amalgamation Resolution.

The Transaction Agreement and related ancillary agreements were finalized and executed and delivered by the Parties on April 4, 2017, and the transaction was announced by the Parties by way of a press release on April 4, 2017.

**The Offering**

On April 27, 2017, Holdco completed an equity private placement offering of 164,182,679 Subscription Receipts at a price of $0.208 per Subscription Receipt for gross proceeds of $34,149,997.23, pursuant to the Agency Agreement dated April 27, 2017, between Holdco and the Agent.

Each Subscription Receipt issued under the Offering entitles the holder thereof, following the satisfaction of the Escrow Release Conditions (as defined below) without the payment of any further consideration or the undertaking of any further action by the holders thereof to receive one Subscription Share immediately prior to the completion of the Business Combination.

Other than as described below, the gross proceeds from the Offering, less the Agent’s commission, fees, and estimated costs and expenses, are being held in escrow with TSX Trust Company pursuant to the Subscription Receipt Agreement dated April 27, 2017 between TSX Trust Company, SecureCom, Holdco and Clarus and will continue to be held in escrow pending the satisfaction of the Escrow Release Conditions, being: (i) all conditions precedent to the Business Combination being satisfied or waived in accordance with the terms of the Agreement; and (ii) the receipt of conditional approval from the Exchange to list the Resulting Issuer Shares on the Exchange. In the event the Escrow Release Conditions are not satisfied on or before 5:00 p.m. (Toronto time) on July 26, 2017, the gross proceeds of the Offering, plus the interest accrued thereon, shall be returned to the purchasers pro rata and the Subscription Receipts shall be automatically cancelled, void and of no value or effect.

On May 19, 2017, holders of an aggregate of approximately $25 million of Subscription Receipts agreed to waive the application of the Escrow Release Conditions in order to fund, in part, the acquisition of the assets of Chestnut. Such holders have been issued Holdco Shares in exchange for the cancellation of such Subscription Receipts. The balance of the proceeds currently being held in escrow will be released upon satisfaction of the Escrow Release Conditions.

On the Effective Date, the Subscription Shares issued upon the deemed exercise of the Subscription Receipts will be exchanged for Resulting Issuer Shares.

Pursuant to the Agency Agreement, Holdco has paid to the Agent, along with the reasonable expenses of the
Agent, a cash commission of $1,869,000.02, equal to six percent (6%) of the gross proceeds raised in the Offering, excluding the proceeds raised in connection with the sale of Subscription Receipts to the President’s List Purchasers. In addition, the Agents received 8,985,577 Holdco Broker Warrants entitling them to subscribe for the number of Subscription Shares as is equal to six percent (6%) of the aggregate number of Subscription Receipts sold pursuant to the Offering. Each Holdco Broker Warrant shall be exercisable at a price of $0.208 for a period of 24 months following April 27, 2017.

Pursuant to the Subscription Receipt Agreement, purchasers under the Offering will enter into an Escrow Agreement in respect of the Resulting Issuer Shares issued to them upon the deemed exercise of the Subscription Receipts sold under the Offering. Pursuant to the terms of the Escrow Agreement, in respect of such Escrowed Shares, 50% will be released upon completion of the Business Combination, 25% will be released three months following the completion of the Business Combination, and the balance will be released six months following the completion of the Business Combination.

After giving effect to the Business Combination, the number of Resulting Issuer Shares issuable pursuant to the Offering is 164,182,679 Resulting Issuer Shares. Accordingly, subscribers to the Offering will hold, on a post-Consolidation basis after giving effect to the Offering and the Business Combination, 19.3% of the Resulting Issuer Shares issued, on a non-diluted basis.

Terms of the Business Combination

The following is a summary of the terms of the Business Combination. Full particulars of the Business Combination are contained in the Transaction Agreement and the Amalgamation Agreement. The Amalgamation Agreement, substantially in the form attached as Schedule “B” to this Circular, is expected to be entered into among SecureCom, Holdco and Subco prior to the Effective Date in order to effect the Amalgamation. Holdco Shareholders and SecureCom Shareholders are urged to review each of the Transaction Agreement and the Amalgamation Agreement in its entirety.

On April 4, 2017, SecureCom and Holdco entered into the Transaction Agreement which sets out the terms and conditions pursuant to which the parties will complete the Business Combination. The purpose of the Business Combination is to effect SecureCom’s acquisition of all of the issued and outstanding Holdco Shares. If all conditions precedent to the Business Combination are satisfied or waived, including the approval of the Business Combination by shareholders of Holdco, the Business Combination will be implemented by way of a three-cornered amalgamation whereby Holdco will amalgamate with Subco under the BCBCA to form Amalco and securityholders of Holdco will receive securities of SecureCom which will continue under the name “Liberty Health Sciences Inc.”. Amalco will continue under the name “Liberty Health Sciences USA Ltd.” as a wholly-owned subsidiary of SecureCom and, together with SecureCom, will continue Holdco’s business. Name changes by both Amalco and SecureCom will be completed by way of directors’ resolution under their respective articles of incorporation.

Immediately prior to the Effective Date of the Amalgamation, each Subscription Receipt will convert automatically into one (1) Subscription Share without payment of additional consideration or further action on the part of the holder and the Escrowed Proceeds will be released from escrow.

On the Effective Date of the Amalgamation:

(a) Subco and Holdco will amalgamate and continue as Amalco;

(b) Each Holdco Share, including the Subscription Shares, shall be cancelled, and former Holdco Shareholders (other than dissenting Holdco Shareholders (who are ultimately entitled to be paid the fair value of their Holdco Shares)) shall receive one Consideration Share for each Holdco Share held by them;

(c) the common shares of Subco will be cancelled and replaced by common shares Amalco (“Amalco Shares”) on the basis of one Amalco Share for each common share of Subco;

(d) as consideration for the issuance of the Consideration Shares to former Holdco Shareholders to effect the Amalgamation, Amalco will issue to its immediate shareholder, SecureCom, one Amalco Share for each Consideration Share so issued;
(e) each Holdco Broker Warrant will be replaced with one Holdco Replacement Broker Warrant and each such Holdco Broker Warrant will be cancelled;

(f) all of the property, rights and interests of Holdco and Subco will continue as the property, rights and interests of Amalco, and Amalco will become liable for all of the liabilities and obligations of the Holdco and Subco;

(g) Amalco will be a direct wholly-owned subsidiary of SecureCom under the name “Liberty Health Sciences USA Ltd.”; and

(h) SecureCom will change its name to “Liberty Health Sciences Inc.”.

SecureCom will file the Amalgamation Filings as soon as practicable after the conditions set out in the Transaction Agreement have been satisfied or waived by the Parties at which time the Amalgamation will become effective upon the Certificate of Amalgamation being issued.

On completion of the Amalgamation, SecureCom will consolidate all of the SecureCom Shares (including the Consideration Shares), the SecureCom Options and the Holdco Replacement Brokers Warrants on a 3-1 basis by way of directors’ resolution under their articles of incorporation.

Following the Amalgamation:

(i) the Resulting Issuer will carry on the business previously carried on by Holdco;

(j) former shareholders of SecureCom will hold 43,348,149 Resulting Issuer Shares, representing approximately 15.3% of the outstanding Resulting Issuer Shares, on a non-diluted basis; and

(k) former shareholders of Holdco, including holders of Subscription Receipts, will hold 240,673,076 Resulting Issuer Shares, representing approximately 84.7% of the outstanding Resulting Issuer Shares, on a non-diluted basis

Assuming no SecureCom Shareholder exercises Dissent Rights and no Holdco Broker Warrants are exercised during the period between the date of this Circular and the Effective Date, on completion of the Amalgamation, there will be 284,021,221 Resulting Issuer Shares issued and outstanding.

Reasons for the Business Combination

In the course of their evaluation of the Business Combination, the SecureCom Board consulted with SecureCom’s senior management and legal counsel, reviewed a significant amount of information, including information derived from SecureCom’s due diligence review of Holdco, and considered a number of factors including, among others, the following:

- **Eliminates Financing Risk:** The Business Combination obviates SecureCom’s need to complete new financing in the near future.

- **Increased Liquidity for SecureCom Shareholders:** Completion of the Business Combination should result in increased liquidity for the SecureCom Shareholders, based upon the greater market capitalization of SecureCom on completion of the Business Combination and that the SecureCom Shares are listed on the CSE.

- **Anticipated Synergies Following Business Combination:** The effective business combination of Holdco and SecureCom will provide savings in the administrative, auditing, and legal and maintenance costs for the security holders of the companies as these expenses will be lower for one entity rather than if the companies continued as separate entities.

- **Experienced Management Team:** Upon completion of the Business Combination, SecureCom Shareholders will continue to have access to management with significant depth of executive experience.
Shareholder Approval: The Amalgamation Resolution must be passed by not less than two-thirds of the votes cast by all SecureCom Shareholders present in person or represented by proxy at the Meeting (other than those required to be excluded in determining such approval pursuant to MI 61-101).

No Preferable Alternative Transaction: The SecureCom Board concluded that none of the possible alternatives to the Business Combination, including the possibility of continuing as an independent entity to continue to develop its assets, were superior to the Business Combination, considering the perceived risks, timing and uncertainty of each such alternative after taking into account SecureCom’s imminent financing requirements and current market conditions.

Substantial Likelihood of Completion: The likelihood that the Business Combination would be consummated, in light of the absence of significant closing conditions, other than approval of the Business Combination by SecureCom Shareholders and Holdco Shareholders and other customary closing conditions.

The SecureCom Board also considered a number of potential issues regarding and risks resulting from the Amalgamation, including:

- Opportunity Costs if Amalgamation Not Completed: The risks to SecureCom if the Amalgamation is not completed, including the costs to SecureCom in pursuing the Amalgamation and the further diversion of SecureCom’s management from the conduct of SecureCom’s business in the ordinary course.

- Business Prospects and Financial Condition of Holdco: The business, operations, assets, financial performance and condition, operating results and prospects of Holdco, including the long-term expectations regarding Holdco’s operating performance.

- The Business of the Resulting Issuer: The risk factors applicable to the Resulting Issuer and the medical marijuana industry in general, each as outlined in this Circular.

The foregoing summary of the information and factors considered by the SecureCom Board is not, and is not intended to be, exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the Amalgamation, the SecureCom Board did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its conclusion and recommendation. The SecureCom Board’s recommendations were made after consideration of all of the above-noted factors and in light of the SecureCom Board’s collective knowledge of the business, financial condition and prospects of SecureCom, and were also based upon the advice of legal advisors to the SecureCom Board. In addition, individual members of the SecureCom Board may have assigned different weights to different factors.

Recommendation of the SecureCom Board

After careful consideration of various factors, the SecureCom Board unanimously concluded that the Business Combination is in the best interests of SecureCom and that the consideration to be received by SecureCom Shareholders pursuant to the Business Combination is fair to the SecureCom Shareholders. Accordingly, the SecureCom Board unanimously approved the Business Combination and unanimously recommends that SecureCom Shareholders vote FOR the Amalgamation Resolution.

Shareholder Approvals

The approval of the Amalgamation Resolution will require the affirmative vote of not less than two-thirds of the votes validly cast by SecureCom Shareholders present in person or by proxy at the Meeting (other than those required to be excluded in determining such approval pursuant to MI 61-101). The complete text of the Amalgamation Resolution to be presented to the Meeting is set forth in Schedule “A” to this Circular.

In addition to the approval of the Business Combination by SecureCom Shareholders, the approval of Holdco Shareholders for the Business Combination will also be required in order to effect the Amalgamation.
Regulatory Approvals

It is a condition to the completion of the Business Combination that all necessary regulatory approvals, including without limitation the conditional approval of the Exchange, shall have been obtained on terms and conditions satisfactory to SecureCom and Holdco, in each case acting reasonably.

The Business Combination and the listing of the Resulting Issuer Shares on the CSE also remain subject to the approval of the CSE and the definitive acceptance from the CSE that the Resulting Issuer will meet the standard listing requirements.

Dissenting Shareholder Rights

Registered Shareholders who wish to dissent should take note that strict compliance with the Dissent Procedures is required.

The following description of the Dissent Procedures is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of its SecureCom Shares and is qualified in its entirety by the reference to the full text of Part 8, Division 2 of the BCBCA which is attached to this Circular as Schedule “C”. A Dissenting Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of sections 237 to 247 of the BCBCA and consult with its own advisors. Failure to comply strictly with the provisions of the BCBCA and to adhere to the procedures established therein may result in the loss of all rights thereunder.

Each Registered Shareholder may exercise Dissent Rights under sections 237 to 247 of the BCBCA. SecureCom Shareholders who duly exercise such Dissent Rights and who:

(a) are ultimately determined to be entitled to be paid fair value for the SecureCom Shares in respect of which they have exercised Dissent Rights will be deemed to have transferred such SecureCom Shares to SecureCom for cancellation immediately prior to the Effective Date, and SecureCom shall fund such payment; or

(b) are ultimately not entitled, for any reason, to be paid fair value for the SecureCom Shares in respect of which they have exercised Dissent Rights will be deemed to have participated in the Amalgamation on the same basis as a SecureCom Shareholder that has not exercised Dissent Rights.

Persons who are Non-Registered Holders who wish to dissent with respect to their SecureCom Shares should be aware that only Registered Shareholders are entitled to dissent with respect to them. A Registered Shareholder such as an Intermediary who holds SecureCom Shares as nominee for Non-Registered Holders, some of whom wish to dissent, must exercise Dissent Rights on behalf of such Non-Registered Holder with respect to the SecureCom Shares held for such Non-Registered Holders. In such case, the Notice of Dissent should set forth the number of SecureCom Shares it covers.

Pursuant to section 237 of the BCBCA and the Amalgamation, every Registered Shareholder who dissents from the Amalgamation Resolution in compliance with sections 237 to 247 of the BCBCA will be entitled to be paid by Subco the fair value of the SecureCom Shares held by such Dissenting Shareholder determined as at the point in time immediately before the passing of the Amalgamation Resolution.

A Dissenting Shareholder must dissent with respect to all SecureCom Shares in which the holder owns a beneficial interest. A Registered Shareholder who wishes to dissent must deliver a Notice of Dissent to SecureCom, c/o Suite 1600, 1 First Canadian Place, 100 King Street West, Toronto ON M5X 1G5, Canada Attention: Peter Simeon, at least two days prior to the Meeting (or any adjournment(s) of the Meeting), and such Notice of Dissent must strictly comply with the requirements of section 242 of the BCBCA. Any failure by a SecureCom Shareholder to fully comply may result in the loss of that holder’s Dissent Rights. Non-Registered Holders who wish to exercise Dissent Rights must arrange for the Registered Shareholder holding their SecureCom Shares to deliver the Notice of Dissent.
The delivery of a Notice of Dissent does not deprive a Dissenting Shareholder of the right to vote at the Meeting on the Amalgamation Resolution; however, a Dissenting Shareholder is not entitled to exercise the Dissent Rights with respect to any of his, her or its SecureCom Shares if the Dissenting Shareholder votes in favour of the Amalgamation Resolution. A vote against the Amalgamation Resolution, whether in person or by proxy, does not constitute a Notice of Dissent.

A Dissenting Shareholder must prepare a separate Notice of Dissent for him, her or itself, if dissenting on his, her or its own behalf, and for each other person who beneficially owns SecureCom Shares registered in the Dissenting Shareholder’s name and on whose behalf the Dissenting Shareholder is dissenting and must dissent with respect to all of the SecureCom Shares registered in his, her or its name beneficially owned by the Non-Registered Holder on whose behalf he, she or it is dissenting. The Notice of Dissent must set out the number of Dissent Shares in respect of which the Notice of Dissent is to be sent and: (a) if such SecureCom Shares constitute all of the SecureCom Shares of which the Dissenting Shareholder is the registered and beneficial owner, a statement to that effect; (b) if such SecureCom Shares constitute all of the SecureCom Shares of which the Dissenting Shareholder is both the registered and beneficial owner but the Dissenting Shareholder owns additional SecureCom Shares beneficially, a statement to that effect and the names of the Registered Shareholders, the number of SecureCom Shares held by such registered owners and a statement that written Notices of Dissent have or will be sent with respect to such SecureCom Shares; or (c) if the Dissent Rights are being exercised by a registered owner who is not the beneficial owner of such SecureCom Shares, a statement to that effect and the name of the beneficial owner and a statement that the registered owner is dissenting with respect to all SecureCom Shares of the beneficial owner registered in such registered owner’s name.

If the Amalgamation Resolution is approved by the SecureCom Shareholders and if SecureCom notifies the Dissenting Shareholders of its intention to act upon the Amalgamation Resolution, the Dissenting Shareholder is then required within one month after SecureCom gives such notice, to send to SecureCom the certificates representing the Dissent Shares and a written statement that requires SecureCom to purchase all of the Dissent Shares. If the Dissent Right is being exercised by the Dissenting Shareholder on behalf of a Non-Registered Holder who is not the Dissenting Shareholder, a statement signed by the beneficial owner is required which sets out whether the beneficial owner is the beneficial owner of other SecureCom Shares and if so, (i) the names of the registered owners of such SecureCom Shares; (ii) the number of such SecureCom Shares; and (iii) that dissent is being exercised in respect of all of such SecureCom Shares. Upon delivery of these documents, the Dissenting Shareholder is deemed to have sold the SecureCom Shares and Subco is deemed to have purchased them. Once the Dissenting Shareholder has done this, the Dissenting Shareholder may not vote or exercise any shareholder rights in respect of the shares for which dissent is being exercised under the notice of dissent.

The Dissenting Shareholder and SecureCom may agree on the payout value of the Dissent Shares; otherwise, either party may apply to the court to determine the fair value of the Dissent Shares or apply for an order that value be established by arbitration or by reference to the registrar or a referee of the court. After a determination of the payout value of the Dissent Shares, SecureCom must then promptly pay that amount to the Dissenting Shareholder.

A Dissenting Shareholder loses his, her or its Dissent Right if, before full payment is made for the Dissent Shares, SecureCom abandons the corporate action that has given rise to the Dissent Right (namely, the Amalgamation), a court permanently enjoin the action, or the Dissenting Shareholder withdraws the Notice of Dissent with SecureCom’s consent. When these events occur, SecureCom must return the share certificates to the Dissenting Shareholder and the Dissenting Shareholder regains the ability to vote and exercise shareholder rights.

The discussion above is only a summary of the Dissent Rights, which are technical and complex. A SecureCom Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of sections 237 to 247 of the BCBCA. Persons who are Non-Registered Holders who wish to dissent should be aware that only Registered Shareholders are entitled to dissent.

SecureCom suggests that any SecureCom Shareholder wishing to avail himself, herself or itself of the Dissent Rights seek his, her or its own legal advice as failure to comply strictly with the applicable provisions of the BCBCA may prejudice the availability of such Dissent Rights. Dissenting Shareholders should note that the exercise of Dissent Rights can be a complex, time-consuming and expensive process.
If a Dissenting Shareholder fails to strictly comply with the requirements of the Dissent Rights, he, she or it will lose his, her or its Dissent Rights, SecureCom will return to the Dissenting Shareholder the certificates representing the Dissent Shares that were delivered to SecureCom, if any, and if the Amalgamation is completed, that Dissenting Shareholder will be deemed to have participated in the Amalgamation on the same terms as a non-dissenting SecureCom Shareholder.

If a Dissenting Shareholder strictly complies with the foregoing requirements of the Dissent Rights, but the Amalgamation is not completed, SecureCom will return to the Dissenting Shareholder the certificates delivered to SecureCom by the Dissenting Shareholder, if any.

**No Fractional Shares or Securities upon Conversion**

Notwithstanding this Agreement, but subject to the BC BCA, no Holdco securityholder shall be entitled to, and SecureCom will not issue, fractions of SecureCom Shares or Holdco Replacement Broker Warrants, as the case may be and no cash amount will be payable by SecureCom in lieu thereof. To the extent any Holdco securityholder is entitled to receive a fractional SecureCom Share or Holdco Replacement Broker Warrant, as the case may be, such fraction shall be rounded down to the closest whole number of the applicable security.

**Interests of Senior Management and Others in the Amalgamation**

The executive officers, directors and insiders of SecureCom beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 400,000 SecureCom Shares representing approximately 0.31% of the SecureCom Shares outstanding as of the date hereof. All of the SecureCom Shares held by the executive officers, directors and insiders of SecureCom will be treated in the same fashion under the Amalgamation as SecureCom Shares held by any other SecureCom Shareholder.

In considering the recommendation of the SecureCom Board with respect to the Business Combination, SecureCom Shareholders should be aware that certain members of the SecureCom Board and the executive officers of SecureCom have interests in the Business Combination or may receive benefits that differ from, or are in addition to, the interests of SecureCom Shareholders generally and that may present them with actual or potential conflicts of interest in connection with the Business Combination. The SecureCom Board is aware of these interests and considered them along with other matters described above in “Reasons for the Recommendation”.

All benefits received, or to be received, by directors or executive officers of SecureCom as a result of the Business Combination are, and will be, solely in connection with their services as directors or employees of SecureCom or the Resulting Issuer. No benefit has been, or will be, conferred for the purpose of increasing the value of consideration payable to any such person for SecureCom Shares, nor is it, or will it be, conditional on the person supporting the Business Combination.

Other than as described in this Circular, no informed person or proposed director of SecureCom, or any associate or affiliate of any informed person or proposed director, has or had a material interest, direct or indirect, in any transaction of SecureCom since the beginning of the last completed financial year, or in any proposed transaction, which has materially affected or would materially affect SecureCom or any of its subsidiaries.

**Canadian Securities Laws Considerations**

*Distribution and Resale of SecureCom Shares*

The SecureCom Shares to be issued in exchange for Holdco Shares pursuant to the Amalgamation will be issued in reliance upon exemptions from the prospectus and registration requirements of applicable Canadian securities laws. The SecureCom Shares will be freely tradable and may be resold in each of the provinces and territories of Canada provided that the trade is not a “control distribution” as defined in National Instrument 45-102 – Resale of Securities, no unusual effort is made to prepare the market or create a demand for these securities, no extraordinary commission or consideration is paid in respect of that sale, and if the selling securityholder is an insider or officer of SecureCom, the selling securityholder has no reasonable grounds to believe that SecureCom is in default of securities legislation.
Stock Exchange and Reporting Issuer Status

SecureCom is a reporting issuer in British Columbia, Alberta and Ontario. The SecureCom Shares are primarily listed on the CSE under the symbol “SCE”. Obtaining the approval of the CSE to the continued listing is a condition of the Business Combination.

United States Securities Laws Considerations

Circular is Prepared in Accordance with Non-U.S. Disclosure Standards

This Circular has been prepared in accordance with the disclosure requirements of Canada and applicable Canadian securities laws that are different from those of the United States. Financial statements and information included herein have been prepared in accordance with (non-U.S.) GAAP, as indicated (as defined herein), and are subject to auditing and auditor independence standards in Canada, and therefore may not be comparable to financial statements of United States companies. SecureCom Shareholders in the United States should be aware that Canadian disclosure requirements are different than those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act.

Transferability of the SecureCom Shares

The Shares issuable to Holdco Shareholders under the Amalgamation will be freely tradable under the U.S. Securities Act, except (1) if exchanged for shares deemed to be “restricted shares” under the U.S. Securities Act or (2) by persons who are “affiliates” of Holdco after the completion of the Amalgamation or within 90 days prior to the completion of the Amalgamation. Persons who may be deemed to be “affiliates” of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer, as well as principal shareholders of the issuer. SecureCom Shareholders are urged to consult their legal advisers to determine the extent of all applicable resale provisions.

THE TRANSACTION AGREEMENT

The Amalgamation will be carried out pursuant to the Transaction Agreement and the Amalgamation Agreement. The following is a summary of the principal terms of the Transaction Agreement and the Amalgamation Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to the Transaction Agreement, and the Amalgamation Agreement, which are attached as Schedule “B” of this Circular. SecureCom Shareholders are encouraged to read the Transaction Agreement, including the Amalgamation Agreement, in its entirety.

The Transaction Agreement

The Transaction Agreement is dated April 4, 2017, and is made between SecureCom and Holdco. The Transaction Agreement provides for the acquisition by SecureCom of all of the outstanding Holdco Shares by way of a three-cornered amalgamation pursuant to which Holdco and Subco will amalgamate under the provisions of the BCBCA. Amalco will be a wholly-owned subsidiary of the Resulting Issuer and, with the Resulting Issuer, will continue to operate the business of Aphria.

The Transaction Agreement and the summary of its material terms and conditions in this Circular have been included to provide information about the terms and conditions of the Transaction Agreement. They are not intended to provide any other public disclosure of factual information about the Parties or any of their respective subsidiaries or affiliates. The representations, warranties, covenants and conditions precedent contained in the Transaction Agreement are made by SecureCom or Holdco, as applicable, only for the purposes of the Transaction Agreement and were qualified and subject to certain limitations and exceptions agreed to by the parties in connection with negotiating its terms. In particular, in any review of the representations and warranties contained in the Transaction Agreement and described in this summary, it is important to bear in mind that the representations and warranties were made solely for the benefit of the Parties and were negotiated for the purpose of allocating contractual risk between the Parties rather than to establish matters as facts. The representations and warranties may also be subject to a contractual standard of materiality or material adverse effect different from those generally applicable to securityholders and to the public disclosure to SecureCom Shareholders and in some cases may be
qualified by disclosures made by one party to the other, which are not necessarily reflected in the Transaction Agreement. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this Circular, may have changed since the date of the Transaction Agreement, and subsequent developments or new information qualifying a representation or warranty may have been included in this Circular.

For the foregoing reasons, the representations, warranties, covenants and conditions precedent or any descriptions of them should not be read alone or relied upon as characterizations of factual information. Instead, such provisions or descriptions should be read only in conjunction with the other information provided elsewhere in this Circular or incorporated by reference herein.

Representations and Warranties

The Transaction Agreement contains customary representations and warranties made by each of Holdco and SecureCom. The assertions embodied in those representations and warranties were made solely for purposes of the Transaction Agreement and may be subject to important qualifications and limitations agreed to by the Parties in connection with negotiating its terms. Moreover, some of those representations and warranties are subject to a contractual standard of materiality or Material Adverse Effect (as defined in the Transaction Agreement) different from that generally applicable to public disclosure to SecureCom Shareholders, or are used for the purpose of allocating risk between the Parties. For the foregoing reasons, you should not rely on the representations and warranties contained in the Transaction Agreement as statements of factual information at the time they were made or otherwise.

The Transaction Agreement contains a number of representations and warranties of Holdco and SecureCom relating to, among other things: their corporate formation; corporate power; compliance with laws, permits, licences and constating documents; execution, delivery, authorization and enforceability of the Transaction Agreement; financial statements; liabilities; taxes; material changes and lack of material adverse effect; interests in and title to property and assets; operational matters; material contracts; litigation; environmental matters; employment and employee benefits; non-arm’s length transactions; authorized and issued capital; subsidiaries; reporting issuer status; stock exchange listing; the due filing of required documents with securities authorities; and the absence of misrepresentation in the public record.

The representations and warranties in the Transaction Agreement expire on the earlier of the Effective Date and the date on which the Transaction Agreement is terminated in accordance with its terms.

Conditions to Completion

Completion of the Business Combination and the transactions contemplated by the Transaction Agreement are subject to, among other things:

- all consents and approvals necessary to consummate the Amalgamation having been obtained, including approval by the Holdco Shareholders of the Business Combination, approval by the SecureCom Shareholders of the Amalgamation Resolution, the Advance Notice By-Law and the Option Plan Amendment and approval of the Exchange, which is in force and has not been modified;
- no Law being in effect that makes the consummation of the Business Combination illegal or otherwise prohibits or enjoins Holdco or SecureCom from consummating the Business Combination;
- there not having occurred a Material Adverse Effect with respect to SecureCom or to Holdco;
- the Transaction Agreement shall not have been terminated pursuant to the terms thereof;
- the divestiture of SecureCom’s existing technology assets having been completed;
- all SecureCom Convertible Securities having been exercised and/or converted in accordance with their terms, other than the SecureCom Options;
- SecureCom having cash on hand, together with HST receivables, of not less than $7,375,000 (net of expenses relating to the Business Combination incurred by SecureCom); and
each of SecureCom and Holdco having fulfilled or complied, in all material respects, with all covenants contained in the Transaction Agreement and any agreements, certificates and other instruments delivered or given pursuant to the Transaction Agreement, to be fulfilled or complied with by them at or prior to the Effective Date.

In addition to the foregoing, SecureCom shall have delivered to Holdco (or its shareholder designee) duly executed copies of (a) the Investor Rights Agreement, (b) the Registration Rights Agreement, (c) the Trademark License Agreement, and (d) the Know-How License Agreement, each as more fully described in this Circular.

Termination of the Transaction Agreement

The Transaction Agreement may be terminated by the mutual written agreement of the Parties, or by either Party upon notice by either one to the other prior to the Effective Date: (a) if the Business Combination is not approved by the Holdco Shareholders, or the approval of SecureCom Shareholders of all matters to be considered at the Meeting is not obtained, provided that a Party may not terminate the Transaction Agreement if the failure to obtain the requisite 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 Transaction Agreement; (b) if after the date of the Transaction Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Business Combination illegal or otherwise permanently prohibits or enjoins Holdco or SecureCom from consummating the Business Combination, and such Law has, if applicable, become final and non-appealable; and (c) if the Effective Date does not occur on or prior to July 31, 2017 (or such later date as Holdco and SecureCom may agree to in writing), provided that the failure of the Effective Date to so occur is not due to Party seeking to terminate the Transaction Agreement being in breach of one of its representations or warranties or to perform any of the covenants and agreements of such Party set forth therein. In addition to the foregoing, Holdco may also terminate the Transaction Agreement if SecureCom has breached any of its material representations or warranties or failed to perform any covenant or agreement contained in the Transaction Agreement and such breach or failure is incapable of being cured or is not cured on or prior to July 31, 2017 (provided that Holdco is not then in breach of any of its representations, warranties or covenants under the Transaction Agreement). In addition to the foregoing, SecureCom may also terminate the Transaction Agreement if Holdco has breached any of its material representations or warranties or failed to perform any covenant or agreement contained in the Transaction Agreement and such breach or failure is incapable of being cured or is not cured on or prior to July 31, 2017 (provided that SecureCom is not then in breach of any of its representations, warranties or covenants under the Transaction Agreement). See “The Transaction Agreement” for particulars of the terms and conditions of the Transaction Agreement.

Agreements for the Benefit of Aphria

It is a condition of the Business Completion that Aphria will have a minimum of 37.56% of the issued and outstanding Resulting Issuer Shares (on a non-diluted basis) following the completion of the Business Combination. SecureCom and Aphria have also agreed to enter into the following commercial agreements, in form and substance satisfactory to Aphria, such agreements to be entered into concurrent with (and as a condition of) the closing of the Business Combination.

Know-How Licence Agreement

On April 25, 2017, Holdco entered into the Know-How Licence with Aphria pursuant to which Holdco obtained a licence to use any Know-How for the purposes of cultivating, distributing and selling medical marijuana in the State of Florida. To the extent Holdco makes any Improvement, such Improvement will be wholly owned by Aphria. Following the completion of the Business Combination, Holdco will make available such Know-How directly to AcquireCo, which will in turn be relayed to assist with the control and operation of the day-to-day marijuana business of Chestnut.

In exchange for such license, Holdco issued to Aphria 192,400,000 Holdco Shares and has agreed to pay Aphria the Annual License Fee.

The Know-How License has no defined term, but will immediately terminate in the event Holdco experiences a change of control, except to the extent Aphria provides its prior written consent thereto. In addition, Aphria has the right to immediately terminate the Know-How Licence in the event: (a) Holdco commits a material breach of the
Know-How License (subject to a thirty (30) day cure period); (b) any applicable law (i) prohibits the grant of rights contemplated in the Know-How License; (ii) results in a requirement to make any material change to the grant of rights in the Know-How License; or (iii) requires any material change to any other terms and conditions in the Know-How License; (c) Holdco or any of its subsidiaries goes bankrupt, becomes insolvent or suspends or ceases, or threatens to suspend or cease, to carry on all or a substantial part of its business; or (d) Holdco contests the secret or substantial nature of the Know-How. Upon termination of the Know-How License, Holdco must cease all exploitation and use of the Know-How and any Improvements thereto.

Trademark Licence Agreement

Conditional upon completion of the Business Combination, Holdco will also enter into the Trademark Licence with Aphria pursuant to which Holdco and its subsidiaries (including AcquireCo) will obtain a licence to use Aphria’s Trademarks for the purposes of marketing, distributing and selling medical marijuana in the State of Florida. The Trademark License will supersede the terms of an interim trademark license agreement currently in effect between Aphria and Holdco which was implemented on a temporary basis following the Acquisition. The fees payable pursuant to the interim trademark license agreement are consistent with the description of the fees for the Trademark License described below.

In exchange for such license, SecureCom (and ultimately the Resulting Issuer) will pay Aphria a royalty of 3% on sales of each product that is sold or otherwise supplied by Holdco or any of its subsidiaries to another person under Aphria’s name (excluding, for greater clarity, any costs of packing, insurance, transport, delivery and consumption taxes).

Subject to each party’s termination rights therein, the Trademark Licence will remain in effect for an initial term of five (5) years, automatically renewing for successive twelve (12) month periods unless a party provides the other party with notice of non-renewal. The Trademark Licence will immediately terminate in the event Holdco experiences a change of control, except to the extent Aphria provides its prior written consent thereto. In addition, Aphria has the right to immediately terminate the Trademark Licence in the event: (a) Holdco commits a material breach of the Trademark Licence (subject to a thirty (30) day cure period); (b) Holdco or any of its subsidiaries goes bankrupt becomes insolvent or suspends or ceases, or threatens to suspend or cease, to carry on all or a substantial part of its business; or (c) the Know-How Licence is terminated.

Investor Rights Agreement

Conditional upon completion of the Business Combination, SecureCom (and ultimately, the Resulting Issuer) will enter into the Investor Rights Agreement pursuant to which, among other things, Aphria will be entitled to certain director nomination and pre-emptive rights. In particular, Aphria will have the right to designate two director nominees for election to the Resulting Issuer Board for so long as Aphria beneficially owns, directly or indirectly, in the aggregate, 10% or more of the issued and outstanding Resulting Issuer Shares (on a non-diluted basis). The Resulting Issuer Board will consist of five directors. Such nomination rights will terminate in the event that Aphria’s ownership interest in the Resulting Issuer falls below 10%.

The Investor Rights Agreement will also include customary pre-emptive rights in favour of Aphria pursuant to which in the event of a proposed distribution or issuance of Resulting Issuer Shares or other securities convertible or exchangeable into Resulting Issuer Shares (other than stock options or other securities issued under security based compensation arrangements), the Resulting Issuer will grant Aphria the right to subscribe for that number of Resulting Issuer Shares, or, as the case may be, for securities convertible or exchangeable into Resulting Issuer Shares, on the same terms and conditions, including the same subscription or exercise price, as applicable, in order that Aphria may continue to maintain its pro rata equity ownership interest in the Resulting Issuer.

Registration Rights Agreement

Conditional upon completion of the Business Combination, SecureCom (and ultimately, the Resulting Issuer) will enter into the Registration Rights Agreement pursuant to which, among other things, Aphria will be provided with customary demand and “piggy back” registration rights, as further described below.

Under the terms of the Registration Rights Agreement, Aphria may at any time and from time to time (but in no event more than 3 times per calendar year), require the Resulting Issuer to file a prospectus under applicable
securities laws and take such other steps as may be necessary to facilitate a secondary offering in Canada of all or any portion of the Resulting Issuer Shares held by Aphria, by giving written notice of such request to the Resulting Issuer. Subject to certain conditions set out in the Registration Rights Agreement, the Resulting Issuer shall use commercially reasonable efforts to as expeditiously as possible, but in any event no more than 60 days after the Resulting Issuer’s receipt of such notice, prepare and file a preliminary Prospectus under applicable securities laws and promptly thereafter take such other steps as may be necessary in order to effect the distribution in Canada of all or any portion of the Resulting Issuer Shares of Aphria as may be requested.

Additionally, if at any time and from time to time from and after the Effective Date, the Resulting Issuer proposes to make a distribution for its own account, the Resulting Issuer will, at that time, promptly provide Aphria with notice of such proposed distribution. Upon the written request of Aphria to the Resulting Issuer that Aphria wishes to include a specified number of its Resulting Issuer Shares in the distribution, the Resulting Issuer will cause such Resulting Issuer Shares of Aphria to be included in the distribution.

CERTAIN INCOME TAX CONSIDERATIONS

The following is a summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Income Tax Act (Canada) (the “Tax Act”) relating to the Amalgamation and Consolidation generally applicable to SecureCom Shareholders and Holdco Shareholders who, for the purposes of the Tax Act and at all relevant times (i) deal at arm’s length with SecureCom (referred to herein as SecureCom or the Resulting Issuer), Subco, Holdco and Amalco, (ii) is not affiliated with SecureCom, Holdco, Subco or Amalco, and (iii) holds or will hold, as applicable, all SecureCom Shares (referred to herein as SecureCom Shares, Consideration Shares or Resulting Issuer Shares) and Holdco Shares as capital property (each such SecureCom Shareholder or Holdco Shareholder referred to as a “Holder”). A Holder’s SecureCom Shares or Holdco Shares, as applicable, will generally be considered to be capital property of the Holder, unless the Holder holds the shares in the course of carrying on a business or acquired the shares in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act and the regulations thereunder and counsel’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (“CRA”). This summary also takes into account all specific proposals to amend the Tax Act which have been publicly and officially announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Proposed Amendments”), and assumes all such Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by judicial, governmental or legislative action or decision, or changes in the administrative policies and assessing practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, or any considerations that may arise under any income tax convention or treaty, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is not applicable to a Holder (i) that is a “financial institution” as defined in the Tax Act for purposes of the “mark-to-market property” rules, (ii) that is a “specified financial institution” as defined in the Tax Act, (iii) an interest in which is a “tax shelter investment” as defined in the Tax Act, (iv) that reports its “Canadian tax results” within the meaning of section 261 of the Tax Act in a currency other than Canadian currency, or (v) that has entered or will enter into, with respect to SecureCom Shares or HoldCo Shares, a “derivative forward agreement” as defined in the Tax Act. In addition, this summary is not applicable to Holders who acquired their SecureCom Shares or Holdco Shares on the exercise of an employee stock option. Such Holders should consult their own tax advisors.

This summary assumes that each of SecureCom, Holdco and Subco is, at all material times, a “taxable Canadian corporation” within the meaning of the Tax Act.

This summary is of a general nature only and is not exhaustive of all possible relevant Canadian federal income tax considerations. This summary is not, and should not be construed as, legal or tax advice to any particular Holder, and no representation with respect to the tax consequences to any particular Holder are made. Accordingly, Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences of the Amalgamation and the holding and disposition of Resulting Issuer Shares in their particular circumstances.
This summary does not address the Canadian federal income tax considerations applicable to holders of Holdco Broker Warrants. Such holders should consult their own tax advisors as to the tax consequences of the Amalgamation applicable to them. This summary also does not address the Canadian federal income tax considerations related to the holding and disposition of Holdco Subscription Receipts, and holders of Holdco Subscription Receipts should consult their own tax advisors in this regard.

Holders Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, is or is deemed to be resident in Canada for the purposes of the Tax Act (a “Resident Holder”). A Resident Holder to whom SecureCom Shares and/or Holdco Shares, as applicable, might not constitute capital property may make, in certain circumstances, an irrevocable election permitted by subsection 39(4) of the Tax Act to have the SecureCom Shares and/or Holdco Shares, as applicable, and all other “Canadian Securities” as defined in the Tax Act, held by such Resident Holder in the taxation year of the election and in all subsequent taxation years, treated as capital property. Resident Holders should consult their own tax advisors regarding this election.

Exchange by Holdco Shareholders of Holdco Shares for Consideration Shares

A Holdco Shareholder that is a Resident Holder (other than a Holdco Shareholder that exercises dissent rights) who receives no consideration other than Consideration Shares in exchange for its Holdco Shares on the Amalgamation will not realize any capital gain or capital loss as a result of the exchange. Such Resident Holder will be deemed to have disposed of its Holdco Shares for proceeds of disposition equal to the aggregate adjusted cost base of the Holdco Shares to the Resident Holder immediately before the exchange and to have acquired its Consideration Shares at an aggregate cost equal to such proceeds of disposition. The Resident Holder’s cost of such Consideration Shares acquired on the Amalgamation must be averaged with the adjusted cost base of any SecureCom Shares held by the Resident Holder as capital property immediately prior to the acquisition of such Consideration Shares to determine the Resident Holder’s adjusted cost base of its SecureCom Shares immediately following the Amalgamation.

Dissenting Holdco Shareholders

Under the current administrative practice of the CRA, a Resident Holder who is a Holdco Shareholder and exercises dissent rights (a “Resident Holdco Dissenter”) and is ultimately entitled to be paid the fair market value of its shares should be considered to have disposed of its Holdco Shares for proceeds of disposition equal to the amount paid by Amalco to the Resident Holdco Dissenter (excluding any interest awarded by the court) and should realize a capital gain (or capital loss) to the extent that such proceeds of disposition exceed (or are less than) the aggregate adjusted cost base of such Holdco Shares to such Resident Dissenter and any reasonable costs of disposition. The taxation of capital gains and capital losses is described below under “Holders Resident in Canada – Taxation of Capital Gains and Losses”. A Resident Holdco Dissenter will be required to include in computing its income any interest awarded by a court in connection with the exercise of the Resident Holdco Dissenter’s Dissent Rights.

Consequences of Amalgamation to SecureCom Shareholders

A SecureCom Shareholder that is a Resident Holder (other than a Resident Holder that exercises dissent rights) will not be considered to have disposed of their SecureCom Shares and will not realize any gain or loss as a result of the Amalgamation.

Dissenting SecureCom Shareholders

A SecureCom Shareholder that is a Resident Holder who exercises Dissent Rights (“Resident SecureCom Dissenter”) and is ultimately determined to be entitled to be paid fair value for the SecureCom Shares in respect of which they have exercised Dissent Rights will be deemed to have transferred such SecureCom Shares to SecureCom for cancellation immediately prior to the Effective Date in consideration for a payment from SecureCom. The Resident SecureCom Dissenter will be deemed to receive a dividend equal to the amount by which the amount received (other than in respect of interest awarded by a Court, if any) from SecureCom exceeds the paid-up capital of the Resident SecureCom Dissenter’s SecureCom Shares. See “Holders Resident in Canada - Receipt of Dividends on Resulting Issuer Shares” below.
Such a disposition will also give rise to a capital gain (or capital loss) equal to the amount by which such proceeds of disposition (less the deemed dividend, if any, referred to above and not including any interest awarded by a Court) exceed (or are less than) the aggregate of such Resident SecureCom Dissenter’s adjusted cost base of such SecureCom Shares immediately before the disposition and any reasonable costs of disposition. The general tax consequences to a Resident SecureCom Dissenter of realizing such a capital gain or capital loss are described below in “Taxation of Capital Gains and Capital Losses”. Interest awarded by a court to a Resident SecureCom Dissenter will be included in such Resident SecureCom Dissenter’s income for purposes of the Tax Act.

**Consolidation of Resulting Issuer Shares**

Following the Amalgamation, the Resulting Issuer Shares will be consolidated on a 3 to 1 basis. Subject to the treatment of fractional shares, the Consolidation will result in all of the Resulting Issuer Shares being replaced by a lesser number of Resulting Issuer Shares in the same proportion for all Resulting Issuer Shareholders, in circumstances where there is no change in the total capital represented by the issue, there is no change in the interest, rights or privileges of the shareholders and there are no concurrent changes in the capital structure of the Resulting Issuer. On that basis, the Consolidation will not result in any disposition or acquisition of Resulting Issuer Shares. The aggregate adjusted cost base to a Resulting Issuer Shareholder of all Resulting Issuer Shares held by such Resulting Issuer Shareholder will not change as a result of the Consolidation; however, the shareholder’s adjusted cost base per Resulting Issuer Share will increase proportionately.

**Receipt of Dividends on Resulting Issuer Shares**

A Resident Holder who is an individual will be required to include in income any dividend received or deemed to be received on Resulting Issuer Shares and will be subject to the gross-up and dividend tax credit rules normally applicable to dividends received from a taxable Canadian corporation, including the enhanced gross-up and dividend tax credit for dividends that have been designated by the Resulting Issuer as “eligible dividends” (as defined in the Tax Act) in accordance with the provisions of the Tax Act.

A Resident Holder that is a corporation will be required to include in income any dividend received or deemed to be received on Resulting Issuer Shares and generally will be entitled to deduct an equivalent amount in computing its taxable income. A “private corporation” or a “subject corporation” (both as defined in the Tax Act) may be liable for refundable Part IV tax on any dividends received or deemed to be received on Resulting Issuer Shares. In certain circumstances, a dividend or deemed dividend received by a corporation may be treated as a capital gain or proceeds of disposition pursuant to subsection 55(2) of the Tax Act, and corporate Resident Holders should consult their own tax advisors in that regard.

Taxable dividends received by an individual or trust, other than certain specified trusts, may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

**Disposition of Resulting Issuer Shares**

A Resident Holder that disposes of, or is deemed to dispose of, a Resulting Issuer Share (other than to the Resulting Issuer) will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Resulting Issuer Share exceed (or are less than) the aggregate of the Resident Holder’s adjusted cost base of such Resulting Issuer Share immediately prior to the disposition and any reasonable costs of disposition. The taxation of capital gains and capital losses is described below under “Holders Resident in Canada – Taxation of Capital Gains and Losses”.

**Taxation of Capital Gains and Losses**

A Resident Holder generally will be required to include in computing its income for the taxation year of disposition, one-half of the amount of any capital gain (a “taxable capital gain”) realized in such year. Subject to and in accordance with the detailed provisions of the Tax Act, a Resident Holder must deduct one-half of the amount of any capital loss (an “allowable capital loss”) against taxable capital gains realized in the taxation year of disposition and any unused allowable capital loss may be applied to reduce net taxable capital gains realized by the Resident Holder in the three preceding taxation years or in any subsequent taxation year.
A Resident Holder that throughout the relevant taxation year is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on its “aggregate investment income” for the year, which is defined to include certain taxable capital gains.

In the case of a Resident Holder that is a corporation, the amount of any capital loss otherwise determined resulting from the disposition of Resulting Issuer Shares may be reduced by the amount of dividends previously received or deemed to have been received on such shares to the extent and under the circumstances prescribed in the Tax Act. Similar rules may apply where shares are owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Resident Holders to whom these rules may be relevant should contact their own tax advisors.

Capital gains realized by an individual, other than certain trusts, may be subject to an alternative minimum tax. Resident Holders should consult their own tax advisors with respect to the alternative minimum tax provisions.

**Eligibility for Investment**

Resulting Issuer Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans (“RRSP”), registered retirement income funds (“RRIF”), registered education savings plans (“RESP”), registered disability savings plans (“RDSP”), deferred profit sharing plans and tax-free savings accounts (“TFSA”), provided that, at the time of acquisition, the Resulting Issuer Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the Canadian Securities Exchange).

Notwithstanding that a Resulting Issuer Share may be a qualified investment for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or annuitant of a RRSP or RRIF, as applicable, will be subject to a penalty tax in respect of a Resulting Issuer Share held in the TFSA, RRSP or RRIF, as applicable, if such Resulting Issuer Share is a “prohibited investment” for the particular TFSA, RRSP or RRIF. A Resulting Issuer Share will generally not be a “prohibited investment” for a trust governed by a TFSA, RRSP or RRIF unless the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, (i) does not deal at arm’s length with the Resulting Issuer for purposes of the Tax Act, or (ii) has a “significant interest” (as defined in the Tax Act) in the Resulting Issuer. In addition, a Resulting Issuer Share will generally not be a “prohibited investment” if the Resulting Issuer Share is “excluded property” (as defined in subsection 207.01(1) of the Tax Act) for trusts governed by a TFSA, RRSP or RRIF. Pursuant to certain Proposed Amendments, the prohibited investment rules discussed herein would be expanded to apply to RESPs and RDSPs. Investors who will hold their Resulting Issuer Shares in an RRSP, RRIF, TFSA, RESP or RDSP should consult their own tax advisors as to whether Resulting Issuer Shares will be a “prohibited investment” in their particular circumstances.

**Holders Not Resident in Canada**

This portion of the summary applies to a Holder who, for the purposes of the Tax Act and at all relevant times, is not resident or deemed to be resident in Canada and does not use or hold, SecureCom Shares or Holdco Shares in connection with carrying on a business in Canada (a “Non-Resident Holder”). Special rules not discussed in this summary may apply to a non-resident insurer carrying on an insurance business in Canada and elsewhere.

SecureCom Shareholders and Holdco Shareholders who are resident in a jurisdiction other than Canada should consult their tax advisors with respect to the tax implications of the Amalgamation and the Consolidation, including any associated filing requirements, in such jurisdictions and with respect to the tax implications in such jurisdictions of holding Resulting Issuer Shares after the Amalgamation.

**Exchange by Holdco Shareholders of Holdco Shares for Consideration Shares**

A Holdco Shareholder that is a Non-Resident Holder (other than a Holdco Shareholder that exercises dissent rights) who receives no consideration other than Consideration Shares in exchange for its Holdco Shares on the Amalgamation will not realize any capital gain or capital loss as a result of the exchange. Such Resident Holder will be deemed to have disposed of its Holdco Shares for proceeds of disposition equal to the aggregate adjusted cost base of the Holdco Shares to the Non-Resident Holder immediately before the exchange and to have acquired its Consideration Shares at an aggregate cost equal to such proceeds of disposition. The Non-Resident Holder’s cost of such Consideration Shares acquired on the Amalgamation must be averaged with the adjusted cost base
of any SecureCom Shares held by the Non-Resident Holder as capital property immediately prior to the acquisition of such Consideration Shares to determine the Non-Resident Holder’s adjusted cost base of its SecureCom Shares immediately following the Amalgamation.

In addition, if the Holdco Shares are “taxable Canadian property” to a Non-Resident Holder, the Consideration Shares received by such Non-Resident Holder on the Amalgamation will be deemed to be taxable Canadian property to such Non-Resident Holder. Non-Resident Holders who dispose of Holdco Shares that are “taxable Canadian property” (as defined in the Tax Act) should consult their own tax advisors concerning the potential requirement to file a Canadian income tax return depending on their particular circumstances. For a description of the definition of “taxable Canadian property” as it applies to Holdco Shares, see “Holders Not Resident in Canada – Dissenting Holdco Shareholders”.

**Dissenting Holdco Shareholders**

Under the current administrative practice of the CRA, a Non-Resident Holder who is a Holdco Shareholder and exercises dissent rights (a **“Non-Resident Holdco Dissenter”** and is ultimately entitled to be paid the fair market value of its shares should be considered to have disposed of its Holdco Shares for proceeds of disposition equal to the amount paid by Amalco to the Resident Holdco Dissenter (excluding any interest awarded by the court) and should realize a capital gain (or capital loss) to the extent that such proceeds of disposition exceed (or are less than) the aggregate adjusted cost base of such Holdco Shares to such Non-Resident Dissenter and any reasonable costs of disposition. A Non-Resident Holdco Dissenter will not be liable for Canadian income tax in respect of any gain resulting from the disposition, except where the Holdco Shares are taxable Canadian property and the Non-Resident Holder cannot benefit from an exemption under an applicable income tax treaty or convention.

Generally, Holdco Shares will constitute taxable Canadian property to a Non-Resident Holder if, at any time during the 60-month period immediately preceding the Amalgamation, more than 50% of the fair market value of the Holdco Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resources properties (as defined in the Tax Act) or options in respect of, or interests in, or civil law rights in such properties. Notwithstanding the foregoing, a Holdco Shares may be deemed to be taxable Canadian property to a Non-Resident Holder in certain circumstances specified in the Tax Act. Non-Resident Holders to whom these rules may be applicable should consult their own tax advisors.

Any interest paid to a Non-Resident Holdco Dissenter upon the exercise of dissent rights will not be subject to Canadian withholding tax.

**Consequences of Amalgamation to SecureCom Shareholders**

A SecureCom Shareholder that is a Non-Resident Holder (other than a Resident Holder that exercises dissent rights) will not be considered to have disposed of their SecureCom Shares and will not realize any gain or loss as a result of the Amalgamation.

**Dissenting SecureCom Shareholders**

A SecureCom Shareholder that is a Non-Resident Holder who exercises Dissent Rights ("**Non-Resident SecureCom Dissenter**") and is ultimately determined to be entitled to be paid fair value for the SecureCom Shares in respect of which they have exercised Dissent Rights will be deemed to have transferred such SecureCom Shares to SecureCom for cancellation immediately prior to the Effective Date in consideration for a payment from SecureCom. The Non-Resident SecureCom Dissenter will be deemed to receive a dividend equal to the amount by which the amount received (other than in respect of interest awarded by a Court, if any) from SecureCom exceeds the paid-up capital of the Non-Resident SecureCom Dissenter’s SecureCom Shares. Any such deemed dividend will be subject to Canadian withholding tax. See "Holders Not Resident in Canada - Receipt of Dividends on Resulting Issuer Shares" below.

Such a disposition will also give rise to a capital gain (or capital loss) equal to the amount by which such proceeds of disposition (less the deemed dividend, if any, referred to above and not including any interest awarded by a
Court) exceed (or are less than) the aggregate of such Non-Resident SecureCom Dissenter’s adjusted cost base of such SecureCom Shares immediately before the disposition and any reasonable costs of disposition. A Non-Resident SecureCom Dissenter will not be liable for Canadian income tax in respect of any gain resulting from the disposition, except where the SecureCom Shares are taxable Canadian property and the Non-Resident Holder cannot benefit from an exemption under an applicable income tax treaty or convention. See “Holders Not Resident in Canada – Disposition of Resulting Issuer Shares” for a discussion of when the SecureCom Shares would constitute “taxable Canadian property”.

Any interest paid to a Non-Resident SecureCom Dissenter upon the exercise of dissent rights will not be subject to Canadian withholding tax.

**Consolidation of Resulting Issuer Shares**

See “Holders Resident in Canada – Consolidation of Resulting Issuer Shares” above.

**Disposition of Resulting Issuer Shares**

A Non-Resident Holder who disposes of its Resulting Issuer Shares will not be liable for Canadian income tax in respect of any gain resulting from the disposition, except where the Resulting Issuer Shares are taxable Canadian property and the Non-Resident Holder cannot benefit from an exemption under an applicable income tax treaty or convention.

Generally, provided that a Resulting Issuer Share is listed on a “designated stock exchange” (which currently includes the CSE), such share will not be taxable Canadian property to a Non-Resident Holder unless at any time during the 60 month period immediately preceding the disposition of the share: (i) (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm’s length, (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnership, or (d) the Non-Resident Holder together with such persons, owned 25% or more of the issued shares of any class or series of the Resulting Issuer, and (ii) more than 50% of the fair market value of the share was derived directly or indirectly from one or any combination of: (a) real or immovable property situated in Canada; (b) Canadian resource properties; (c) timber resource properties; and (d) options in respect of, or interests in or for civil law rights in, property described in (a) to (c). Notwithstanding the foregoing, a Resulting Issuer Share may be deemed to be taxable Canadian property to a Non-Resident Holder in certain circumstances specified in the Tax Act.

Even if a Resulting Issuer Share is taxable Canadian property to a Non-Resident Holder, any capital gain realized upon the disposition of such share may not be subject to tax under the Tax Act if such gain is exempt from tax pursuant to the provisions of an applicable income tax treaty or convention. If a Non-Resident Holder to whom Resulting Issuer Shares are taxable Canadian property realizes a capital gain upon a disposition of such shares that is not exempt from tax under the Tax Act by virtue of an applicable income tax treaty or convention, the tax consequences described above under “Holders Resident in Canada – Disposition of Resulting Issuer Shares” and “Holders Resident in Canada - Taxation of Capital Gains and Losses” will generally apply to such Non-Resident Holder in respect of the disposition of such shares.

**Receipt of Dividends on Resulting Issuer Shares**

Where a Non-Resident Holder receives or is deemed to receive a dividend on Resulting Issuer Shares, the amount thereof will be subject to Canadian non-resident withholding tax at the rate of 25% of the gross amount of the dividend or such lower rate as may apply under the provisions of an applicable income tax treaty or convention. For instance, where the Non-Resident Holder is a resident of the United States that is entitled to benefits under the Canada-United States Income Tax Convention (1980) as amended, and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15%.
INFORMATION CONCERNING SECURECOM

The following information reflects certain selected information of SecureCom and is presented on a pre-Amalgamation basis. See “Information Concerning Holdco” and “Information Concerning the Resulting Issuer” for business, financial and share capital information relating to Holdco and the Resulting Issuer, respectively.

Summary

SecureCom was incorporated pursuant to the provisions of the BCBCA on November 9, 2011.

The address of SecureCom’s head office is located at 100 King Street West, Suite 1600, Toronto, Ontario, M5X 1G5 and its registered and records office is located Suite 2300, 550 Burrard Street, Vancouver, British Columbia, V6C 2B5.

SecureCom is a reporting issuer in the provinces of British Columbia, Alberta and Ontario. SecureCom’s continuous disclosure can be reviewed on SEDAR at www.sedar.com.

Selected Consolidated Financial Information and Management’s Discussion and Analysis

The following tables set out certain selected financial information of SecureCom for the nine months ended March 31, 2017 and the year ended June 30, 2016. The selected consolidated financial information has been derived from SecureCom’s audited financial statements and interim financial statements. The following information should be read in conjunction with SecureCom’s financial statements, included with this Circular. The financial results are not necessarily indicative of the results that may be expected for any other interim period or a full year. SecureCom’s annual consolidated financial statements and interim financial statements are presented in Canadian dollars and are prepared in accordance with IFRS.

<table>
<thead>
<tr>
<th></th>
<th>Period Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenses</td>
<td>$1,035,272</td>
</tr>
<tr>
<td>Net loss</td>
<td>$(441,171)</td>
</tr>
<tr>
<td>Amounts deferred in connection with the Business Combination</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Management’s Discussion and Analysis

SecureCom’s Management’s Discussion and Analysis for the year ended June 30, 2016, the interim period ended March 31, 2017 and the associated financial statements for the same periods are available on its corporate profile at www.sedar.com and are incorporated by reference herein.

Description of Securities

SecureCom is authorized to issue an unlimited number of common shares without par value. Each common share provides the holder with one vote. As of the date of this Circular, there are 130,044,447 common shares issued and outstanding.

Description of the Business

SecureCom, under the brand SecurePair™ develops and markets consumer software and hardware encryption communications products for mobile phones, tablets, and computer-based platforms. Its technology enables people to communicate, in complete privacy, with ease, using voice, text and data messaging. The Company employs cryptographically strong algorithms and protocols to shield communication from surveillance and analysis. Its encryption scheme cannot be circumvented by mobile carriers or other parties, thereby ensuring total privacy.
SecureCom products are available for the Android platform. As a condition of completion of the Business Combination, SecureCom is required to divest itself of its current business and related technology assets prior to the Effective Date.

Further additional information concerning the business of SecureCom, its operations and its properties can be found in the documents filed under SecureCom’s SEDAR profile at www.sedar.com.

Subject to completion of the Business Combination, SecureCom will combine its business with Holdco and thereafter be engaged in the business of the cultivation and harvesting of marijuana in certain permitted state jurisdictions in the United States.

Ownership of Securities

As of the Record Date and the date of this Circular, the directors, executive officers and insiders of SecureCom each beneficially owned or exercised control or direction over an aggregate of 400,000 SecureCom Shares, 400,000 SecureCom Options and nil SecureCom Warrants. As a condition to the completion of the Business Combination, all convertible SecureCom securities other than the SecureCom Options will have been exercised and/or converted in accordance with their terms. See “The Transaction Agreement – Conditions to Completion”.

As of the date of this Circular, except as otherwise disclosed herein, the directors, executive officers and insiders of SecureCom do not beneficially own or exercise control or direction over any Holdco Shares or securities convertible into Holdco Shares.

Prior Sales

There have been no issuances of securities by SecureCom during the 12 months ended immediately preceding the date of this Circular.

Price History and Trading Volume

The SecureCom Shares are primarily listed on the Exchange under the symbol “SCE”. The following table sets forth the market closing price ranges and trading volume of the SecureCom Shares for the periods in listed below:

<table>
<thead>
<tr>
<th>Month</th>
<th>High ($)</th>
<th>Low ($)</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1 – 4, 2017</td>
<td>0.48</td>
<td>0.435</td>
<td>21,423</td>
</tr>
<tr>
<td>March 2017</td>
<td>0.54</td>
<td>0.37</td>
<td>26,815</td>
</tr>
<tr>
<td>February 2017</td>
<td>0.50</td>
<td>0.385</td>
<td>29,023</td>
</tr>
<tr>
<td>January 2017</td>
<td>1.20</td>
<td>0.31</td>
<td>66,516</td>
</tr>
<tr>
<td>December 2016</td>
<td>0.80</td>
<td>0.325</td>
<td>42,211</td>
</tr>
<tr>
<td>November 2016</td>
<td>0.53</td>
<td>0.05</td>
<td>114,558</td>
</tr>
<tr>
<td>October 2016</td>
<td>0.12</td>
<td>0.070</td>
<td>4,519</td>
</tr>
<tr>
<td>September 2016</td>
<td>0.13</td>
<td>0.09</td>
<td>1,959</td>
</tr>
<tr>
<td>August 2016</td>
<td>0.13</td>
<td>0.095</td>
<td>3,136</td>
</tr>
<tr>
<td>July 2016</td>
<td>0.17</td>
<td>0.085</td>
<td>5,060</td>
</tr>
<tr>
<td>June 2016</td>
<td>0.30</td>
<td>0.035</td>
<td>47,880</td>
</tr>
<tr>
<td>May 2016</td>
<td>0.08</td>
<td>0.035</td>
<td>84,271</td>
</tr>
</tbody>
</table>

*Note: Trading in respect of the SecureCom Shares was halted on the Exchange following the announcement of the proposed Business Combination on April 4, 2017.*

Legal Proceedings

As of the date hereof, SecureCom is not currently a party to any legal proceedings, nor is SecureCom currently contemplating any legal proceedings, which are material to its business. Management of SecureCom is currently not aware of any legal proceedings contemplated against SecureCom.
Auditors, Registrar and Transfer Agent

The auditor of SecureCom is MNP LLP, Chartered Accountants, of Suite 300, 111 Richmond Street West, Toronto, Ontario, M5H 2G4. It is anticipated that MNP LLP will be appointed auditor of the Resulting Issuer after giving effect to the Business Combination.

The registrar and transfer agent for SecureCom is TSX Trust Company at its offices at 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1.

INFORMATION CONCERNING HOLDCO

Corporate Structure

Holdco is a privately-owned company incorporated on March 20, 2017, under the laws of the Province of British Columbia, Canada. Holdco continues to be governed by the BCBCA. The head office of Holdco is located c/o Stikeman Elliott LLP at 666 Burrard St #1700, Vancouver, BC V6C 2X8. Holdco has one wholly-owned subsidiary, being AcquireCo.

Business of Holdco

Overview

On March 30, 2017, AcquireCo and Chestnut entered into the Acquisition Agreement pursuant to which AcquireCo agreed to acquire, and Chestnut agreed to sell, all or substantially all of the assets of Chestnut, the principal asset of which consists of the License issued by the Florida Department of Health, Office of Compassionate Use under the provisions of the Compassionate Medical Cannabis Act of 2014. The License permits Chestnut to operate as a “dispensing organization” under applicable Florida law and to possess, cultivate, process, dispense and sell medical marijuana in the State of Florida.

Chestnut’s primary asset is the License, which is one of seven dispensing organization licenses that were issued in the State of Florida by the Florida Department of Health, Office of Compassionate Use (the “Department”). The License, which was granted November 23, 2015, permits the sale of low THC cannabis and medical cannabis to treat a limited number of medical conditions in the State of Florida. Under the terms of the License, Chestnut is permitted to sell medical marijuana only to qualified medical patients that are registered with the State. Only certified physicians who have successfully completed a medical cannabis educational program can register patients and their medical cannabis orders on the Florida Office of Compassionate Use Registry. Chestnut maintains an open and collaborative relationship with the Department and Chestnut’s operations are in full compliance with all laws and regulations.

Due to the delay of the Florida legislature to enact legislation that would have clarified the transfer protocols and authority to transfer the License, the transfer of the License will occur in two stages. Pending the receipt of the License from the Department or the definitive approval or authorization therefor, the terms of the Management Agreement will govern the relationship between Chestnut and AcquireCo. See “Information Concerning Holdco – Management Agreement”.

Chestnut’s first plantings of medical marijuana occurred in June 2016 after receiving cultivation authorization from the state, and the first harvest and extraction occurred in December 2016. Since that time, production has been increasing as the operations stabilize. In light of the modest levels of production during Chestnut’s initial growing periods, Chestnut delivered all product to patients by car and did not operate a dispensary. Following the ramp-up in production, a detailed dispensary strategy and plan is being developed in conjunction with local authorities. Targeted sites include major metropolitan areas throughout Florida, including those in the following regions: South Florida, Central Florida, the west coast of Florida and North Florida, where qualifying dispensary sites have been located and assessed. Under the License, Chestnut can operate an unlimited number of dispensaries statewide (subject to potential legislative changes to be completed July 3, 2017). Currently, the dispensaries can be in any geographic location within the state as long as the local municipality’s zoning regulations authorize such a use.

In the state of Florida, only cannabis that is grown in the state can be sold in the state. As Florida is a vertically integrated system, Chestnut is able to cultivate, harvest, process and sell/dispense/deliver its own medical
cannabis products. The state also allows Chestnut to make a wholesale purchase of medical marijuana from, or a distribution of medical marijuana to, another licensed dispensing organization within the state. At the present time, Chestnut’s principal products include cannabis oil in capsule, oral solution, sublingual solution, and vaporizer forms due to regulatory restrictions on the sale of dry flower in the state.

*The Acquisition Agreement*

On March 30, 2017, AcquireCo and Chestnut entered into Acquisition Agreement pursuant to which AcquireCo agreed to acquire, and Chestnut agreed to sell, all or substantially all of the assets of Chestnut, the principal asset of which consists of the License issued by the Florida Department of Health, Office of Compassionate Use under the provisions of the *Compassionate Medical Cannabis Act of 2014*. The License permits Chestnut to operate as a “dispensing organization” under applicable Florida law and to possess, cultivate, process, dispense and sell medical marijuana in the State of Florida.

As consideration for the purchase of the License and related ancillary assets, AcquireCo agreed to pay the total sum of US$40 million. The purchase price was payable by an immediate, up-front deposit of approximately US$3.26 million, with the balance to be paid on closing of the acquisition. The deposit became non-refundable after the expiration of an open due diligence period wherein AcquireCo satisfied itself of relevant due diligence investigations. A portion of the purchase price will be held in escrow for a period of 12 months as a customary indemnity holdback to satisfy any indemnity claims that may be made by AcquireCo. Holders of an aggregate of approximately $25 million of Subscription Receipts (or approximately US$18.4 million) agreed to waive the application of the Escrow Release Conditions in order to fund, in part, the purchase price. Such holders have been issued Holdco Shares in exchange for the cancellation of such Subscription Receipts. The balance of the purchase price (less the non-refundable deposit) was funded by Aphria.

The Acquisition Agreement was amended to clarify certain clerical matters on April 13, 2017 and further amended on May 19, 2017 by the Second Amendment. The Second Amendment was prepared in response to the failure of the Florida legislature to enact legislation that would have clarified the transfer protocols and authority to transfer the License. Pursuant to the terms of the Second Amendment, the purchase and sale of the assets of Chestnut will be effectuated in two stages.

The first stage of the purchase and sale, which was completed concurrent with the execution of the Second Amendment on May 19, 2017, contemplated the sale of all assets of Chestnut, other than the License, on the condition that, among other things, the parties enter into the Management Agreement in respect of the control and operation of Chestnut, as further described below. The second stage of the purchase and sale will be completed upon the approval of the State of Florida to transfer the License to AcquireCo. Unless and until the approval is received by AcquireCo from the State of Florida for the transfer of the License from Chestnut to AcquireCo in accordance with the terms of the Second Amendment, the parties have agreed that the terms of the Management Agreement shall govern.

*The Management Agreement*

Pursuant to the terms of the Management Agreement, AcquireCo will exclusively be responsible for control and determination of the day-to-day conduct of the business activities of Chestnut as they relate to the business of growing, producing, and distributing marijuana pursuant to the License, including cultivation processes, cultivation, media relations, marketing, personnel control and personnel/employee decisions, banking, accounts payable, accounts receivable, billing procedures, collection matters, cash management policies, pricing, procurement of equipment used or useful in connection with such business, and such other matters as may be necessary or appropriate in connection with day-to-day conduct of the business.

In furtherance of AcquireCo’s control and determination of the marijuana business of Chestnut, AcquireCo is authorized and empowered, without further authorization from Chestnut to, among other things, (a) establish policies and procedures with respect to all operations, marketing, banking, accounting, financial controls, and personnel activities; (b) contract for the purchase or sale of products, supplies, inventory, goods and services in connection with the ordinary course of business; (c) purchase products or property from, or sell, lease or convey products or property to, Chestnut relating to the marijuana business; and (d) open and close all bank accounts, deposit and withdraw monies and otherwise be listed as authorized signatories on all Chestnut bank accounts as related to the marijuana business.
In consideration of the services to be provided under the Management Agreement for the development of services that will be made available to Chestnut, and to recognize that AcquireCo has paid Chestnut for the right to manage Chestnut's operations, AcquireCo is entitled to retain all pre-tax profits generated by the marijuana business of Chestnut during the term of the Management Agreement. The Management Agreement has an initial term of forty (40) years and shall thereafter automatically renew for successive terms of five (5) years each.

The Management Agreement may only be terminated in very limited circumstances, including (a) the bankruptcy or insolvency of either Chestnut or AcquireCo; (b) upon mutual written consent of both parties; (c) breach of certain pre-defined material obligations; or (d) 30 days following AcquireCo’s receipt of the License from the Florida Department of Health or the definitive approval or authorization therefor.

On May 22, 2017, the Florida Department of Health issued a written notice acknowledging and confirming that AcquireCo and Chestnut may proceed with their commercial arrangement pursuant to the terms of the Management Agreement.

**Operations**

Chestnut's operations are located at its 28 acre facility in Alachua, Florida, near the city of Gainesville (the “Facility”). The Facility is subject to a ground lease which has 8 years remaining on the term. Currently, the Facility allocates 10,800 square feet as growing space for the purpose of cultivating medical marijuana. Subsequent to the closing of the Acquisition, Holdco intends to increase the Facility’s growing space to 30,000 square feet. Processing operations occur within a 4,000 square foot head house located adjacent to the greenhouses. The Facility currently employs or has under contract approximately 20 full or part time staff. This includes lab technicians, horticulturalists, operations, sales, marketing, and security personnel.

Chestnut currently uses its own proprietary production and extraction techniques for the cultivation, harvesting, and processing of medical marijuana. In connection with the Acquisition Agreement, Holdco intends to implement certain proprietary processes, automation initiatives and know-how from Aphria pursuant to the terms of the Know-How License. See “Agreements for the Benefit of Aphria – Know-How License Agreement.” The implementation of such processes should enhance and vastly improve the efficiency of the existing cultivation and extraction processes employed by Chestnut. In addition, the new methods should expand the array of products that will be offered.

Further, in connection with the Acquisition Agreement, all Chestnut products and consumer-facing items (such as physician education materials) will be rebranded using Aphria trademarks pursuant to the terms of the Trademark License. See “Agreements for the Benefit of Aphria – Trademark License Agreement”. The brand migration will occur concurrently on the web to enhance the purchase capabilities and product offerings provided by Chestnut and to be more appealing to the medical patients.

**Regulatory Environment**

In November of 2016, the voters of Florida overwhelmingly approved the expansion of the uses for medical marijuana to treat a further twenty plus medical conditions as well as those conditions that a physician believes could be managed with the use of medical cannabis. Since Chestnut had previously obtained its License in the State of Florida for the cultivation, production, and sale of low-THC medical cannabis, it has been grandfathered into the new broader medical cannabis framework, which now includes the ability to produce and sell high THC cannabis.

The medical cannabis marketplace in Florida is in its infancy, which is evidenced by the fact that less than 20,000 patients have been added to the Compassionate Use Patient Registry to date statewide. With over 20 million people, Florida’s patient population is vast. Under the guidance of an experienced cultivator and dispenser of medical cannabis like Aphria, Holdco, through its acquisition of Chestnut, is poised to aggressively grow and become a leader in the marketplace subject to completion of the Acquisition. The patient registration volume has grown significantly in recent months as more supply has become available and and as access to the growing number of physicians who are qualified to order medical cannabis has expanded. There are now over 700 qualified physicians in the state of Florida who can access medical cannabis for their patients. Patient volume is expected to continue increasing at a rapid pace in light of the expanded medical uses as well as the broad availability of high
THC products. With expanded production capabilities, a primary goal of the business moving forward is the acquisition of qualified patients.

*Products*

AcquireCo’s principal business strategy will be to focus on the sale of medical marijuana to patients through referrals from qualified physicians throughout the state of Florida. As a secondary business strategy, and depending on retail demand, AcquireCo also intends to sell medical marijuana crops at various stages of development to other licensed dispensing organizations within the state.

*Medical Marijuana*

Medical marijuana can be ingested in a variety of ways, including smoking, vaporizing, or consumption in the form of oil. Unlike the pharmaceutical options, individual elements within medical marijuana have not been isolated, concentrated and synthetically manipulated to deliver a specific therapeutic effect. Instead, medical marijuana addresses ailments holistically through the synergistic action of naturally occurring phytochemicals.

Chestnut’s Licence permits the sale of derivative products that are designated low-THC medical cannabis (i.e., products derived from cannabis plants with dried flowers containing 0.8 percent or less of tetrahydrocannabinol and more than 10 percent of cannabidiol weight for weight) and medical cannabis (i.e., products derived from all other cannabis plants) to qualified patients. The state does not allow smoking of cannabis for medical use and does not permit the dispensing of whole flowers. Medical marijuana has been used in the treatment of a wide variety of diseases and over 300 individually registered clinical trials in the last 10 years have studied the effects of medical marijuana. 42% of trials indicated medical marijuana helped cope with pain not only from the disease itself, but also provided relief from strong and sometimes toxic medications, such as chemotherapy. Neurological disorders, mental health, muscle and back problems, and inflammation (such as gastrointestinal disorders) also showed improvements with the use of medical marijuana in these clinical trials.

Sativa and Indica are the two main types of cannabis plants, and hybrids can be created when the genetics of each of the two plants are crossed. Within these different types of cannabis plants, there are many different varieties. The management team at AcquireCo is currently assessing these varieties to establish which strains will best suit patients and physicians. Within each variety of medical cannabis are two key active cannabinoids, namely THC, the psychoactive ingredient, and cannabidiol which is responsible for many of the non-psychoactive effects from medical marijuana.

*Pricing*

The state of Florida does not regulate pricing under the Compassionate Use regulations, and licensed dispensing organizations within the state of Florida are able to set their own prices for medical marijuana. AcquireCo’s prices will vary based on the market prices of other licensed dispensing organizations, but current selling prices range between $0.15 and $0.20 per milligram of active cannabinoid. AcquireCo’s price per milligram will be derived from operating costs, materials costs, growth time, and yield per plant from each of the varieties.

*Sales*

AcquireCo can only sell medical marijuana to qualified patients who have an active order from a qualified physician on the Compassionate Use Patient Registry. AcquireCo’s principal business strategy will be to focus on the sale of medical marijuana to patients through referrals from qualified physicians throughout the state of Florida. Aphria plans to execute on this strategy by employing representatives with pharmaceutical industry or medical sales experience, as well as specialized sales representatives in the health, nutrition, and natural products industries. Each such representative will reach out directly to doctors and other targeted healthcare professionals in a coordinated and carefully-crafted manner with the objective of making AcquireCo the licensed dispensing organization of choice within Florida. Management also intends to explore various market strategies in connection with alternative healthcare providers. The company will also continue with certain research and development activities, mostly relating to improving the quality and yield of medical marijuana harvested, enhancing the efficiency of operations, developing innovative products to meet patient needs, and reducing costs of production.
As a secondary business strategy, and depending on retail demand, AcquireCo also intends to sell medical marijuana crops at various stages of development to other licensed dispensing organizations within the state.

**Competition**

As of the date of this Circular, there are seven licensed dispensing organizations that are authorized to cultivate, process, transport, and dispense low-THC cannabis or medical cannabis pursuant to this section in the state of Florida. These seven are the only businesses in Florida authorized to dispense medical marijuana to qualified patients and their legal representatives. The licensed dispensing organizations in Florida include:

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHT Medical</td>
<td>855-524-8633</td>
<td><a href="mailto:info@chtmedical.com">info@chtmedical.com</a></td>
</tr>
<tr>
<td>The Green Solution</td>
<td>800-429-1987</td>
<td><a href="mailto:info@tgsflorida.com">info@tgsflorida.com</a></td>
</tr>
<tr>
<td>Trulieve</td>
<td>844-878-5438</td>
<td><a href="mailto:info@trulieve.com">info@trulieve.com</a></td>
</tr>
<tr>
<td>Surterra Therapeutics</td>
<td>850-391-5455</td>
<td><a href="mailto:wellness@surterra.com">wellness@surterra.com</a></td>
</tr>
<tr>
<td>Knox Medical</td>
<td>888-441-5669</td>
<td><a href="mailto:info@knoxmedical.com">info@knoxmedical.com</a></td>
</tr>
<tr>
<td>GrowHealthy</td>
<td>863-223-8882</td>
<td><a href="mailto:info@GrowHealthy.com">info@GrowHealthy.com</a></td>
</tr>
</tbody>
</table>

AcquireCo believes that due to the extensive regulatory restrictions and large amounts of financing required for vertical operations, the number of licensed dispensing organizations will remain relatively small in the short term. However, as the demand for medical marijuana increases, AcquireCo believes new competitors will enter the market. The principal aspects of competition between AcquireCo and its competitors will be the price and quality of medical marijuana and client service provided to physicians and patients. While AcquireCo will price its medical marijuana according to market demands, it anticipates a lower cost of production compared to its competitors. Additionally, AcquireCo will strive to have better and faster service by having more trained staff than any other licensed dispensing organization, as well as strategies to outperform and outmaneuver the competition. AcquireCo also plans to maintain a minimum level of inventory to ensure that we can continue to provide our customers with unmatched quality on a consistent basis while also acquiring new customers without supply interruptions.

**Selected Financial Information and Management’s Discussion and Analysis for Holdco and Chestnut**

The following is selected financial information for Holdco from the date of incorporation of March 20, 2017 to April 30, 2017 and for Chestnut for the periods from the date the License was first approved to be issued to Chestnut (on November 23, 2015) to March 31, 2016 and to September 30, 2016 as well as the six month period ended March 31, 2017. This management’s discussion and analysis should be read in conjunction with the audited financial statements for Holdco at April 30, 2017 and Chestnut at September 30, 2016 as well as the reviewed statements for Chestnut at March 31, 2017 and the notes thereto. The financial statements of Holdco and Chestnut are prepared in accordance with International Financial Reporting Standards (“IFRS”).
Selected annual information

<table>
<thead>
<tr>
<th>Holdco</th>
<th>Chestnut</th>
<th>Chestnut</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Period from Date of Incorporation</strong></td>
<td><strong>For the Six Month Period Ended</strong></td>
<td><strong>Period from Date of License Approval</strong></td>
</tr>
<tr>
<td>March 20, 2017 to April 30, 2017 (Canadian $)</td>
<td>March 31, 2017 (United States $)</td>
<td>November 23, 2015 to September 30, 2016 (United States $)</td>
</tr>
</tbody>
</table>

Revenue | $ - | $10,694 | $ - |
Net income(loss) | $478,198 | $(1,023,698) | $(2,108,143) |
Net income(loss) per share/unit | $0.003 | $(180) | $(370) |

As at April 30, 2017 | As at March 31, 2017 | As at September 30, 2016 |
Cash | $26,365,123 | $3,893,347 | $2,696,046 |
Inventory and biological assets | $ - | $571,035 | $95,756 |
Capital assets | $ - | $1,694,943 | $1,274,693 |
Total assets | $35,818,283 | $6,174,597 | $7,066,495 |
Long term liabilities | 5,172,484 | 2,676,246 | 7,611,188 |
Shareholders'/Members’ equity(deficit) | $30,645,799 | $3,260,892 | $(1,645,403) |

Summary of Results

**Holdco - For the Period from the Date of Incorporation of March 20, 2017 to April 30, 2016**

For the period from the date of incorporation of March 20, 2017 until April 30, 2017, Holdco did not have any operations and therefore did not have any revenue. As Holdco purchased United States dollars to fund the acquisition of Chestnut, Holdco recorded an unrealized foreign exchange gain of $682,258. Holdco also incurred legal and other professional fees of $204,060 as part of the Business Combination and Acquisition outlined below. The Company recorded net income of $478,178 or $0.003 per share.

Upon completion of the Business Combination, the Resulting Issuer will conduct its business under the new name “Liberty Health Sciences Inc.”. It is expected that the Resulting Issuer will, upon completion of the Business Combination, have its common shares listed and posted for trading on the CSE. The Business Combination is expected to close in July 2017 and is subject to the approval of SecureCom Shareholders.

The Acquisition was subject to the terms of the Acquisition Agreement, which included customary closing conditions as well as the completion of due diligence investigations to the satisfaction of the Company. A cash deposit of $4,453,161 (US$3,260,000) was made as a down payment on the Acquisition and was held in trust as at April 30, 2017. The balance of the US$40,000,000 purchase price payable under the Acquisition Agreement was paid on May 23, 2017, upon closing of the Acquisition. In connection with the closing of the Acquisition, proceeds of approximately $25,000,000 from the Offering were released from escrow with the consent of the holders thereof to fund the Acquisition.

**Chestnut - For the Period from the Date of License Approval November 23, 2015 to September 30, 2017**

On November 23, 2015, Chestnut was granted their dispensing authorization from the State of Florida. The authorization was to become a low-THC Cannabis Dispensing Organization for the Northeast Region in Florida. On June 21, 2016, Chestnut received authority to cultivate medical cannabis and on December 21, 2016, Chestnut received authority to process.
For the period from the date the License was first approved to be issued to Chestnut (on November 23, 2015) to September 30, 2016, Chestnut was building their growing and production facility and spent US$1,274,693 during the period. With the first crop being planted June 22, 2016, and with a minimum of sixteen week growing period, Chestnut did not have any revenue during the period and recorded a net loss of US$2,108,143 or US$370 per membership unit.

_Chestnut - For the Six Month Period ended March 31, 2017_

For the six month period ended March 31, 2017, Chestnut completed the construction and build-out of the production facility including acquiring the necessary extraction equipment to produce cannabis oil and tablets spending US$478,646 during the period. The first harvest took place in December 2016 and the first shipment and sale took place in January 2017. Chestnut recorded revenue of US$10,694 and a net loss of US$1,023,698 or US$180 per membership unit.

**Liquidity and Capital Resources**

_Holdco - For the Period from the Date of Incorporation of March 20, 2017 to April 30, 2017_

Holdco’s primary source of capital is the issuance of equity capital. As at April 30, 2017, Holdco had cash of $26,365,123 and working capital of $25,645,799. On April 27, 2017, pursuant to the Offering, Holdco issued Subscription Receipts for gross proceeds of approximately $34,150,000, which funds were held in escrow pending completion of the Escrow Release Conditions. On May 19, 2017, approximately $25,000,000 of the proceeds of the Offering were released with the consent of the holders thereof in order to fund the Acquisition.

Holdco currently has no source of operating cash flows, but expects to generate revenue from operations upon completion of the Acquisition and expects to have sufficient cash flow to meet its objectives.

_Chestnut - For the Period from the Date of License Approval November 23, 2015 to September 30, 2016_

Chestnut’s primary sources of capital are cash generated from finance leases, equity and debt issues. The proceeds from these activities were used to finance the build out of the facilities as well to fund working capital and operating losses. As at September 30, 2016, Chestnut had US$2,696,046 of cash and working capital of US$4,691,092.

In August 2016, Chestnut entered into a finance lease agreement related to certain production equipment totalling US$156,486. A down payment of US$39,125 was made against the lease, with the balance payable monthly over a two year period ending in October 2018.

In November 2015, Chestnut obtained a secured promissory note for US$5,000,000 which was secured by a general security agreement against Chestnut’s tangible assets. The note had a four year term and an interest rate based on the US 5-year Bond Yield. The holder of the note had an option to convert to 50% of the outstanding units issued to the founders in exchange for a fee of US$300,000. In lieu of the option fee, the holder of the note funded certain professional fees and other expenses on behalf of Chestnut.

In September 2016, Chestnut issued a convertible promissory note of US$2,700,000 which was unsecured. The principal and interest under the note were due on or after the first anniversary date of the note, with interest accruing at a rate of 1.7% per annum. No payments of principal and interest were to be paid without the consent of the note holder. The note was convertible at the holder’s option into 513 member units.

In September 2016, Chestnut issued 57 member units in exchange for US$300,000 cash.

_Chestnut - For the Six Month Period ended March 31, 2017_

Chestnut’s primary sources of capital are cash generated from operating activities, equity issues and from related parties. For the six month period ended March 31, 2017, Chestnut had cash of US$3,893,347 and working capital of US$4,242,195.
During the period, the secured promissory note for US$5,000,000 was converted to equity in exchange for 2,732.5 member units.

During the period, the surety bond refundable deposit of US$3,000,000 was received as it was no longer required by the State of Florida.

In December 2016, a related party exchanged their unsecured line of credit of US$929,993 for 178 member units.

Chestnut expects to meet its ongoing obligations through current cash on hand and from cash generated from (utilized in) operations. The current plan for Chestnut is to expand the production capacity and to build out a dispensary network over the next eight to twelve months.

**Outlook**

**Holdco**

Upon the completion of the Business Combination, Holdco, as a wholly owned subsidiary of the Resulting Issuer, intends to continue operating in accordance with its core strategy and primary objectives.

Holdco’s strategy is to further expand their operations in states that have a medical platform in place. The expansion will be through both acquisitions of current licensed producers as well as through Holdco’s participation in the application phase in emerging states. The mission is to be the leading aggregator of medical cannabis businesses in the United States. Management believes that Holdco is uniquely qualified to apply its cultivation know-how and low cost approach obtained from Aphria, pursuant to the Know-How License to acquire companies to further improve operations and cultivation. The acquisition of Chestnut in Florida is already starting to benefit from the know-how and methodologies and improvement initiatives obtained from Aphria pursuant to the Know-How License. Additionally, Holdco will be able to leverage its expertise in retail to become leaders in markets that allow for vertical integration. As with Florida, Holdco will offer a leading platform for its dispensary model in order to have best-in-class patient interaction.

Holdco will maintain a disciplined approach to investing by focusing on states that have implemented a medical cannabis system, and a large enough population which allows for numerous conditions to be prescribed the use of medical cannabis. In addition, Holdco expects to focus on states with a limited number of licensed producers and no growing or canopy limits, such as Maryland, Massachusetts, Connecticut and Ohio, among others.

**Chestnut**

Chestnut is the owner of one of seven dispensing organization licenses that were issued by the Florida Department of Health, Office of Compassionate Use (the “Department”). The License, which was granted November 23, 2015, only permitted low THC cannabis to be sold to treat a very limited number of medical conditions. Under the License, Chestnut is allowed to only sell to qualified medical patients that are registered with the State.

Florida is a vertically integrated system which enables Chestnut to cultivate, harvest, process and sell/dispense their own product. In the State of Florida, only cannabis that is grown in the state can be sold in the state. At the present time, dry flower cannot be sold, but cannabis oil and oil related products can be sold. Today, Chestnut’s principal products include oil in pill and vapor form.

In November of 2016, the voters of Florida overwhelmingly approved the expansion of the uses for medical marijuana to treat more than twenty medical conditions as well as those conditions that a physician believes could be alleviated with the use of medical cannabis. Since Chestnut had one of the seven low THC dispensing licenses, it was grandfathered into the new broader medical cannabis framework, including the ability to produce and sell high THC cannabis. In June 2017, the Florida Legislature enacted revisions to the existing medical cannabis statute in Florida. Under the new statutory framework, Chestnut can now produce and dispense a full array of vaping and other cannabis derivative products and edibles. In addition, chronic pain was added as a qualifying condition which should substantially increase the eligible patient population. While new licenses were included in the bill, the licensing process will take time and Chestnut is expected to enjoy a substantial operations and dispensary acquisition/roll out head start against any new licensees that may come onboard.
Since the first harvest and extraction of oil in December 2016, production has been increasing as the operations stabilize. In light of the modest levels of production, Chestnut has been delivering all product to patients by car and does not operate a dispensary. With the plan to ramp-up production, a detailed dispensary strategy and plan is being developed. Targeted sites include: South Florida, Central Florida, the west coast of Florida (Tampa/St. Petersburg, Sarasota and Naples) and North Florida (St. Augustine and the Jacksonville corridor), where qualifying dispensary sites have been located and are being assessed and acquired. Under the License, Chestnut can operate up to twenty-five dispensaries state wide. Currently, the dispensaries can be in any geographic location within the state subject to a local municipality’s zoning regulations.

The medical cannabis marketplace in Florida is in its infancy, which is evidenced by the fact that less than 20,000 patients have been added to the compassionate use patient registry to date state wide. With over 20 million people, Florida’s patient population is vast (with the largest population over the age of 70 in the United States and a substantial veteran population) and with the newly developed expansion and dispensary plans, management expects that Chestnut is poised to aggressively grow and become a leader in the marketplace. The patient registration volume has grown significantly in recent months as more supply becomes available and is expected to continue that expansion in light of the broader medical uses as well as the approval of high THC products. With expanded production capabilities, a primary goal of the business moving forward is the acquisition of qualified patients.

Consolidated Capitalization

The following table sets out the share structure of Holdco, on a consolidated basis, as of the date of this Circular:

<table>
<thead>
<tr>
<th>Designation of Security</th>
<th>Amount authorized or to be authorized</th>
<th>Amount outstanding as of the date of this Information Circular</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holdco Shares</td>
<td>Unlimited</td>
<td>678,028,848</td>
</tr>
<tr>
<td>Holdco Subscription Receipts</td>
<td>-</td>
<td>43,990,369(^{(1)})</td>
</tr>
<tr>
<td>Holdco Broker Warrants</td>
<td>-</td>
<td>8,985,577(^{(2)})</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Each Subscription Receipt entitles the holder thereof, following the satisfaction of the Escrow Release Conditions, without the payment of any further consideration, to receive one Subscription Share immediately prior to the completion of the Business Combination. 120,192,310 Subscription Receipts were released and exchanged for Holdco Shares on May 19, 2017.

\(^{(2)}\) Each Holdco Broker Warrant shall be exercisable at a price of $0.208 for a period of 24 months following April 27, 2017.

Prior Sales

The following table sets forth the number and price at which Holdco Shares have been sold within the 12 month period prior to the date of this Circular:

<table>
<thead>
<tr>
<th>Date</th>
<th>Aggregate Number and Type of Securities Issued</th>
<th>Issuance Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 11, 2017(^{(1)})</td>
<td>242,600,000 Holdco Shares</td>
<td>$0.001</td>
</tr>
<tr>
<td>April 18, 2017(^{(2)})</td>
<td>192,400,000 Holdco Shares</td>
<td>$0.026(^{(3)})</td>
</tr>
<tr>
<td>April 27, 2017(^{(4)})</td>
<td>164,182,679 Subscription Receipts 2,644,231 Holdco Shares</td>
<td>$0.208 $0.208</td>
</tr>
<tr>
<td>May 19, 2017</td>
<td>120,192,310 Holdco Shares</td>
<td>N/A(^{(5)})</td>
</tr>
</tbody>
</table>

\(^{(1)}\) On April 11, 2017, Holdco completed a private placement of 242,600,000 Holdco Shares for aggregate gross proceeds of $242,600.

\(^{(2)}\) These shares were issued in connection with and as consideration entering into the Know-How License. Such agreement was dated April 25, 2017, with effect from April 18, 2017.

\(^{(3)}\) The consideration attributed to the Know-How was determined via an arm’s length negotiation and set at $5 million, representing a deemed per share price of $0.026.

\(^{(4)}\) On April 27, 2017, Holdco completed the Offering. See “The Business Combination – The Offering”.

\(^{(5)}\) N/A.
On May 19, 2017, holders of approximately $25,000,000 of Subscription Receipts agreed to release their Subscription Receipts in exchange for Holdco Shares to fund a portion of the purchase price payable in respect of the Acquisition.

Legal Proceedings

Except as disclosed below, Holdco is not currently a party to any legal proceedings, nor is Holdco currently contemplating any legal proceedings, which are material to its business. Except as disclosed below, management of Holdco is currently not aware of any existing or contemplated legal proceedings to which it is or was a party to, or to which any of its properties is or was the subject of, since its incorporation.

Upon the execution of the Acquisition Agreement, certain convertible debt holders of Chestnut (the "Defendants") took certain actions intended to interfere with or prevent the consummation of the Acquisition. In response to such actions, Chestnut, through its counsel at Greenberg Traurig and Larry O’Keefe, elected to file suit against the Defendants in Okaloosa County Circuit Court seeking declaratory and injunctive relief that included: (a) a declaration that the Acquisition Agreement was a valid and binding contract between the parties thereto, and (b) a temporary injunction against the Defendants preventing them from taking any further actions against Chestnut or Holdco that would impede or disrupt the Acquisition or harm Chestnut’s license or interests. All Defendants were served, and to date the Defendants have not filed a responsive pleading. Upon closing of the Acquisition on May 23, 2017, the Defendants were notified in writing of same. As of the date hereof, the Defendants have not responded in any way in the pending case or initiated further claims. See “Risk Factors - Risks Related to the Operations of Holdco and the Resulting Issuer – Litigation”.

Material Contracts

The following are the only material agreements of Holdco or its subsidiaries that will be in effect on closing of the Business Combination (other than the Transaction Agreement, the Amalgamation Agreement and certain contracts entered into in the ordinary course of business):

(a) The Acquisition Agreement and the Second Amendment;
(b) The Management Agreement;
(c) The Trademark License;
(d) The Know-How License;
(e) The Investor Rights Agreement;
(f) The Registration Rights Agreement;
(g) The Subscription Receipt Agreement; and
(h) The Agency Agreement.

Copies of these agreements will be available for inspection (without charge) at the registered office of Holdco c/o Stikeman Elliott LLP at 666 Burrard St #1700, Vancouver, BC V6C 2X8 during ordinary business hours on any day prior to the Meeting and for a period of 30 days thereafter.

INFORMATION CONCERNING THE RESULTING ISSUER

General

As part of the Business Combination, SecureCom will change its name to “Liberty Health Sciences Inc.”. The Resulting Issuer’s head and registered office will be located at Holdco’s current head office c/o Stikeman Elliott LLP at 666 Burrard St #1700, Vancouver, BC V6C 2X8.
Organizational Chart

The following chart shows the expected corporate structure of the Resulting Issuer immediately following completion of the Business Combination, including its subsidiaries, their respective jurisdictions of incorporation, and the percentage of voting rights held following completion of the Business Combination. After giving effect to the Business Combination, Holdco and Subco will have effected the Amalgamation to become Amalco and the Resulting Issuer's intercorporate relationship will be as follows:

Description of Business

Upon completion of the Business Combination, the business of Holdco will become the business of the Resulting Issuer. Except as described below, the Resulting Issuer's business strategy and objectives will be the same as that of Holdco. See "Information Concerning Holdco – Business of Holdco."

Capital Structure

Description of Securities

The authorized share capital of the Resulting Issuer will be comprised of an unlimited number of Resulting Issuer Shares. Upon completion of the Business Combination and after giving effect to the Amalgamation and the Consolidation, a total of 284,021,221 Resulting Issuer Shares will be issued and outstanding.

Resulting Issuer Shares

The Resulting Issuer Shares rank equally as to dividends, voting powers, and participation in assets and in all other respects, on liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or any other disposition of the assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs after the Resulting Issuer has paid out its liabilities. The Resulting Issuer Shares are not subject to call or assessment rights or any pre-emptive or conversion rights. The holders of the Resulting Issuer Shares are entitled to one vote for each share on all matters to be voted on at a meeting of the shareholders. There are no provisions for redemption, purchase for cancellation or surrender.
Resulting Issuer Options

Options exercisable for 256,666 Resulting Issuer Shares will remain outstanding after completion of the Business Combination and Consolidation, subject to review, confirmation and ratification of the Resulting Issuer Board. If the Option Plan Amendment is approved by SecureCom Shareholders, then all outstanding options held by existing directors and officers of SecureCom will continue in effect for a period of 12 months from the date of the Business Combination.

The following table provides information as to options of the Resulting Issuer that, as of the date of this Circular are expected to be outstanding immediately following the completion of the Business Combination:

<table>
<thead>
<tr>
<th>Category of Option Holder</th>
<th>Number of Options to Acquire Resulting Issuer Shares Held as a Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Directors and Officers of SecureCom</td>
<td>133,333</td>
</tr>
<tr>
<td>Other existing Optionholders of SecureCom</td>
<td>123,333</td>
</tr>
<tr>
<td>Officers, non-executive directors and employees of the Resulting Issuer</td>
<td>Nil (1)</td>
</tr>
</tbody>
</table>

(1) Final allocation of options will be determined by the Board of the Resulting Issuer as soon as practicable following the Business Combination.

Selected Pro Forma Financial Information of the Resulting Issuer

The following table sets forth certain pro forma financial information of the Resulting Issuer after giving effect to the Business Combination and assuming completion of the Offering. Such unaudited pro forma consolidated financial statements are based on certain assumptions and adjustments and are not necessarily indicative of the Resulting Issuer’s consolidated financial position if the events reflected therein were in effect for the periods presented, nor do they purport to project the Resulting Issuer’s financial position or results from operations for any future period.

<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th>Pro Forma as at March 31, 2017 after Giving Effect to the Business Combination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>11,722,769</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$859,904</td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td>$70,038,072</td>
</tr>
</tbody>
</table>

Pro Forma Consolidated Capitalization

The following table sets forth the pro forma consolidated capitalization of the Resulting Issuer, on a consolidated basis, after giving effect to the Business Combination. The information in this table is based on the pro forma consolidated financial statements of the Resulting Issuer, included at Schedule “F” to this Circular.

<table>
<thead>
<tr>
<th>Equity</th>
<th>Number of Shares</th>
<th>Percentage of Outstanding Shares(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares to be held by Aphria</td>
<td>106,864,102</td>
<td>37.63%</td>
</tr>
<tr>
<td>Shares to be held by certain SecureCom securityholders (other than Aphria and existing Holdco Shareholders)</td>
<td>15,914,815</td>
<td>5.60%</td>
</tr>
<tr>
<td>Shares to be issued with respect to the Offering(2)</td>
<td>55,608,969</td>
<td>19.2%</td>
</tr>
<tr>
<td>Shares to be issued with respect to existing</td>
<td>105,633,333</td>
<td>37.50%</td>
</tr>
</tbody>
</table>
Available Funds and Principal Purposes

Upon completion of the Business Combination, the Resulting Issuer will have approximately $15.9 million of estimated funds available. The use of funds can be broken down as follows:

<table>
<thead>
<tr>
<th>Type of Funds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working capital of SecureCom as at May 31, 2017(^{(1)})</td>
<td>$3,089,742</td>
</tr>
<tr>
<td>Working capital of Holdco at May 31, 2017(^{(2)})</td>
<td>$4,846,033</td>
</tr>
<tr>
<td>Net proceeds of Offering(^{(3)})</td>
<td>$8,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$15,935,775</strong></td>
</tr>
</tbody>
</table>

\(^{(1)}\) Assumes all convertible securities, other than an aggregate of 770,000 Options have been exercised. Under the terms of the Transaction Agreement, SecureCom was required to deliver a minimum working capital balance of $7,400,000 as a condition to Closing. The parties subsequently agreed to reduce such amount in order that SecureCom could fund, in part, the up-front deposit required to be paid in connection with the Acquisition.

\(^{(2)}\) Includes the early escrow release of an aggregate of approximately $25,000,000 of subscription receipts, as well as the completion of the Acquisition. As part of the Acquisition, Holdco acquired approximately $4,080,000 (USD$3,000,000) in additional working capital.

\(^{(3)}\) Consisting of the remaining $10,000,000 currently held in escrow, less an aggregate of $2,000,000 of costs related to the Offering.

The Resulting Issuer intends to use these funds over the next twelve (12) months as set out in the following table:

<table>
<thead>
<tr>
<th>Anticipated Use of Funds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated transaction costs</td>
<td>$300,000</td>
</tr>
<tr>
<td>Florida operating costs</td>
<td>$3,672,000</td>
</tr>
<tr>
<td>Capital for Florida expansion</td>
<td>$5,168,000</td>
</tr>
<tr>
<td>General and administration</td>
<td>$1,375,000</td>
</tr>
<tr>
<td>Unallocated</td>
<td>$5,420,775</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$15,935,775</strong></td>
</tr>
</tbody>
</table>

Notwithstanding the foregoing, there may also be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives. The Resulting Issuer may require additional funds in order to fulfill all of the Resulting Issuer’s expenditure requirements to meet its objectives, in which case the Resulting Issuer expects to either issue additional equity securities or incur indebtedness. There is no assurance that additional funding required by the Resulting Issuer would be available if required.

Principal Securityholders

It is anticipated that the following persons will own of record or beneficially, directly or indirectly, or exercise control or direction over more than 10% of the issued and outstanding Resulting Issuer Shares after giving effect to the Business Combination:

<table>
<thead>
<tr>
<th>Name and Municipality of Residence</th>
<th>Resulting Issuer Shares Owned or Controlled</th>
<th>Percentage of Outstanding Resulting Issuer Shares (Non-Diluted/Fully Diluted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>APHRIA INC. Ontario, Canada</td>
<td>106,864,102</td>
<td>37.63%/37.20%</td>
</tr>
</tbody>
</table>
Directors and Officers

In connection with the Business Combination, it is proposed that each of the directors of SecureCom will resign as directors and that Vic Neufeld, John Cervini, Aaron Serruya and Brady Cobb will be appointed as directors of the Resulting Issuer. It is proposed that Michael Galloro will remain as a director of the Resulting Issuer. The appointment of each of these persons is conditional upon the closing of the Business Combination. In the event the Business Combination is not approved at the Meeting, the directors so elected at the Meeting will remain as directors of SecureCom.

The following table sets forth certain information regarding each of the proposed individuals who will be directors and officers of the Resulting Issuer at Closing. The names of the directors and officers of the Resulting Issuer, their municipalities of residence, their positions with the Resulting Issuer, the periods served as a director of Holdco, the number and percentage of voting securities of the Resulting Issuer proposed to be beneficially owned by them, directly or indirectly (on a non-diluted basis), or over which control or direction is proposed to be exercised, and their principal occupations during the past five years are as follows:

<table>
<thead>
<tr>
<th>Name and Municipality of Residence</th>
<th>Proposed Position with Resulting Issuer</th>
<th>Director or Officer of Holdco Since</th>
<th>Principal Occupation, Business or Employment During Past Five Years</th>
<th>Number of Resulting Issuer Shares to be Beneficially Owned, Controlled or Directed, Directly or Indirectly, following the Business Combination and Consolidation</th>
</tr>
</thead>
<tbody>
<tr>
<td>VIC NEUFELD Lakeshore, ON</td>
<td>Director</td>
<td>N/A</td>
<td>Chief Executive Officer and Chair of the Board of Aphria Inc.</td>
<td>2,403,866 (0.85%)</td>
</tr>
<tr>
<td>JOHN CERVINI Leamington, ON</td>
<td>Director</td>
<td>N/A</td>
<td>Co-Founder &amp; VP – Infrastructure &amp; Technology of Aphria Inc.</td>
<td>1,442,320 (0.51%)</td>
</tr>
<tr>
<td>AARON SERRUYA Toronto, ON</td>
<td>Director</td>
<td>N/A</td>
<td>Managing Director, Serruya Private Equity</td>
<td>7,333,332 (2.58%)</td>
</tr>
<tr>
<td>RENE GULLIVER Oakville, ON</td>
<td>Chief Financial Officer</td>
<td>N/A</td>
<td>Chief Financial Officer at Dream Global Real Estate Investment Trust</td>
<td>400,643 (0.14%)</td>
</tr>
<tr>
<td>MICHAEL GALLORO Toronto, ON</td>
<td>Interim Chief Executive Officer, Director</td>
<td>N/A</td>
<td>Chartered Accountant; Director and Senior officer of several private and public companies</td>
<td>Nil</td>
</tr>
<tr>
<td>BRADY COBB Fort Lauderdale, FL</td>
<td>Director</td>
<td>March 20, 2017</td>
<td>Partner, Cobb Eddy PLLC</td>
<td>881,410 (0.31%)</td>
</tr>
</tbody>
</table>

The term of office of the Resulting Issuer directors will expire on the date of the first annual meeting of the Resulting Issuer Shareholders or until their successors are duly elected, unless their office is earlier vacated in accordance with the BCBCA.

Michael Galloro will act as interim Chief Executive Officer for the Company until such time as a permanent Chief Executive Officer has been named, which permanent Chief Executive Officer is expected to be named on or concurrent with the closing of the Business Combination.

The following are brief biographies of the proposed executive officers and directors of the Resulting Issuer.
Vic Neufeld

Mr. Neufeld, CEO and Chair of the Board of Aphria Inc., was formerly a Partner with Ernst & Young LLP and the CEO of Jamieson Laboratories, Canada’s largest manufacturer and distributor of natural vitamins, minerals, concentrated food supplements, herbs and botanical medicines. He currently sits as Chair of Enwin Utilities Ltd., a local energy provider, and sits on the board of WFCU Credit Union.

Aaron Serruya

Mr. Serruya is the President of International Franchise Inc., home of global brands such as Yogen Früz®, Pinkberry® and Swensen’s® Ice Cream with over 4,500 frozen yogurt and ice cream franchises in over 50 countries. Mr. Serruya has over three decades of experience in the retail franchising sector. In addition, he is a Managing Director at Serruya Private Equity and was involved, on an advisory level, with Coolbrands, Kahala Brands and Jamba Juice. Mr. Serruya currently sits on the Board of Directors of Blue Goose Capital Corporation.

John Cervini

Mr. Cervini, Co-founder and Vice-President, Infrastructure & Technology and director of Aphria Inc., is a fourth-generation greenhouse grower with hydroponic agricultural experience. Together with his father and brother, Mr. Cervini helped establish Lakeside Produce, one of North America’s leading sales and marketing companies selling fresh produce from Canada to multinational retailers throughout North America. Mr. Cervini is a leading innovator in greenhouse growing technology and has also overseen greenhouse expansion to Carpentaria, California and Guadalajara, Mexico. Mr. Cervini is also a director of Copperstate Farms Investors, LLC.

Rene Gulliver

Mr. Gulliver served as an Executive Officer at Dream Global Real Estate Investment Trust from May 16, 2016 until June 30, 2016, as the Chief Financial Officer at Dream Global Real Estate Investment Trust (formerly Dundee International REIT) from January 7, 2013 until May 16, 2016 where he was responsible for the financial oversight and as the Senior Vice President at Dream Unlimited Corp. Mr. Gulliver held several positions at Cushman & Wakefield Inc., including the position of Chief Financial Officer Americas from January 2010 to December 2012, responsible for financial oversight for the United States, Mexico, South America as well as Canada. Prior to joining Cushman, he held positions as the Chief Executive Officer at Intercon Security and the Chief Financial Officer of Royal LePage Limited. Mr. Gulliver started his career at Price Waterhouse, specializing in international mergers and acquisitions and financings. He has experience in corporate finance, capital markets, business development and operations. Mr. Gulliver served as a Director of Trillium North Minerals Ltd. from June 19, 2007 to June 2009. He completed a C.A. in 1982. Mr. Gulliver graduated from the Richard Ivey School of Business at the University of Western Ontario, with honors, in B.A. in Business Administration in 1979.

Michael Galloro

Mr. Galloro is an accomplished financial executive with over 20 years of experience. Mr. Galloro gained public markets experience engaged as a Vice President of Finance for a TSXV listed company operating in the payment processing industry. He then pursued a consulting career focused primarily on the small and mid-cap space working closely with emerging private and publicly listed companies operating globally assisting with financings, M&A, corporate structuring and go public transactions, both in Canada and the US. Michael earned his Chartered Professional Accountant, Chartered Accountant (CPA, CA) designation while working in the financial institutions practice for KPMG LLP and has his Honours Bachelor of Accounting (BAcc) Degree from Brock University.

Brady Cobb

Mr. Cobb is a partner at Cobb Eddy, PLLC. Mr. Cobb’s practice focuses on the areas of regulated medical cannabis, healthcare, commercial litigation, government relations, commercial transactions and corporate structuring, compliance and asset protection. Mr. Cobb holds a JD from Barry University School of Law and is a member of the Florida Bar, the United States District Court for the Southern District of Florida, the United States District Court for the Middle District of Florida, the United States District Court for the Northern District of
California, the United States District Court for the Eastern District of Wisconsin and a registered lobbyist before the legislature and executive branch in Florida.

**Corporate Cease Trade Orders and Penalties**

No proposed director or executive officer of the Resulting Issuer is, as at the date of this Circular, or was within ten (10) years before the date of this Circular, a director, chief executive officer or chief financial officer of any company that was:

(a) subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

**Penalties and Sanctions**

No proposed director or executive officer of the Resulting Issuer, or a securityholder that is expected to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

**Personal Bankruptcies**

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

**Conflicts of Interest**

There are potential conflicts of interest to which some of the directors, officers and insiders of the Resulting Issuer may be subject in connection with the operations of the Resulting Issuer. Some of the individuals who will be appointed as directors or officers of the Resulting Issuer are also directors and/or officers of other reporting and non-reporting issuers. As of the date of this Circular, and to the knowledge of the directors and officers of SecureCom and Holdco, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals who will continue as directors or officers following the completion of the Business Combination. Situations may arise where the directors and/or officers of the Resulting Issuer may be in competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA.

**Other Reporting Issuer Experience**

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers.
<table>
<thead>
<tr>
<th>Name of Director, Officer or Promoter</th>
<th>Name and Jurisdiction of Reporting Issuer</th>
<th>Name of Trading Market</th>
<th>Position</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vic Neufeld</td>
<td>Aphria Inc., Canada</td>
<td>TSX</td>
<td>Chief Executive Officer and Chair of the Board</td>
<td>December 2, 2014 to present</td>
</tr>
<tr>
<td></td>
<td>Neptune Technologies &amp; Bioresources Inc.</td>
<td>TSX, NASDAQ</td>
<td>Director</td>
<td>July 12, 2016 to present</td>
</tr>
<tr>
<td>John Cervini</td>
<td>Aphria Inc., Canada</td>
<td>TSX</td>
<td>Co-Founder &amp; VP – Infrastructure &amp; Technology, Director</td>
<td>December 2, 2014 to present</td>
</tr>
<tr>
<td>Michael Galloro</td>
<td>SustainCo Inc., Canada</td>
<td>TSXV</td>
<td>Director</td>
<td>March 23, 2012 to present</td>
</tr>
<tr>
<td></td>
<td>Goldstream Minerals Inc., Canada</td>
<td>TSXV</td>
<td>Director</td>
<td>September 21, 2012 to present</td>
</tr>
<tr>
<td></td>
<td>Yangaroo Inc., Ontario</td>
<td>TSXV</td>
<td>Chief Financial Officer</td>
<td>December 1, 2010 to present</td>
</tr>
<tr>
<td></td>
<td>Black Sparrow Capital Corp., Ontario</td>
<td>TSXV</td>
<td>Chief Executive Officer, Chief Financial Officer and Director</td>
<td>November 28, 2011 to January 5, 2015</td>
</tr>
<tr>
<td></td>
<td>Agriminco Corp., Ontario</td>
<td>TSXV</td>
<td>Chief Financial Officer and Director</td>
<td>March 9, 2011 to July 28, 2014</td>
</tr>
<tr>
<td></td>
<td>Organic Potash Corporation, Ontario</td>
<td>CSE</td>
<td>Director</td>
<td>August 18, 2011 to October 28, 2015</td>
</tr>
<tr>
<td></td>
<td>Santa Maria Petroleum Inc., British Columbia</td>
<td>TSXV</td>
<td>Director</td>
<td>May 25, 2015 to December 29, 2016</td>
</tr>
</tbody>
</table>
Committees of the Resulting Issuer Board

The Resulting Issuer proposes to establish two committees: the Audit Committee and the Compensation & Governance Committee (the “C&G Committee”).

Audit Committee

The Audit Committee will initially consist of Vic Neufeld, Aaron Serruya and Brady Cobb, the majority of whom are “independent” and all of which are “financially literate” within the meaning of National Instrument 52-110 — Audit Committees. Each of the Audit Committee members has an understanding of the accounting principles used to prepare the Resulting Issuer’s financial statements, experience preparing, auditing, analyzing or evaluating comparable financial statements and experience as to the general application of relevant accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

The Board has adopted a written charter for the Audit Committee which sets out the Audit Committee's responsibility in reviewing the financial statements of the Resulting Issuer and public disclosure documents containing financial information and reporting on such review to the Board, ensuring that adequate procedures are in place for the review of the Resulting Issuer’s public disclosure documents that contain financial information, overseeing the work and reviewing the independence of the external auditors and reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management. The Audit Committee will also be responsible for recommending the adoption of an enterprise risk management program and an environmental management program for the Resulting Issuer and for supervising the Resulting Issuer’s compliance with and implementation of the risk and environmental programs.

Compensation and Governance Committee

The C&G Committee will initially consist of Vic Neufeld, John Cervini and Brady Cobb. The C&G Committee will be charged with reviewing, overseeing and evaluating the governance and nominating policies and the compensation policies of the Resulting Issuer. In addition, the C&G Committee will be responsible for: (i) assessing the effectiveness of the Board, each of its committees and individual directors; (ii) overseeing the recruitment and selection of candidates as directors of the Resulting Issuer; (iii) organizing an orientation and education program for new directors and coordinating continuing director development programs; (iv) considering and approving proposals by the directors to engage outside advisers on behalf of the Board as a whole or on behalf of the independent directors; (v) reviewing and making recommendations to the Board concerning any change in the number of directors composing the Board; (vi) administering any stock option or purchase plan of the Resulting Issuer or any other compensation incentive programs; (vii) assessing the performance of the officers and other members of the executive management team of the Resulting Issuer; (viii) reviewing and approving the compensation paid by the Resulting Issuer, if any, to consultants of the Resulting Issuer; and (ix) reviewing and making recommendations to the Board concerning the level and nature of the compensation payable, if any, to the directors and officers of the Resulting Issuer.

Executive Compensation

Overview

The Resulting Issuer’s compensation practices will be designed to retain, motivate and reward its executive officers for their performance and contribution to the Resulting Issuer's long-term success. The Board will seek to compensate the Resulting Issuer’s executive officers by combining short and long-term cash and equity incentives. It will also seek to reward the achievement of corporate and individual performance objectives, and to align executive officers’ incentives with shareholder value creation. The Board will seek to tie individual goals to the area of the executive officer's primary responsibility. These goals may include the achievement of specific financial or business development goals. The Board will also seek to set company performance goals that reach across all business areas and include achievements in finance/business development and corporate development.

The proposed independent directors of the Resulting Issuer will ratify and approve the executive compensation arrangements and the employment agreements for the Chief Financial Officer and the Chief Executive Officer, respectively.
Compensation Discussion and Analysis

The compensation of the Named Executive Officers or NEOs will include three major elements: (a) base salary, (b) an annual, discretionary cash bonus, and (c) long-term equity incentives, consisting of stock options granted under the Option Plan and any other equity plan that may be approved by the Board. These three principal elements of compensation are described below.

Following the completion of the Business Combination, the C&G Committee, in conjunction with the Board, is expected to establish an appropriate comparator group for purposes of setting the future compensation of the Named Executive Officers.

The Named Executive Officers will not benefit from pension plan participation. Perquisites and personal benefits are not a significant element of compensation of the Named Executive Officers.

Base Salary

Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries will be determined on an individual basis, taking into consideration the past, current and potential contribution to our success, the position and responsibilities of the Named Executive Officers and competitive industry pay practices for other medical marijuana investment companies of comparable size.

Annual Cash Bonus

Annual bonuses will be awarded based on qualitative and quantitative performance standards, and will reward performance of the named executive officer individually. The determination of a Named Executive Officer's performance may vary from year to year depending on economic conditions and conditions in the medical marijuana industry, and may be based on measures such as stock price performance, the meeting of financial targets against budget (such as adjusted funds from operations), the meeting of acquisition objectives and balance sheet performance.

Stock Option Plan

In connection with the Business Combination, the Resulting Issuer is seeking approval of the Option Plan Amendment. A copy of the Option Plan as it is proposed to be amended is attached hereto as Schedule “H”. The purpose of the Option Plan is to (i) provide Eligible Persons (as defined in the Option Plan) with additional incentive; (ii) encourage stock ownership by such Eligible Persons; (iii) increase the proprietary interest of Eligible Persons in the success of the Resulting Issuer; (iv) encourage Eligible Persons to remain with the Resulting Issuer or its subsidiaries; and (v) attract new directors, employees and officer.

Subject to the Option Plan Amendment, the Option Plan will be a rolling plan with the Resulting Issuer authorized to issue that number of options which is 10% of the issued and outstanding share capital at the date of the grant of shares, less the aggregate number of shares reserved for issuance or issuable under any Share Compensation Arrangement (as defined in the Option Plan).

For a description of the material terms of the Resulting Issuer Stock Option Plan, see “Statement of Executive Compensation - Material Terms of the Option Plan.”

Employment, Termination and Change of Control Benefits

The Resulting Issuer will adopt and approve executive employment agreements for Rene Gulliver, the incoming Chief Financial Officer and for the permanent Chief Executive Officer once such person has been named. Below is a summary of the material terms of the employment agreement for Mr. Gulliver.

The employment agreement with Mr. Gulliver provides for, among other things, the continuation of such executive's employment for an indefinite term, subject to termination in certain specified events as well as a six-month probationary period.
Mr. Gulliver is entitled to a salary at the rate of $250,000 per annum and an annual performance-based cash bonus of up to 25% of the base salary, to be approved by the Board and subject to the achievement of certain financial metrics.

In the event Mr. Gulliver is terminated without Cause (as defined in his employment agreement), he will be entitled to receive his base salary equal to 6 months’ notice plus 1 months’ notice per completed year of service with the Resulting Issuer up to a maximum of 12 months’ notice (the “Severance Amount”), together with any other amounts accrued but not yet paid at the time of termination. In the event Mr. Gulliver is terminated without Cause within two years following a Change of Control (as defined in his employment agreement), he will be entitled to receive a lump sum payment equal to two times the Severance Amount, together with any other amounts accrued but not yet paid at the time of termination.

Remuneration of Directors

The compensation for each of the Resulting Issuer’s directors for the 12 month period following completion of the Business Combination shall be finalized by the C&G Committee subsequent to the completion of the Business Combination. In reviewing director compensation, it is expected that the C&G Committee will consider the responsibilities and time commitment of the directors and benchmark compensation against comparable Canadian medical marijuana companies and others in the medical marijuana industry more generally. The Resulting Issuer will disclose the terms of any agreements entered into with any of the Resulting Issuer’s directors at the time such agreements are entered into.

Indebtedness of Directors and Officers

No director or officer of the Parties or any person proposed to be a director or officer of the Resulting Issuer or person who was a director or officer of the Parties in the most recently completed financial year of the Parties, respectively, or any affiliate or associate of any such individual, is indebted to the Parties or has any indebtedness to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by any of the Parties.

Escrowed Securities

Upon completion of the Business Combination and in accordance with the terms of the Subscription Receipt Agreement, purchasers under the Offering will enter into an Escrow Agreement in respect of the Resulting Issuer Shares issued to them upon the deemed exercise of the Subscription Receipts sold under the Offering. Pursuant to the terms of the Escrow Agreement, in respect of such Escrowed Shares, 50% will be released upon completion of the Business Combination, 25% will be released three months following the completion of the Business Combination, and the balance will be released six months following the completion of the Business Combination.

Auditor, Transfer Agent and Registrar

The auditors of the Resulting Issuer will be MNP LLP. The transfer agent and registrar for the Resulting Issuer will be TSX Trust Company at its office in Toronto, Ontario.

Material Contracts

The only material contracts to which the Resulting Issuer will be a party are described under the sections entitled, “Information Concerning Holdco - Material Contracts.”

RISK FACTORS

There are certain risk factors relating to the Parties and the Business Combination which should be carefully considered by SecureCom Shareholders, including the fact that the Business Combination may not be completed if, among other things, the Amalgamation Resolution does not receive the requisite approval at the Meeting or if the Business Combination is not approved by Holdco Shareholders, or if any other conditions precedent to the completion of the Business Combination are not satisfied or waived as applicable. In assessing the Business Combination, SecureCom Shareholders should carefully consider the risk factors which exist for each of SecureCom and Holdco as described in this Circular. See “Information Concerning SecureCom” and “Information Concerning Holdco.”
Concerning Holdco’. SecureCom Shareholders should understand that if the Business Combination is completed, they will be subject to all of the risks associated with the operations of Holdco and its subsidiaries and the industry in which such entities operate.

Risks Related to the Business Combination

The Business Combination is subject to conditions to closing that could result in the Business Combination being delayed or not consummated, or can be terminated in certain circumstances, each of which could negatively impact SecureCom’s stock price and future business and operations.

The Business Combination is subject to conditions to closing as set forth in the Transaction Agreement, including obtaining the requisite approvals of the SecureCom Shareholders. In addition, each of Holdco and SecureCom has the right, in certain circumstances, to terminate the Transaction Agreement. If the Transaction Agreement is terminated or any of the conditions to the Business Combination are not satisfied and, where permissible, not waived, the Business Combination will not be consummated. Failure to consummate the Business Combination or any delay in the consummation of the Business Combination or any uncertainty about the consummation of the Business Combination may adversely affect SecureCom’s share price or have an adverse impact on SecureCom's future business operations.

If the Business Combination is not completed, SecureCom’s ongoing business may be adversely affected and, without realizing any of the benefits of having completed the Business Combination, SecureCom would be subject to a number of risks, including the following:

(a) negative reactions from the financial markets and from persons who have or may be considering business dealings with SecureCom; and

(b) SecureCom will be required to pay certain costs relating to the Business Combination, whether or not the Business Combination is completed. In that regard, SecureCom expects to incur acquisition-related expenses of approximately $300,000, consisting of legal and accounting fees and financial printing and other related charges in connection with the Business Combination. These amounts are preliminary estimates and the actual amounts may be higher or lower.

If approved, the Business Combination will involve the integration of companies that previously operated independently. Achieving the benefits of the Business Combination depends in part on the ability of the Resulting Issuer to effectively capitalize on its scale and to realize the anticipated capital and operating synergies, to profitably sequence the growth prospects of its asset base and to maximize the potential of its improved growth opportunities and capital funding opportunities. The completion of the Business Combination will present challenges to management, including the integration of the operations, systems and personnel of the two companies, and special risks, including possible unanticipated liabilities, unanticipated costs, and the diversion of management’s attention.

The difficulties management encounters in the transition and integration process could have an adverse effect on the revenues, level of expenses and operating results of the Resulting Issuer. As a result of these factors, it is possible that any benefits expected from the combination of Holdco and SecureCom will not be realized.

Because the market price of the SecureCom Shares will fluctuate and the exchange ratio is fixed, SecureCom Shareholders cannot be certain of the market value of the SecureCom Shares.

The exchange ratio between SecureCom Shares and Holdco Shares, on a per-share basis, is fixed and will not increase or decrease due to fluctuations in the market price of Holdco Shares or SecureCom Shares. The market price of Holdco Shares or SecureCom Shares could each fluctuate significantly prior to the Effective Date in response to various factors and events, including, without limitation, the differences between Holdco’s and SecureCom’s actual financial or operating results and those expected by investors and analysts, changes in analysts’ projections or recommendations, changes in general economic or market conditions, and broad market fluctuations. As a result of such fluctuations, historical market prices are not indicative of future market prices or the market value of the Holdco Shares that holders of SecureCom Shares will receive on the Effective Date.
The Transaction Agreement may be terminated by SecureCom or Holdco in certain circumstances which could negatively impact SecureCom’s stock price and future business and operations.

Each of SecureCom and Holdco has the right, in certain circumstances, to terminate the Transaction Agreement. See “The Transaction Agreement – Termination”. Accordingly, there can be no certainty, nor can SecureCom provide any assurance, that the Transaction Agreement will not be terminated by either of SecureCom or Holdco prior to the completion of the Business Combination. For example, both SecureCom and Holdco have the right, in certain circumstances, to terminate the Transaction Agreement in the event of a change that has a material adverse effect on the other party, as applicable. There can be no assurance that a change having such a material adverse effect on either SecureCom or Holdco will not occur prior to the Effective Date of the Business Combination, in which case either SecureCom or Holdco, as the case may be, could elect to terminate the Transaction Agreement and the Business Combination would not proceed. If, for any reason, the Transaction Agreement is terminated, this could adversely affect SecureCom’s stock price and have an adverse impact on its future business operations.

Directors and executive officers of SecureCom may have interests in the Amalgamation that are different from those of SecureCom Shareholders generally.

Certain executive officers and directors of SecureCom may have interests in the Business Combination that may be different from, or in addition to, the interests of SecureCom Shareholders generally. However, all benefits received, or to be received, by directors or executive officers of SecureCom as a result of the Amalgamation are, and will be, solely in connection with their services as directors or employees of SecureCom or Amalco. No benefit has been, or will be, conferred for the purpose of increasing the value of consideration payable to any such person, nor is it, or will it be, conditional on the person supporting the Amalgamation. The independent directors of the SecureCom Board reviewed and evaluated the interests that certain directors and officers of SecureCom may receive under the Business Combination and which may constitute “collateral benefits” for purposes of MI 61-101. The SecureCom Board has unanimously recommended in favour of the Business Combination. Nevertheless, SecureCom Shareholders should consider these interests in connection with their vote on the Amalgamation Resolution, including whether these interests may have influenced SecureCom’s executive officers and directors to recommend or support the Business Combination.

Risks Related to the Operations of Holdco and the Resulting Issuer

Regulatory Risks

The activities of the Resulting Issuer will be subject to regulation by governmental authorities. The Resulting Issuer’s business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. Holdco cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of Holdco and the Resulting Issuer.

Furthermore, although the operations of each of Holdco and SecureCom are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Resulting Issuer’s ability to import, distribute or, in the future, produce medical marijuana. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of medical marijuana, or more stringent implementation thereof could have a substantial adverse impact on the Resulting Issuer. See also “Risks Related to the Medical Marijuana Industry – Legislative and Regulatory Reform.”

Limited Operating History

Holdco was incorporated on March 20, 2017 and has yet to generate revenue from the sale of products. The Resulting Issuer is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders’ investment and the likelihood of success must be considered in light of the early stage of operations.
Volatile Stock Price

The stock price of the Resulting Issuer is expected to be highly volatile and will be drastically affected by governmental and regulatory regimes and community support for the medical marijuana industry. The Resulting Issuer cannot predict the results of its operations expected to take place in the future. The results of these activities will inevitably affect the Resulting Issuer’s decisions related to future operations and will likely trigger major changes in the trading price of the Resulting Issuer Shares.

Risks Inherent in an Agricultural Business

The Resulting Issuer’s business may, in the future, involve the growing of medical marijuana, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Resulting Issuer expects that any such growing will be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy Costs

The Resulting Issuer’s medical marijuana growing operations will consume considerable energy, which will make the Resulting Issuer vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of Resulting Issuer and its ability to operate profitably.

Reliance on Management

The Resulting Issuer’s operations could be negatively affected by the loss of important staff members. The success of the Resulting Issuer will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Resulting Issuer’s business, operating results or financial condition.

Insurance and Uninsured Risks

Holdco’s business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although Holdco maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Resulting Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of Holdco is not generally available on acceptable terms. The Resulting Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Resulting Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Resulting Issuer Will Be an Early Entrant Employing in a New Industry

The medical marijuana industry is fairly new. There can be no assurance that an active and liquid market for shares of the Resulting Issuer will develop and SecureCom Shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Resulting Issuer will be successful in the long term.

Potential Conflicts of Interest with Directors
There are potential conflicts of interest to which some of the directors, officers and insiders of the Resulting Issuer may be subject in connection with the operations of the Resulting Issuer. Some of the individuals who will be appointed as directors or officers of the Resulting Issuer are also directors and/or officers of other reporting and non-reporting issuers. As of the date of this Circular, and to the knowledge of the directors and officers of SecureCom and Holdco, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals who will continue as directors or officers following the completion of the Business Combination. Situations may arise where the directors and/or officers of the Resulting Issuer may be in competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA.

**Dependence on Suppliers**

The ability of the Resulting Issuer to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to equipment, parts and components. No assurances can be given that the Resulting Issuer will be successful in maintaining its required supply of equipment, parts and components. This could have an adverse effect on the financial results of the Resulting Issuer.

**Difficulty to Forecast**

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

**Management of Growth**

The Resulting Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Resulting Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Resulting Issuer to deal with this growth may have a material adverse effect on the Resulting Issuer’s business, financial condition, results of operations and prospects.

**Internal Controls**

Effective internal controls are necessary for the Resulting Issuer to provide reliable financial reports and to help prevent fraud. Although the Resulting Issuer will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Resulting Issuer under securities law, the Resulting Issuer cannot be certain that such measures will ensure that the Resulting Issuer will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Resulting Issuer’s results of operations or cause it to fail to meet its reporting obligations. If the Resulting Issuer or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market’s confidence in the Resulting Issuer’s consolidated financial statements and materially adversely affect the trading price of the shares.

**Liquidity**

The Resulting Issuer cannot predict at what prices the Resulting Issuer Shares will trade upon completion of the Business Combination, and there can be no assurance that an active trading market in the Resulting Issuer Shares will develop or be sustained. Final approval of the Exchange has not yet been obtained. There is a significant liquidity risk associated with an investment in the Resulting Issuer Shares.

**Litigation**

Upon the execution of the Acquisition Agreement, certain convertible debt holders of Chestnut (the “Defendants”) took certain actions intended to interfere with or prevent the consummation of the Acquisition. In response to such actions, Chestnut, through its counsel at Greenberg Traurig and Larry O’Keefe, elected to file suit against the Defendants in Okaloosa County Circuit Court seeking declaratory and injunctive relief that included: (a) a declaration that the Acquisition Agreement was a valid and binding contract between the parties thereto, and (b) a
temporal injunction against the Defendants preventing them from taking any further actions against Chestnut or Holdco that would impede or disrupt the Acquisition or harm Chestnut's license or interests. All Defendants were served, and to date the Defendants have not filed a responsive pleading. Upon closing of the Acquisition on May 23, 2017, the Defendants were notified in writing of same. As of the date hereof, the Defendants have not responded in any way in the pending case or initiated further claims.

Risks Related to the Medical Marijuana Industry

Marijuana is a Controlled Substance

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical marijuana under the Access to Cannabis for Medical Purposes Regulations, investors are cautioned that in the United States, marijuana is largely regulated at the state level. To Holdco’s knowledge, there are to date a total of 28 states, plus the District of Columbia, that have legalized marijuana in some form, including Florida. Notwithstanding the permissive regulatory environment of medical marijuana at the state level, marijuana continues to be categorized as a controlled substance under the Controlled Substances Act (the “CSA”) in the United States and as such, may be in violation of federal law in the United States.

The United States Congress has passed appropriations bills each of the last three years that have not appropriated funds for prosecution of marijuana offenses of individuals who are in compliance with state medical marijuana laws. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state law. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute under the CSA, any individual or business—even those that have fully complied with state law—could be prosecuted for violations of federal law. And if Congress restores funding, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the CSA’s five-year statute of limitations.

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

Legislative or Regulatory Reform

The Resulting Issuer’s operations will be subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labelling, advertising, sale, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. While to the knowledge of management, Holdco is currently in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Resulting Issuer may cause adverse effects to its operations.

The commercial medical marijuana industry is a new industry and the Resulting Issuer anticipates that such regulations will be subject to change as the federal government monitors licensed producers in action.

The Cole Memorandum

As a result of the conflicting views between state legislatures and the federal government regarding marijuana, investments in marijuana businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in August 2013 when then Deputy Attorney General, James Cole, authored a memorandum (the “Cole Memorandum”) addressed to all United States district attorneys acknowledging that notwithstanding the
designation of marijuana as a controlled substance at the federal level in the United States, several US states have enacted laws relating to marijuana for medical purposes.

The Cole Memorandum outlined certain priorities for the Department of Justice relating to the prosecution of marijuana offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing marijuana in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of marijuana, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard.

In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the Department of Justice should be focused on addressing only the most significant threats related to marijuana. States where medical marijuana had been legalized were not characterized as a high priority. In March of this year, newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit, although he disagreed that it had been implemented effectively and has not committed to utilizing the Cole Memorandum framework going forward.

Unless and until the Cole Memorandum is memorialized in federal legislation, there can be no assurance that the federal government will not seek to prosecute cases involving medical marijuana businesses that are otherwise compliant with state law.

Such potential proceedings could involve significant restrictions being imposed upon the Resulting Issuer or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Resulting Issuer’s business, revenues, operating results and financial condition as well as the Resulting Issuer’s reputation, even if such proceedings were concluded successfully in favour of the Resulting Issuer.

**Anti-Money Laundering Laws and Regulations**

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

In February 2014, the Financial Crimes Enforcement Network (“FCEN”) of the Treasury Department issued a memorandum providing instructions to banks seeking to provide services to marijuana-related businesses. The FCEN Memo states that in some circumstances, it is permissible for banks to provide services to marijuana-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on marijuana-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FCEN Memo.

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

Furthermore, while Holdco has no current intention to declare or pay dividends in the foreseeable future, in the event that a determination was made that any such investments in the United States could reasonably be shown to constitute proceeds of crime, the Resulting Issuer may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.
**Heightened Scrutiny**

For the reasons set forth above, Holdco’s existing investments in the United States, and any future investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, Holdco and the Resulting Issuer may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Resulting Issuer’s ability to invest in the United States or any other jurisdiction. Government policy changes or public opinion may also result in a significant influence over the regulation of the marijuana industry in Canada, the United States or elsewhere. A negative shift in the public’s perception of medical marijuana in the United States or any other applicable jurisdiction could affect future legislation or regulation.

Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical marijuana, thereby limiting the number of new state jurisdictions into which the Resulting Issuer could expand. Any inability to fully implement Holdco’s expansion strategy may have a material adverse effect on the Resulting Issuer’s business, financial condition and results of operations.

**Unfavourable Publicity or Consumer Perception**

Holdco believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of medical marijuana distributed to such consumers. Consumer perception of the Resulting Issuer’s products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Resulting Issuer’s products and the business, results of operations, financial condition and cash flows of the Resulting Issuer. The Resulting Issuer’s dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Resulting Issuer, the demand for the Resulting Issuer’s products, and the business, results of operations, financial condition and cash flows of the Resulting Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or the Resulting Issuer’ products specifically, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers’ failure to consume such products appropriately or as directed.

**Product Liability**

As a distributor of products designed to be ingested by humans, Holdco faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of Holdco’s products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of Holdco’s products alone or in combination with other medications or substances could occur. Holdco and the Resulting Issuer may be subject to various product liability claims, including, among others, that Holdco’s products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against Holdco could result in increased costs, could adversely affect Holdco’s reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of Holdco and the Resulting Issuer. There can be no assurances that Holdco will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Holdco’s potential products.
Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of Holdco’s products are recalled due to an alleged product defect or for any other reason, Holdco could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Holdco may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although Holdco has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. A recall for any of the foregoing reasons could lead to decreased demand for Holdco’s products and could have a material adverse effect on the results of operations and financial condition of Holdco and the Resulting Issuer. Additionally, product recalls may lead to increased scrutiny of Holdco’s operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in the Circular, including without limitation under the heading “The Business Combination – Interests of Senior Management and Others in the Business Combination”, no informed person of SecureCom, or any associate or affiliate of any informed person, has had any material interest in any transaction, or proposed transaction, which has materially affected or would materially affect SecureCom or any of its subsidiaries in the most recently completed financial year of SecureCom. For purposes of this Circular, “informed person” means:

(a) any director or executive officer of SecureCom;

(b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the SecureCom Shares; and

(c) any associate or affiliate of any of the foregoing persons.

LEGAL MATTERS

Certain legal matters relating to the Amalgamation and to the Consideration Shares to be distributed pursuant to the Amalgamation will be reviewed on behalf of SecureCom by Gowling WLG (Canada) LLP, and on behalf of Holdco by Stikeman Elliott LLP.

INTERESTS OF EXPERTS

There is no interest, direct or indirect, in any securities or property of Holdco, SecureCom or the Resulting Issuer, or of an associate or affiliate of Holdco, SecureCom or the Resulting Issuer, received or to be received by an expert.

For the purposes hereof, “expert” means any person or company whose profession or business gives authority to a statement made by that person or company and who is named as having prepared or certified a part of this Circular, or prepared or certified a report or valuation described or included in this Circular.

ADDITIONAL INFORMATION

SecureCom files reports and other information with Canadian provincial securities commissions. These reports and information are available to the public free of charge on SEDAR at www.sedar.com. SecureCom Shareholders may contact SecureCom at its head office, to request copies of SecureCom’s consolidated financial statements and management discussion and analysis for its most recently completed financial year ended June 30, 2016. Financial information of SecureCom is provided in the comparative consolidated financial statements and management discussion and analysis for its most recently completed financial year ended June 30, 2016 and its most recently completed interim period for the three and nine-month periods ended March 31, 2017.
OTHER MATTERS

Management of SecureCom is not aware of any other matters to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the SecureCom Shares represented thereby in accordance with their best judgment on such matter.

APPROVAL OF THE SECURECOM BOARD

The contents and the sending of the Notice of Meeting and this Circular have been approved by the SecureCom Board.
CERTIFICATE OF SECURECOM MOBILE INC.

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of SecureCom Mobile Inc. assuming the completion of the Business Combination.

DATED: June 19, 2017.

(Signed) “Michael Galloro”
President and Chief Executive Officer

On Behalf of the Board of Directors

(Signed) “Peter Simeon” (Signed) “Chris Irwin”
Peter Simeon Chris Irwin
CERTIFICATE OF DFMMJ INVESTMENTS, LTD.

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of DFMMJ Investments, Ltd. assuming the completion of the Business Combination.

DATED: June 19, 2017.

(Signed) “Brady Cobb”
President and Sole Director
BE IT RESOLVED THAT:

1. The amalgamation (the “Amalgamation”) under section 269 of the Business Corporations Act (British Columbia) (the “BCBCA”) involving 1006397 BC Ltd. (“Subco”) and DFMMJ Investments Ltd. (“Holdco”), to effect, among other things, the business combination (the “Business Combination”) of Holdco and SecureCom Mobile Inc. (the “Company”), as provided for in and subject to the terms and conditions set forth in the amalgamation agreement (the “Amalgamation Agreement”) among Holdco, Subco and the Company as more particularly described and set forth in the management proxy circular (the “Circular”) of the Company dated June 19, 2017, accompanying the notice of this meeting, is hereby authorized, approved and adopted.

2. The (i) Transaction Agreement dated as of April 4, 2017, among the Company and Holdco (the “Transaction Agreement”) and related transactions, (ii) actions of the directors of the Company in approving the Transaction Agreement, and (iii) actions of the directors and officers of the Company in executing and delivering the Transaction Agreement, inclusive of the Fundamental Change and any amendments, modifications or supplements thereto, are hereby ratified and approved.

3. The Amalgamation Agreement be and the same is hereby authorized and approved, and the Company be and is hereby authorized and directed to enter into and perform its obligations under the Amalgamation Agreement, substantially in the form and on the terms and conditions of the Amalgamation Agreement.

4. Notwithstanding that this resolution has been passed (and the Amalgamation adopted) by the shareholders of the Company, the directors of the Company are hereby authorized and empowered to, without notice to or approval of the shareholders of the Company, (i) amend, modify or supplement the Amalgamation Agreement to the extent permitted by the Amalgamation Agreement and (ii) subject to the terms of the Amalgamation Agreement, not to proceed with the Amalgamation and related transactions.

5. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver for filing with the Registrar under the BCBCA such documents as are necessary or desirable to give effect to the Amalgamation in accordance with the Amalgamation Agreement, such determination to be conclusively evidenced by the execution and delivery of such documents.

6. The directors may, without the further approval of the shareholders of the Company, revoke the above resolution if the directors determines, in their sole discretion, that it would be in the best interests of the Company to do so.

Any one officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.
SCHEDULE “B”
TRANSACTION AGREEMENT AND AMALGAMATION AGREEMENT

EXECUTION COPY

DFMMJ INVESTMENTS, LTD.
as Holdco

and

SECURECOM MOBILE INC.
as SecureCom

_________________________________________

TRANSACTION AGREEMENT

April 4, 2017

_________________________________________
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SCHEDULE “A”
FORM OF AMALGAMATION AGREEMENT

SCHEDULE “B”
CAPITAL STRUCTURE PRIOR TO AMALGAMATION
TRANSACTION AGREEMENT

Transaction Agreement dated April 4, 2017 between DFMMJ Investments, Ltd. (“Holdco”) and SecureCom Mobile Inc. (“SecureCom”).

WHEREAS SecureCom intends to acquire all of the issued and outstanding common shares in the capital of Holdco, which purchase will be effected pursuant to the Amalgamation as hereinafter set forth and on the terms and subject to the conditions set forth in the Amalgamation Agreement;

NOW THEREFORE in consideration of the foregoing, and the respective covenants, agreements, representations and warranties of the Parties contained herein, and for other good and valuable consideration (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

“AcquireCo” means DFMMJ Investments, LLC, a limited liability company existing under the laws of the State of Florida.

“Acquisition” means the acquisition by AcquireCo of all or substantially all of the assets of Chestnut, pursuant to the Acquisition Agreement.

“Acquisition Agreement” means the asset purchase agreement dated March 30, 2017 between AcquireCo, as purchaser and Chestnut, as seller.

“affiliate” has the meaning specified in National Instrument 45-106 – Prospectus Exemptions.

“Agreement” means this transaction agreement, as such agreement may be amended, varied, modified or restated from time to time, together with all Schedules appended to the Agreement.

“Amalco” means the company resulting from the Amalgamation, to be named Alpha Health Sciences Inc.

“Amalco Shares” means the common shares of Amalco.

“Amalgamating Parties” means, collectively, Subco and Holdco.

“Amalgamation” means the amalgamation of Holdco and Subco pursuant to the BCBCA on the terms set forth in this Agreement and the Amalgamation Agreement.
“Amalgamation Agreement” means the agreement to be entered into among SecureCom, Holdco and Subco in respect of the Amalgamation, in substantially the form attached hereto as Schedule “A”.

“Amalgamation Application” means the Form 13 Amalgamation Application to be filed with the Registrar in accordance with the BCBCA in order to effect the Amalgamation, substantially in the form agreed to between the Amalgamating Parties.

“Amalgamation Resolution” means the special resolution approving the Amalgamation to be signed by written resolution by all of the shareholders of Holdco.

“Ancillary Agreements” means all agreements, certificates and other instruments delivered or given pursuant to this Agreement, including without limitation, the Amalgamation Agreement.

“associate” has the meaning specified in the Securities Act (Ontario).

“Authorization” means, with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

“BCBCA” means the Business Corporations Act (British Columbia), as from time to time amended or re-enacted.

“Broker Warrants” means the up to 9,230,769 common share purchase warrants to purchase Holdco Shares, to be issued in connection with the Offering.

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

“Certificate of Amalgamation” means the certificate of amalgamation to be issued by the Registrar, evidencing that the Amalgamation is effective.

“Chestnut” means Chestnut Hill Tree Farm LLC, a limited liability company existing under the laws of the State of Florida.

“Circular” means the notice of the SecureCom Meeting and accompanying management information circular or applicable filing statement, as the case may be, including all schedules and appendices attached thereto, to be sent to the SecureCom Shareholders in connection with the SecureCom Meeting.

“Closing” means the completion of the Amalgamation on the terms and subject to the conditions set forth herein and in the Amalgamation Agreement.
“Constating Documents” means, in respect of Holdco or SecureCom, as the case may be, the articles of incorporation, amalgamation, or continuation arrangement, as applicable, by-laws and all amendments to such articles or by-laws.

“CSE” means the Canadian Securities Exchange.

“Effective Date” means the date shown on the Certificate of Amalgamation issued by the Registrar giving effect to the Amalgamation, or such earlier or later date as the Parties may mutually agree in writing.

“GAAP” means generally accepted accounting principles as set out in the Canadian Institute of Chartered Accountants Handbook – Accounting for an entity that prepares its financial statements in accordance with International Financial Reporting Standards, at the relevant time, applied on a consistent basis.

“Governmental Entity” means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange.

“Holdco” means DFMMJ Investments, Ltd., a corporation existing under the BCBCA.

“Holdco Board” means the board of directors of Holdco.

“Holdco Shareholders” means the holders of Holdco Shares from time to time.

“Holdco Shares” means the common shares in the capital of Holdco as constituted on the date hereof.

“Laws” means all laws, statutes, codes, ordinances, decrees, rules, regulations, bylaws, statutory rules, principles of law, published policies, forms and guidelines, fee schedules, tariffs, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, directives, decisions, rulings or awards, including general principles of common and civil law, and terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, statutory body or self-regulatory authority (including, but not limited to, the CSE), and the term “applicable” with respect to such Laws and in the context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity (or any other Person) having jurisdiction over the aforesaid Person or Persons or its or their business, undertaking, property or securities.

“Lien” means any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), easement, title retention agreement or arrangement,
conditional sale, deemed or statutory trust, restrictive covenant, adverse claim, exception, reservation, right of occupation, any matter capable of registration against title, right of pre-emption, privilege or other encumbrance of any nature or any other arrangement or condition which, in substance, secures payment or performance of an obligation.

“Material Adverse Effect” means any event or change that, individually or in the aggregate with other events or changes, is or would reasonably be expected to be, materially adverse to the business, operations, assets, condition (financial or otherwise) or liabilities, whether contractual or otherwise, of any Party, as the case may be; provided that a Material Adverse Effect shall not include an adverse effect resulting from a change (i) that arises out of a matter that has been publicly disclosed prior to the date of this Agreement or otherwise disclosed in writing by a Party to the other Party prior to the date of this Agreement; (ii) that results from conditions affecting the medicinal marijuana market generally in Canada or the United States, including changes in government policies or programs or taxes; (iii) that results from general economic, financial, currency exchange, interest rate or securities market conditions in Canada or the United States; (iv) that arises from a decline in the trading price of SecureCom Shares, or (v) that is a direct result of any matter permitted by this Agreement or consented to in writing by the applicable Party.

“Material Contracts” has the meaning specified in Section 4.1(m).

“Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

“Notice” has the meaning specified in Article 8.

“Offering” means a private placement offering of up to 168,269,231 subscription receipts of Holdco, pursuant to the terms of an agency agreement to be entered into between Holdco, SecureCom and Clarus Securities Inc.

“Ordinary Course” means, with respect to an action taken by a Person, that such action is consistent with the past practices of the Person and is taken in the ordinary course of the normal day-to-day operations of the Person.

“Outside Date” means July 31, 2017 or such later date as may be agreed to in writing by the Parties.

“Parties” means, collectively, Holdco and SecureCom, and any other Person who may become a party to this Agreement; and “Party” means any one of them.

“Permitted Liens” means (i) Liens for Taxes not yet due and delinquent; and (ii) easements, encroachments and other minor imperfections of title which do not, individually or in the aggregate, materially detract from the value of or impair the use or marketability of any real property or interests in real property in any material respect.
“Person” means a natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability corporation, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns having a similarly extended meaning.

“Public Statement” has the meaning ascribed thereto in Section 8.3 hereof.

“Registrar” means the Registrar of Companies appointed under Section 400 of the BCBCA.

“Regulatory Approval” means any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case in connection with the Amalgamation, including any such approval from the CSE.

“SecureCom” means SecureCom Mobile Inc., a company existing under the BCBCA.

“SecureCom Board” means the board of directors of SecureCom.

“SecureCom Convertible Securities” means, collectively, all outstanding rights to acquire SecureCom Shares pursuant to the SecureCom Options and other warrants, broker warrants, convertible debentures, rights of conversion or exchange privileges or other securities entitling the holder thereof to acquire any SecureCom Shares, or any other rights, agreements or commitment of any character requiring the issuance, sale or transfer by SecureCom of any SecureCom Shares.

“SecureCom Financial Statements” means the audited consolidated financial statements of SecureCom as at and for the financial years ended June 30, 2016 and 2015.

“SecureCom Meeting” means the special meeting of SecureCom Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement to consider the matters set out in the notice to be provided to SecureCom Shareholders in connection with such meeting.

“SecureCom Note” means the unsecured promissory note in the principal amount of up to US$3,260,000, to be issued by SecureCom in favor of Holdco and AcquireCo in order to secure, in part, certain deposits required to be paid under the Acquisition Agreement.

“SecureCom Options” means the existing 770,000 incentive stock options of SecureCom exercisable to acquire an aggregate of 770,000 SecureCom Shares.

“SecureCom Shareholders” means the holders of SecureCom Shares from time to time.

“SecureCom Shares” means common shares in the capital of SecureCom.
“Securities Reports” has the meaning ascribed thereto in Section 4.1(q) hereof.

“SEDAR” means the System for Electronic Document Analysis and Retrieval.

“Subco” means 1006397 B.C. Ltd, a corporation incorporated under the BCBCA and a wholly-owned Subsidiary of SecureCom.

“Subsidiary” has the meaning specified in National Instrument 45-106 - Prospectus Exemptions as in effect on the date of this Agreement.

“Taxes” has the meaning specified in Section 4.1(j).

Section 1.2 Gender and Number.

Any reference in this Agreement or any Ancillary Agreement to gender includes all genders. Words importing the singular number only shall include the plural and vice versa.

Section 1.3 Headings, etc.

The provision of a Table of Contents, the division of this Agreement into Articles, Sections and Schedules and the insertion of headings are for convenient reference only and are not to affect its interpretation.

Section 1.4 Currency.

All references in this Agreement or any Ancillary Agreement to dollars, or to $ are expressed in Canadian currency unless otherwise specifically indicated.

Section 1.5 Certain Phrases, etc.

In this Agreement and any Ancillary Agreement (i) the words “including”, “includes” and “include” mean “including (or includes or include) without limitation”, and (ii) the phrase “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”. In the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

Section 1.6 Knowledge.

Any reference herein to the knowledge of any Party will be deemed to mean the actual knowledge of the directors and executive officers of such Party after reasonable inquiry.

Section 1.7 Accounting Terms.

All accounting terms not specifically defined in this Agreement are to be interpreted in accordance with GAAP.
Section 1.8  Schedules.

The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

Section 1.9  References to Persons and Agreements.

Any reference in this Agreement or any Ancillary Agreement to a Person includes such Person’s heirs, administrators, executors, legal personal representatives, successors and permitted assigns. Except as otherwise provided in this Agreement or any Ancillary Agreement, the term “Agreement” and any reference in this Agreement to this Agreement, any Ancillary Agreement or any other agreement or document includes, and is a reference to, this Agreement, such Ancillary Agreement or such other agreement or document as it may have been, or may from time to time be amended, restated, replaced, supplemented or novated and includes all schedules to it.

Section 1.10  Statutes.

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted.

Section 1.11  Non-Business Days.

Whenever payments are to be made or an action is to be taken on or not later than a day which is not a Business Day, such payment shall be made or such action shall be taken on or not later than the next succeeding Business Day.

ARTICLE 2  AMALGAMATION

Section 2.1  Amalgamation.

(1) Each of the Parties covenants to take all such actions as are within its power to control and use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to complete the Amalgamation as set forth in this Section 2.1 and otherwise on the terms, and subject to the conditions, set forth in this Agreement and subject to the approval of the CSE (if applicable).

(2) Each Party hereby agrees, unless such steps have already been completed, that as soon as reasonably commercially practicable after the date hereof or at such other time as is specifically indicated below in this Section 2.1, and on the applicable terms, and subject to the applicable conditions, set forth in this Agreement and the Amalgamation Agreement, it shall take the following steps:

(a) Preparation and Mailing of Circular. SecureCom shall use all commercially reasonable efforts to prepare and complete, in consultation with Holdco, the Circular together with any other documents required by Law in connection with the SecureCom Meeting and the Amalgamation. SecureCom shall use its
commercially reasonable efforts to cause the Circular and such other documents to be filed under the profile of SecureCom on SEDAR and sent to each SecureCom Shareholder and such other Persons as required by applicable Law as soon as practicable, and, in any event, no later than June 30, 2017.

(b) **Contents of Circular.** Each of the Parties shall ensure that the Circular complies in material respects with applicable Laws, does not contain any Misrepresentation (as it relates to the disclosure of such Party) and provides the SecureCom Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the SecureCom Meeting. The Parties shall give each other and their respective legal counsel a reasonable opportunity to review and comment on drafts of the Circular and other related documents, and shall give reasonable consideration to any comments made by the other Party and its counsel. Holdco and SecureCom shall each provide all necessary information concerning them that is required by Law to be included by each of them in the Circular, and shall use their best efforts to ensure that information in the Circular (as it relates to the disclosure of such Party) does not contain any Misrepresentation. Each Party shall promptly notify the other Party if it becomes aware that the Circular contains any Misrepresentation (as it relates to the disclosure of such Party) or otherwise requires an amendment or supplement. The Parties shall co-operate in the preparation of any such amendment or supplement as required or appropriate, and the Parties shall, as required by applicable Laws, promptly file on SEDAR and mail or otherwise publicly disseminate any such amendment or supplement to the SecureCom Shareholders and, if required by Law, file the same with any other Governmental Entity as required.

(c) **SecureCom Meeting.** SecureCom will convene and conduct the SecureCom Meeting on or before June 30, 2017 and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the SecureCom Meeting without the prior written consent of Holdco, except in the case of an adjournment as required for quorum purposes.

(d) **Filing of Amalgamation Application.** Subject to obtaining the required approvals of the Holdco Shareholders and the SecureCom Shareholders, and subject to the satisfaction or waiver of the applicable conditions of Closing as set forth in this Agreement, the Amalgamating Parties will jointly file the Amalgamation Application and such other documents as may be required under the BCBCA in connection therewith to give effect to the Amalgamation.

(e) **Amalgamation Agreement.** The Parties hereby acknowledge that the form of Amalgamation Agreement attached as Schedule “A” complies with the requirements of the BCBCA.
(f) **Effect of Amalgamation.** The Amalgamation Agreement shall provide as follows:

(i) the Amalgamating Parties will amalgamate and continue as Amalco;

(ii) holders of Holdco Shares shall receive one fully paid and non-assessable SecureCom Share for each Holdco Share held by such holder, and the Holdco Shares shall thereafter be cancelled;

(iii) the shares of Subco will be cancelled and replaced by Amalco Shares on the basis of one Amalco Share for each share of Subco;

(iv) as consideration for the issuance of the SecureCom Shares to holders of Holdco Shares to effect the Amalgamation, Amalco will issue to its immediate shareholder, SecureCom, one Amalco Share for each SecureCom Share so issued;

(v) Amalco will be a direct wholly-owned Subsidiary of SecureCom upon completion of the Amalgamation; and

(vi) all of the property, rights and interests of the Amalgamating Parties will continue as the property, rights and interests of Amalco, and Amalco will become liable for all of the liabilities and obligations of the Amalgamating Parties.

**ARTICLE 3**

**REPRESENTATIONS AND WARRANTIES OF HOLDCO**

**Section 3.1**  **Representations and Warranties of Holdco.**

Holdco represents and warrants, as of the date of this Agreement, as follows to SecureCom and acknowledges and confirms that SecureCom is relying on such representations and warranties in connection with the transactions contemplated by this Agreement:

(a) Holdco is a corporation duly incorporated and validly subsisting under the laws of the Province of British Columbia and has the requisite corporate power and authority to carry on its business as it is now being conducted and to enter into this Agreement. Holdco is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect on Holdco.

(b) The execution and delivery of and performance by Holdco of this Agreement and each of the Ancillary Agreements to which it is a party, and the consummation of the transactions contemplated by them have been duly authorized by all necessary corporate action on the part of Holdco.
(c) The execution and delivery of and performance by Holdco of this Agreement and each of the Ancillary Agreements to which it is a party:

(i) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a violation or breach of, or conflict with, or allow any other Person to exercise any rights under, any of the terms or provisions of its Constating Documents;

(ii) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a breach or violation of, or conflict with or allow any other Person to exercise any rights under, any of the terms or provisions of any material contracts to which it is a party; and

(iii) do not and will not result in the violation of any Law.

(d) This Agreement and each of the Ancillary Agreements to which Holdco is a party have been duly executed and delivered by Holdco and constitute legal, valid and binding agreements of Holdco enforceable against it in accordance with their respective terms subject only to any limitation under applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting creditors’ rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(e) Holdco has an authorized capital of an unlimited number of Holdco Shares of which, as at the date hereof (and without giving effect to the Offering), Holdco has issued and outstanding one (1) Holdco Share. Other than as previously disclosed to SecureCom, there are no outstanding shares of Holdco or options, warrants, rights or conversion or exchange privileges or other securities entitling anyone to acquire any shares of Holdco or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Holdco of any shares of Holdco (including Holdco Shares) or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any Holdco Shares or other equity securities of Holdco. All outstanding Holdco Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor have they been issued in violation of any pre-emptive rights.

(f) There are no suits, actions or litigation or arbitration proceedings or governmental proceedings in progress pending or, to the best of the knowledge of Holdco, contemplated or threatened, to which Holdco is a party or to which the property of Holdco is subject, except where such suit, action or litigation or arbitration proceeding or governmental proceeding would not result in a Material Adverse Effect to Holdco taken as a whole.
There is not presently outstanding against Holdco any judgment, injunction, rule or order of any court, governmental department, commission, agency or arbitrator.

(g) Holdco is not a party to any agreement which in any manner affects the voting control of any of the shares of Holdco.

(h) Holdco is not a party to any written management contract or employment agreement which provides for a right of payment in the event of a change in control of Holdco.

(i) Holdco is not a “reporting issuer” within the meaning of the Securities Act (British Columbia) and does not have a similar status in any other province or territory of Canada. No securities commission or similar regulatory authority has issued any order which is currently outstanding preventing or suspending trading in any securities of Holdco, no such proceeding is, to the knowledge of Holdco, pending, contemplated or threatened and Holdco is not, to its knowledge, in default of any requirement of any securities laws, rules or policies applicable to Holdco or its securities.

(j) Other than in connection with or in compliance with the provisions of applicable Laws, no filing or registration with, or authorization, consent or approval of any domestic or foreign public body or authority is necessary by Holdco in connection with the consummation of the Amalgamation, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have any Material Adverse Effect on the ability of Holdco to consummate the transactions contemplated hereby.

(k) Except for Clarus Securities Inc., Holdco has not retained and will not retain any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Amalgamation, any transaction contemplated hereby or any transaction presently ongoing or contemplated.

(l) Except with respect to the Regulatory Approvals and the requisite approvals in respect of the Amalgamation Resolution, there are no third party consents required to be obtained by Holdco in order to complete the transactions contemplated hereby.

(m) Neither this Agreement nor any Ancillary Agreement to which Holdco is a party (j) contains any untrue statement of a material fact in respect of Holdco, the affairs, prospects, operations or condition of Holdco, or (ii) to the knowledge of Holdco, omits any statement of a material fact necessary in order to make the statements in respect of Holdco, the affairs, prospects, operations or condition of Holdco contained herein or therein not misleading.
(n) The representations and warranties of AcquireCo contained in the Acquisition Agreement are true and correct in all material respects, subject to any qualifications set out therein.

(o) To the knowledge of Holdco, the representations and warranties of Chestnut contained in the Acquisition Agreement are true and correct in all material respects, subject to the qualifications set out therein.

(p) To the knowledge of Holdco, there has been no (i) actual or alleged breach or default by any party of any provision of the Acquisition Agreement and no event, condition, or occurrence exists which after the notice or lapse of time (or both) would constitute a breach or default by any party to the Acquisition Agreement; or (ii) dispute with respect to or termination, cancellation, amendment or renegotiation of the Acquisition Agreement, and, to the knowledge of Holdco, no state of facts giving rise to any of the foregoing exists.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF SECURECOM

Section 4.1 Representations and Warranties of SecureCom.

SecureCom represents and warrants as follows to Holdco and acknowledges and confirms that Holdco is relying on such representations and warranties in connection with the transactions contemplated by this Agreement:

(a) (i) SecureCom is a corporation incorporated and existing under the laws of the Province of British Columbia, and (ii) has the corporate power and authority to enter into and perform its obligations under this Agreement and each of the Ancillary Agreements to which it is a party.

(b) The execution and delivery of and performance by SecureCom of this Agreement, and by SecureCom of each of the Ancillary Agreements to which it is a party, and the consummation of the transactions contemplated by them have been duly authorized by all necessary corporate action on the part of SecureCom.
The execution and delivery of and performance by SecureCom of this Agreement, and by SecureCom of each of the Ancillary Agreements to which it is a party:

(i) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a violation or breach of, or conflict with, or allow any other Person to exercise any rights under, any of the terms or provisions of its Constaning Documents;

(ii) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a breach or violation of, or conflict with or allow any other Person to exercise any rights under, any of the terms or provisions of any material contracts to which it is a party; and

(iii) do not and will not result in the violation of any Law.

This Agreement and each of the Ancillary Agreements to which SecureCom is a party have been duly executed and delivered by SecureCom and constitute legal, valid and binding agreements of SecureCom enforceable against it in accordance with their respective terms subject only to any limitation under applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting creditors’ rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

SecureCom has an authorized capital of an unlimited number of SecureCom Shares of which, as at the date hereof, SecureCom has issued and outstanding 7,992,627 SecureCom Shares. In addition, as at the date hereof, SecureCom has issued and outstanding SecureCom Convertible Securities entitling the holders thereof to acquire, and is party to agreements evidencing rights to acquire, a further 122,281,820 SecureCom Shares. Except as aforesaid, there are no outstanding shares of SecureCom or options, warrants, rights or conversion or exchange privileges or other securities entitling anyone to acquire any shares of SecureCom or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by SecureCom of any shares of SecureCom (including SecureCom Shares) or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any SecureCom Shares or other equity securities of SecureCom. All outstanding SecureCom Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor have they been issued in violation of any pre-emptive rights, and all SecureCom Shares issuable upon exercise or conversion of outstanding SecureCom Convertible Securities or issuable pursuant to agreements evidencing rights to acquire shares will, when issued in accordance with their respective terms, be duly authorized and validly
issued, fully paid and non-assessable and will not be subject to any pre-
emptive rights. All SecureCom Convertible Securities will be converted
and/or exercised in accordance with their terms prior to the Effective Date.

(f) There are no suits, actions or litigation or arbitration proceedings or
governmental proceedings in progress pending or, to the best of the
knowledge of SecureCom, contemplated or threatened, to which SecureCom
is a party or to which the property of SecureCom is subject. There is not
presently outstanding against SecureCom any judgment, injunction, rule or
order of any court, governmental department, commission, agency or
arbitrator.

(g) SecureCom is a “reporting issuer” under the laws of British Columbia,
Alberta and Ontario and is not in default in any material respect of any
requirements of applicable Canadian provincial securities Laws related
thereto. SecureCom is not, as at the date hereof, included on the list of
defaulting reporting issuers maintained by any of the applicable securities
regulatory authorities.

(h) The SecureCom Financial Statements have been prepared in accordance with
GAAP applied on a basis consistent with prior periods and present fairly, in
all material respects, the assets, liabilities (whether accrued, absolute,
contingent or otherwise) and financial condition of SecureCom as at the
respective dates of the SecureCom Financial Statements and the sales,
earnings and results of operations of SecureCom for the respective periods
covered by the SecureCom Financial Statements.

(i) Since the date of the SecureCom Financial Statements, SecureCom has
conducted its businesses only in the Ordinary Course. Since the date of the
SecureCom Financial Statements, (i) there has been no Material Adverse
Effect on SecureCom, or any condition, event or development involving a
prospective change that would constitute a Material Adverse Effect on
SecureCom, and (ii) no liability or obligation of any nature (whether absolute,
accrued, contingent or otherwise) material to SecureCom has been incurred,
other than in the Ordinary Course.

(j) All taxes (including income tax, capital tax, payroll taxes, employer health
tax, workers’ compensation payments, property taxes, custom and land
transfer taxes), duties, royalties, levies, imposts, assessments, deductions,
charges or withholdings and all liabilities with respect thereto including any
penalty and interest payable with respect thereto (collectively, “Taxes”) due
and payable by SecureCom have been paid except for where the failure to
pay such taxes would not constitute an adverse material fact of SecureCom,
or result in a Material Adverse Effect to SecureCom taken as a whole.

(k) SecureCom has conducted and is conducting its business in compliance in all
material respects with all applicable Laws of each jurisdiction in which it
carries on business and with all Laws, tariffs and directives material to its operation.

(l) SecureCom is not subject to any obligation to make any investment in or to provide funds by way of loan, capital contribution or otherwise to any Persons, other than in respect of the SecureCom Note.

(m) The material contracts of SecureCom previously disclosed in writing to Holdco or its designee (the “Material Contracts”) are the only material documents and contracts currently in effect. Each of the Material Contracts is in full force and effect and is unamended and there are no outstanding defaults or breaches under any of the Material Contracts on the part of SecureCom which would have a Material Adverse Effect.

(n) There are no payments required to be made to directors, officers and employees of SecureCom as a result of this Agreement or the Amalgamation under all contract settlements, bonus plans, retention agreements, change of control agreements and severance obligations (whether resulting from termination, change of control or alteration of duties).

(o) Except for customary indemnity to its directors and officers, SecureCom is not a party to or bound by any agreement, guarantee, indemnification, or endorsement or like commitment respecting the obligations, liabilities (contingent or otherwise) or indebtedness of any Person, firm or corporation, other than as provided in the Ordinary Course, in transfer agency agreements, underwriting and agency agreements and agreements in connection with indebtedness of SecureCom outstanding on the date hereof.

(p) The common shares of SecureCom are listed and posted for trading on the CSE and other than as publicly disclosed, no order ceasing or suspending trading in any securities of SecureCom is currently outstanding and no proceeding for such purpose are pending, or to the knowledge of SecureCom, threatened.

(q) SecureCom has filed all proxy circulars, reports and other continuous disclosure documents required to be filed by it by applicable Canadian provincial securities Laws (“Securities Reports”). Each Securities Report was, as of the date of filing, in compliance in all material respects with all applicable requirements under applicable Canadian provincial securities Laws and none of the Securities Reports, as of their respective filing dates, contained any Misrepresentation. No material change has occurred in relation to SecureCom which is not disclosed in the Securities Reports, and SecureCom has not filed any confidential material change reports which continue to remain confidential.

(r) SecureCom is not in any discussions and has not entered any outstanding proposals, letters of intent, agreements or any understandings with any
Person (other than Holdco) with respect to an amalgamation, merger, business combination or similar transaction.

(s) SecureCom is not a party to any lease, management or service agreement that cannot be immediately terminated without notice or penalty or both.

(t) SecureCom has made available to Holdco all material information concerning SecureCom and all such information as made available to Holdco is accurate, true and correct in all material respects.

(u) SecureCom will have cash on hand, together with HST receivables, of not less than $7,400,000 as of the Effective Date (net of expenses relating to the completion of the Amalgamation incurred by SecureCom and prior to giving effect to the issuance of the SecureCom Note), and any deviations from this amount must be previously approved in writing by Carl Merton, Chief Financial Officer of Aphria Inc., at his sole discretion.

(v) SecureCom has not retained and will not retain any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Amalgamation, any transaction contemplated hereby or any transaction presently ongoing or contemplated.

ARTICLE 5
COVENANTS OF THE PARTIES

Section 5.1 Conduct of Business.

(1) During the period between the date of this Agreement and the earlier of the Effective Date and the termination of this Agreement in accordance with its terms, except as otherwise expressly contemplated by this Agreement, Holdco will conduct and will, upon the completion of the transactions contemplated by the Acquisition Agreement, use commercially reasonable efforts to cause AcquireCo to conduct its business in the Ordinary Course.

(2) Without limiting the generality of Section 5.1(1), Holdco covenants as follows for the period between the date of this Agreement and the earlier of the Effective Date and the termination of this Agreement in accordance with its terms:

(a) Holdco’s business and, upon the completion of the transactions contemplated by the Acquisition Agreement, the business of AcquireCo shall be conducted only in the usual and Ordinary Course and Holdco shall keep SecureCom apprised of all material developments relating thereto.

(b) Holdco shall not directly or indirectly do or permit to occur any of the following: (i) amend its Constating Documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares; (iii) issue (other than pursuant to the Amalgamation, in connection with the Offering and/or in connection
with the funding of the Acquisition), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Holdco, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Holdco; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted hereunder and other than pursuant to the Amalgamation and/or in connection with the funding of the Acquisition; (v) split, combine or reclassify any of its shares; (vi) reduce its stated capital; (vii) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Holdco; (viii) take any action, or refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or adversely affect the consummation of the Amalgamation; or (ix) enter into or modify any contract, agreement or commitment with respect to any of the foregoing.

(c) Holdco shall not adopt or amend or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, trust, fund or agreements for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, or agreements.

(d) Holdco shall not grant any officer, director, employee or consultant an increase in compensation in any form or take any action with respect to the amendment or grant of any severance or termination pay policies for any directors, officers, employees or consultants, nor adopt or amend (other than to permit accelerated vesting of options) or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, other compensation or other similar plan from a trust fund for the benefit of directors, officers, employees or consultants, except as is necessary to comply with applicable local Law or with respect to existing provisions of any such plans, programs, arrangements or agreements.

(e) Holdco shall promptly notify SecureCom in writing of any Material Adverse Effect on Holdco or, upon the completion of the transactions contemplated by the Acquisition Agreement, any Material Adverse Effect on AcquireCo or of any material breach by Holdco of any representation or warranty provided by Holdco in this Agreement with respect to itself.

Section 5.2 Actions to Satisfy Conditions.

(1) Holdco shall take all such actions as are within its power to control and use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the applicable conditions precedent in favour of SecureCom as set forth in this Agreement and the Ancillary Agreements.
(2) SecureCom shall take all such actions as are within its power to control and use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the applicable conditions precedent in favour of Holdco as set forth in this Agreement and the Ancillary Agreements.

Section 5.3 No Shop.

The Parties and their respective agents will not, nor will they permit any of their respective directors, officers, employees, representatives or agents (including and without limitation, investment bankers, attorneys and accountants) directly or indirectly to, solicit or accept any offer for the purchase of outstanding securities of such party or the business or the assets of such Party, whether as a primary or backup offer, or take any other action that would reasonably be expected to lead to any commitment or agreement to sell such Party or business or the assets of such Party. Notwithstanding the foregoing, nothing herein will restrict the Parties hereto and their respective directors, officers, employees, representatives or agents (including without limitation, investment bankers, attorneys and accountants) from taking such actions as may be required in order to discharge their obligations pursuant to applicable corporate and securities Laws.

ARTICLE 6
CONDITIONS

Section 6.1 Mutual Conditions Precedent.

The Parties are not required to complete the Amalgamation unless each of the following conditions is satisfied on or prior to the Effective Date, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:

(1) The Amalgamation Resolution has been approved and adopted by the Holdco Shareholders pursuant to a written resolution in lieu of a meeting.

(2) No Law is in effect that makes the consummation of the Amalgamation illegal or otherwise prohibits or enjoins Holdco or Subco from consummating the Amalgamation.

(3) Each Regulatory Approval necessary to consummate the Amalgamation, and all necessary approvals of the CSE, as applicable, has been made, given or obtained on terms acceptable to Holdco and SecureCom, each acting reasonably, and each such Regulatory Approval is in force and has not been modified.

(4) There shall not have occurred a Material Adverse Effect with respect to Holdco, AcquireCo or SecureCom.

(5) The Acquisition shall have been completed.

(6) The Offering shall have been completed.
(7) The SecureCom Note shall have been issued in accordance with its terms.

(8) The capital structure of SecureCom immediately prior to the completion of the Amalgamation shall be as set out and described in Schedule “B” to this Agreement.

Section 6.2 Conditions for the Benefit of SecureCom.

(1) The completion of the transactions contemplated hereunder is subject to the following conditions being satisfied at or prior to the Effective Date, which conditions are for the exclusive benefit of SecureCom and may be waived, in whole or in part, by SecureCom in its sole discretion:

(a) The representations and warranties of Holdco which are qualified by references to materiality or by the expression “Material Adverse Effect” were true and correct as of the date of this Agreement and are true and correct as of the Effective Date, in all respects, and all other representations and warranties of Holdco were true and correct as of the date of this Agreement and are true and correct as of the Effective Date, in all material respects, in each case except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date, and Holdco shall have executed and delivered a certificate of an officer to that effect.

(b) Immediately prior to the Amalgamation, Holdco will have an aggregate of 723,461,538 Holdco Shares outstanding, excluding any Holdco Shares issuable on exercise of the Broker Warrants.

(c) Holdco shall have fulfilled or complied, in all material respects, with all covenants contained in this Agreement and the Ancillary Agreements to be fulfilled or complied with by Holdco at or prior to the Effective Date, and Holdco shall have executed and delivered a certificate to that effect.

(d) The principal amount of the SecureCom Note shall have been repaid in full.

(e) The incentive stock option plan of SecureCom shall be amended, amended and restated or otherwise revised or replaced such that existing holders of SecureCom Options may continue to hold such securities for an additional 12 months following the Effective Date.

(2) Holdco shall deliver or cause to be delivered to SecureCom or prior to the Effective Date the following in form and substance satisfactory to SecureCom acting reasonably:

(i) a certified copy of the Amalgamation Resolution;

(ii) a certified copy of (A) all resolutions of the board of directors of Holdco approving the entering into of this Agreement and the completion of the Amalgamation, and (B) a list of the directors and
officers of Holdco authorized to sign agreements together with their specimen signatures; and

(iii) a certificate of status, compliance, good standing or like certificate with respect to Holdco issued by appropriate government officials of its jurisdiction of incorporation.

Section 6.3  Conditions for the Benefit of Holdco.

(1) The completion of the transactions contemplated hereunder is subject to the following conditions being satisfied at or prior to the Effective Date, which conditions are for the exclusive benefit of Holdco and may be waived, in whole or in part, by Holdco in its sole discretion:

(a) The representations and warranties of SecureCom which are qualified by references to materiality and warranties were true and correct as of the date of this Agreement and are true and correct as of the Effective Date, in all respects, and all other representations and warranties of SecureCom were true and correct as of the date of this Agreement and are true and correct as of the Effective Date, in all material respects, in each case except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date, and SecureCom shall have executed and delivered a certificate to that effect.

(b) SecureCom shall have fulfilled or complied, in all material respects, with all covenants contained in this Agreement and any Ancillary Agreement to be fulfilled or complied with by it at or prior to the Effective Date, and SecureCom shall have executed and delivered a certificate to that effect.

(c) SecureCom shall have no liabilities or obligations (contingent or otherwise), exclusive of liabilities relating to the fees and disbursements of its legal counsel and auditors appointed in connection with the Amalgamation, and SecureCom shall have executed and delivered a certificate to that effect.

(d) SecureCom shall have divested itself of its current technology assets and SecureCom shall have executed and delivered a certificate to that effect.

(e) AcquireCo shall have received all certificates, instruments and other deliverables required to be delivered from Chestnut under the Acquisition Agreement.

(f) All outstanding SecureCom Convertible Securities will be exercised and/or converted in accordance with their terms, other than the SecureCom Options.

(g) Aphria Inc. shall have a minimum of 37.56% of the issued and outstanding SecureCom Shares (on a non-diluted basis) immediately after the completion of the Amalgamation, which percentage shall only further be diluted by the exercise of the Broker Warrants and the SecureCom Options;
(h) SecureCom shall have cash on hand, together with HST receivables, of not less than $7,400,000 (net of expenses relating to the completion of the Amalgamation incurred by SecureCom and prior to giving effect to the issuance of the SecureCom Note) and SecureCom shall have executed and delivered a certificate to that effect, and any deviations from this amount must be previously approved in writing by Carl Merton, Chief Financial Officer of Aphria Inc., at his sole discretion.

(i) Each of the directors and officers of SecureCom shall have resigned from their respective positions.

(2) SecureCom shall deliver or cause to be delivered to Holdco at or prior to the Effective Date the following in form and substance satisfactory to Holdco acting reasonably:

(a) a certified copy of (A) all resolutions of the board of directors of such entity approving the entering into of this Agreement and the completion of the Amalgamation, (B) all resolutions of the SecureCom Shareholders passed in connection with the SecureCom Meeting; and (C) a list of the directors and officers authorized to sign agreements together with their specimen signatures; and

(b) a certificate of status, compliance, good standing or like certificate with respect to SecureCom issued by appropriate government officials of their respective jurisdictions of incorporation.

(3) In addition to the foregoing, SecureCom shall have delivered to Holdco (or its shareholder designee) duly executed copies of the following commercial agreements, in each case in form and substance satisfactory to Holdco (or its shareholder designee), acting reasonably:

(a) an investor rights agreement in favour of Aphria Inc. providing for, among other things, board nomination rights entitling Aphria Inc. to appoint two of the expected five directors to the board of directors of SecureCom (or its successor), together with customary pre-emptive and other rights;

(b) a registration rights agreement in favour of Aphria Inc. providing for customary demand and “piggy back” registration rights;

(c) a trademark license agreement for the exclusive use by SecureCom (or its successor) of the “Aphria” trademark and distinctive logo in certain permitted state jurisdictions in the United States in connection with the business of SecureCom (or its successor); and

(d) an intellectual property license agreement for the non-exclusive license of the Aphria “system” to SecureCom (or its successor) in respect of the use of certain Aphria “know-how” and other related intellectual property in
connection with certain authorized medical marijuana sites and permitted state jurisdictions in the United States.

ARTICLE 7
TERMINATION

Section 7.1 Term.

This Agreement shall be effective from the date hereof until the earlier of the Effective Date and the termination of this Agreement in accordance with its terms.

Section 7.2 Termination Rights.

This Agreement may, by Notice in writing given prior to the Effective Date, be terminated:

(a) by mutual consent of Holdco and SecureCom;

(b) either Holdco or SecureCom if:

(i) the approval of Holdco Shareholders of the Amalgamation or the approval of SecureCom Shareholders of all matters to be considered at the SecureCom Meeting, is not obtained, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(b)(i) if the failure to obtain such 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 this Agreement;

(ii) after the date of this Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Amalgamation illegal or otherwise permanently prohibits or enjoins Holdco or SecureCom from consummating the Amalgamation, and such Law has, if applicable, become final and non-appealable; or

(iii) the Effective Date does not occur on or prior to the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(b)(iii) if the failure of the Effective Date to so occur 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 this Agreement.

(c) by Holdco if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of SecureCom under this Agreement occurs that would cause any condition in Section 6.3(1)(a) or Section 6.3(1)(b) not to be satisfied, and such breach or failure is incapable of being cured or is not cured on or prior to the Outside Date; provided that Holdco is not then in
breach of this Agreement so as to cause any condition in Section 6.2(1)(a) or Section 6.2(1)(b) not to be satisfied.

(d) by SecureCom if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Holdco under this Agreement occurs that would cause any condition in Section 6.2(1)(a) or Section 6.2(1)(b) not to be satisfied, and such breach or failure is incapable of being cured or is not cured on or prior to the Outside Date; provided that SecureCom is not then in breach of this Agreement so as to cause any condition in Section 6.3(1)(a) or Section 6.3(1)(b) not to be satisfied.

Section 7.3  Effect of Termination.

(1) If a Party waives compliance with any of the conditions, obligations or covenants contained in this Agreement, the waiver will be without prejudice to any of its rights of termination in the event of non-fulfilment, non-observance or non-performance of any other condition, obligation or covenant in whole or in part.

(2) If this Agreement is terminated, the Parties are released from all of their respective obligations under this Agreement except that each Party’s obligations under Section 8.3 and Section 8.4 will survive.

ARTICLE 8  MISCELLANEOUS

Section 8.1  Notices.

Any notice, direction or other communication (each a “Notice”) given regarding the matters contemplated by this Agreement or any Ancillary Agreement must be in writing, sent by personal delivery, courier or by electronic mail and addressed:

(a) to SecureCom at:

200 – 366 Bay Street
Toronto, Ontario
M5H 4B2

Attention: Michael Galloro
Fax Number: (647) 476-5351
Email: mgalloro@aloefinancial.com

With a copy to:

Gowling WLG (Canada) LLP
100 King Street West, Suite 1600
Toronto, Ontario
M5X 1G5
A Notice is deemed to be delivered and received (i) if sent by personal delivery, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by same-day service courier, on the date of delivery if sent on a Business Day and delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (iii) if sent by overnight courier, on the next Business Day, or (iv) if sent by e-mail or facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile. A Party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party’s address that is not specifically changed in a Notice will be assumed not to be changed. Sending a copy of a Notice to a Party’s legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party. The failure to send a copy of a Notice to legal counsel does not invalidate delivery of that Notice to a Party.

Section 8.2    Time of the Essence.

Time is of the essence in this Agreement.

Section 8.3    Announcements.

No press release, public statement or announcement or other public disclosure (a “Public Statement”) with respect to this Agreement or the transactions contemplated in this Agreement may be made except with the prior written consent and joint approval of Holdco and SecureCom, or if required by Law or a Governmental Entity. Where the Public Statement is required by Law or a Governmental Entity, the Party required to make the Public Statement will use commercially reasonable efforts to obtain the approval of the other Party as to the form, nature and extent of the disclosure.

Section 8.4    Expenses.

Each Party will pay for its own costs and expenses incurred in connection with this Agreement and the transactions contemplated herein.
Section 8.5 Amendments.

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by the Parties.

Section 8.6 Waiver.

No waiver of any of the provisions of this Agreement or any Ancillary Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party’s failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

Section 8.7 Entire Agreement.

This Agreement, together with the Ancillary Agreements, constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement or any Ancillary Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement and the Ancillary Agreements. If there is any conflict or inconsistency between the provisions of this Agreement and the provisions of any Ancillary Agreement, the provisions of this Agreement shall govern.

Section 8.8 Successors and Assigns.

(1) This Agreement becomes effective only when executed by Holdco and SecureCom. After that time, it will be binding upon and enure to the benefit of Holdco and SecureCom and their respective successors and permitted assigns.

(2) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Parties.

Section 8.9 Severability.

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect.
Section 8.10    Governing Law.

(1) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(2) Each Party irrevocably attorns and submits to the exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

Section 8.11    Counterparts.

This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument.

[Remainder of page intentionally left blank]
IN WITNESS WHEREOF the Parties have executed this Transaction Agreement.

DFMMJ INVESTMENTS, LTD.

By: [Signature]

Authorized Signatory

SECURECOM MOBILE INC.

By: [Signature]

Authorized Signatory
THIS AGREEMENT is dated as of the [●] day of [●], 2017,

BY AND AMONG:

DFMMJ INVESTMENTS, LTD., a corporation existing under the
laws of the Province of British Columbia

(hereinafter referred to as “Holdco”)

OF THE FIRST PART;

- and -

1006397 B.C. Ltd., a corporation existing under the laws of the
Province of British Columbia

(hereinafter referred to as “Subco”)

OF THE SECOND PART;

- and -

SECURECOM MOBILE INC., a corporation existing under the
laws of the Province of British Columbia

(hereinafter referred to as “SecureCom”)

OF THE THIRD PART.

WHEREAS Holdco and Subco wish to amalgamate and continue as one corporation to
be known as “DFMMJ Investments Ltd.” in accordance with the terms and conditions hereof;

AND WHEREAS Subco is a wholly-owned subsidiary of SecureCom and has not
carried on active business;

AND WHEREAS SecureCom and Holdco are parties to the Transaction Agreement
which contemplates such amalgamation;

AND WHEREAS the parties have entered into this Agreement to provide for the
matters referred to in the foregoing recitals and for other matters relating to the proposed
amalgamation;
NOW THEREFORE THIS AGREEMENT WITNESSES that for and in consideration of the mutual covenants and agreements herein contained and other lawful and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Definitions.** In this Agreement (including the recitals hereto):

   (a) “Act” means the *Business Corporations Act* (British Columbia) as from time to time amended or re-enacted;

   (b) “Agreement” means this amalgamation agreement;

   (c) “Amalco” means the resulting company from the amalgamation of the Amalgamating Parties pursuant to the Amalgamation;

   (d) “Amalco Shares” means the common shares in the capital of Amalco;

   (e) “Amalgamating Parties” means, collectively, Holdco and Subco;

   (f) “Amalgamation” means the amalgamation of Holdco and Subco on the terms and conditions set forth in this Agreement;

   (g) “Amalgamation Application” means Form 13 Amalgamation Application to be filed with the Registrar in order to effect the Amalgamation;

   (h) “Business Combination” means the business combination between SecureCom and Holdco wherein SecureCom will acquire 100% of the issued and outstanding shares of Holdco by way of the Amalgamation;

   (i) “Business Combination Date” means the date the Business Combination is completed, as evidenced by the issuance of the Certificate of Amalgamation giving effect to the Amalgamation;

   (j) “Business Day” means a day other than a Saturday, Sunday or a civic or statutory holiday in the City of Toronto, Ontario;

   (k) “Certificate of Amalgamation” means the certificate of amalgamation to be issued by the Registrar, evidencing that the Amalgamation is effective;

   (l) “Consolidation” means the consolidation of the SecureCom Shares, the SecureCom Options and the Holdco Replacement Broker Warrants, on a 10 to 1 basis, as further set out in Section 13(g);

   (m) “CSE” means the Canadian Securities Exchange;

   (n) “Effective Time” means 12:01 a.m. (Vancouver time) on the Business Combination Date;
(o) “Exchange Ratio” means 1.00;

(p) “Holdco Broker Warrants” means the 9,230,769 common share purchase warrants to purchase Holdco Shares, exercisable at $0.208 and expiring 24 months from the closing date of the Offering;

(q) “Holdco Replacement Broker Warrants” means the replacement broker warrants of SecureCom to be issued in exchange for and replacement of the Holdco Broker Warrants, each entitling the holder to purchase, such number of SecureCom Shares (rounded down to the nearest whole SecureCom Share), as is equal to the number of Holdco Shares issuable pursuant to the Holdco Broker Warrants immediately prior to the filing of the Amalgamation Application multiplied by the Exchange Ratio at an exercise price per share (rounded up to the nearest whole cent) equal to the original exercise price per share of the Holdco Broker Warrants divided by the Exchange Ratio;

(r) “Holdco Securityholder” means a registered holder owning Holdco Shares or Holdco Broker Warrants immediately prior to the filing of the Amalgamation Application;

(s) “Holdco Shares” means the common shares in the capital of Holdco, as presently constituted on the date hereof;

(t) “Holdco Subscription Receipts” means the up to 168,269,231 subscription receipts of Holdco to be issued in connection with the Offering;

(u) “Offering” means a private placement offering of up to 168,269,231 Holdco Subscription Receipts, pursuant to the terms of an agency agreement to be entered into between Holdco, SecureCom and Clarus Securities Inc.

(v) “Paid-up Capital” has the meaning assigned to the term “paid-up capital” in subsection 89(1) of the Income Tax Act (Canada));

(w) “Registrar” means the Registrar of Companies appointed under Section 400 of the Act;

(x) “SecureCom Convertible Securities” means, collectively, all outstanding rights to acquire SecureCom Shares pursuant to the SecureCom Options and other warrants, broker warrants, convertible debentures, rights of conversion or exchange privileges or other securities entitling the holder thereof to acquire any SecureCom Shares, or any other rights, agreements or commitment of any character requiring the issuance, sale or transfer by SecureCom of any SecureCom Shares;

(y) “SecureCom Options” means the 770,000 existing stock options of SecureCom, each entitling the holder to purchase one SecureCom Share, in accordance with their terms;
"SecureCom Replacement Options" has the meaning ascribed to such term in Section 13(g)(iii);

"SecureCom Shares" means the common shares in the capital of SecureCom, as presently constituted on the date hereof;

"Subco Shares" means the common shares in the capital of Subco; and

"Transaction Agreement" means the transaction agreement dated April 4, 2017 among SecureCom and Holdco governing the terms and conditions of the Business Combination, as amended from time to time.

2. Amalgamation. In accordance with the Transaction Agreement, the Amalgamating Parties hereby agree to amalgamate and continue as one company under the provisions of the Act upon the terms and conditions hereinafter set out.

3. Certain Phrases, etc. In this Agreement (i) the words "including", "includes" and "include" mean "including (or includes or include) without limitation", and (ii) the phrase "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of". In the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

4. Effect of Amalgamation. At the Effective Time, subject to the Act:

(a) the amalgamation of the Amalgamating Parties and their continuation as one company, Amalco, under the terms and conditions prescribed in this Agreement shall be effective;

(b) the property, rights and interests of each of the Amalgamating Parties shall continue to be the property of Amalco;

(c) Amalco will be a wholly-owned subsidiary of SecureCom;

(d) Amalco shall continue to be liable for the obligations of each of the Amalgamating Parties;

(e) any existing cause of action, claim or liability to prosecution with respect to either or both of the Amalgamating Parties shall be unaffected;

(f) a legal proceeding prosecuted or pending by or against any of the Amalgamating Parties may be prosecuted, or its prosecution may be continued, as the case may be, by or against Amalco;

(g) any conviction against, or ruling, order or judgment in favour of or against, any of the Amalgamating Parties may be enforced by or against Amalco; and
(h) the notice of articles are those contained in the Amalgamation Application and are in the prescribed form as required by the Act.

5. **Name.** The name of Amalco shall be “Alpha Health Sciences Inc."

6. **Registered Office.** The registered office of Amalco shall be located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8.

7. **Authorized Capital.** The authorized capital of Amalco shall consist of an unlimited number of Amalco Shares, as set out in the notice of articles, which shares shall have the rights, privileges, restrictions and conditions as set out in the Act.

8. **Restrictions on Business.** There shall be no restrictions on the business which Amalco is authorized to carry on.

9. **Transfer Restrictions.** The right to transfer securities of Amalco shall be restricted. Securities of Amalco, other than non-convertible debt securities, may not be transferred unless:

   (a) (i) the consent of the directors of Amalco is obtained; or (ii) the consent of shareholders holding more than 66 2/3% of the shares entitled to vote at such time is obtained; or

   (b) in the case of securities, other than shares which are subject to restrictions on transfer contained in a securityholders’ agreement, such restrictions on transfer are complied with.

The consent of the directors or the shareholders for the purposes of this section is evidenced by a resolution of the directors or shareholders, as the case may be, or by an instrument or instruments in writing signed by a majority of the directors, or by all of the shareholders.

10. **Number of Directors.** The minimum number of directors of Amalco shall be one (1) and the maximum number of directors of Amalco shall be ten (10).

11. **Articles.** The articles of Holdco shall, so far as applicable, be the articles of Amalco until repealed or amended in the normal manner provided for in the Act. Prior to the Effective Time, a copy of such articles may be examined at the registered address of Holdco at any time during regular business hours.

12. **First Directors.** The first directors of Amalco shall be the Persons whose names and addresses are set out below, who shall hold office until the first annual meeting of shareholders of Amalco or until their successors are duly elected or appointed and will be responsible for the subsequent management and operation of Amalco:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brady Cobb</td>
<td>642 Northeast Third Avenue, Fort Lauderdale, Florida</td>
</tr>
</tbody>
</table>
13. **Treatment of Issued Capital.** Prior to the Amalgamation, all outstanding SecureCom Convertible Securities will be exercised and/or converted in accordance with their terms. On the Effective Time:

(a) each issued and outstanding Subco Share will be cancelled and replaced by one issued and fully paid Amalco Share for each Subco Share held by SecureCom;

(b) the Holdco Subscription Receipts shall be deemed to be automatically exercised into Holdco Shares in accordance with their terms;

(c) holders of issued and outstanding Holdco Shares shall receive from SecureCom such number of fully paid SecureCom Shares as is equal to the number of Holdco Shares so held multiplied by the Exchange Ratio;

(d) Holdco Shares replaced by issued and fully paid SecureCom Shares in accordance with the provisions of Section 13(c) hereof will be cancelled;

(e) in consideration of the issuance by SecureCom of the SecureCom Shares pursuant to Section 13(c), Amalco shall issue to SecureCom one fully paid and non-assessable Amalco Share for each SecureCom Share issued to former holders of Holdco Shares;

(f) each outstanding Holdco Broker Warrant will be replaced with one Holdco Replacement Broker Warrant, and each such Holdco Broker Warrant will be cancelled; and

(g) immediately after the Amalgamation, the Consolidation shall occur, such that:

(i) each of the issued and outstanding SecureCom Shares (including the SecureCom Shares issued pursuant to Section 13(c)) are consolidated on the basis of 10 pre-consolidation SecureCom Shares for one (1) post-consolidation SecureCom Share;

(ii) each of the issued and outstanding Holdco Replacement Broker Warrants are consolidated such that each holder thereof is entitled to purchase that number of SecureCom Shares (rounded down to the next nearest whole SecureCom Share) as is equal to the number of SecureCom Shares issuable pursuant to the Holdco Replacement Broker Warrants immediately prior to the Consolidation divided by 10 at an exercise price per share (rounded up to the nearest whole cent) equal to the original exercise price per share of each such Holdco Replacement Broker Warrant multiplied by 10; and
(iii) each of the issued and outstanding SecureCom Options are consolidated such that each holder thereof is entitled to purchase that number of SecureCom Shares (rounded down to the next nearest whole SecureCom Share) as is equal to the number of SecureCom Shares issuable pursuant to the SecureCom Options immediately prior to the Consolidation divided by 10 at an exercise price per share (rounded up to the nearest whole cent) equal to the original exercise price per share of each such SecureCom Option multiplied by 10 (the “SecureCom Replacement Options”).

14. **No Fractional Shares or Securities upon Conversion.** Notwithstanding Section 13 of this Agreement, but subject to the Act, no Holdco Securityholder shall be entitled to, and SecureCom will not issue, fractions of SecureCom Shares or Holdco Replacement Broker Warrants, as the case may be and no cash amount will be payable by SecureCom in lieu thereof. To the extent any Holdco Securityholder is entitled to receive a fractional SecureCom Share or Holdco Replacement Broker Warrant, as the case may be, such fraction shall be rounded down to the closest whole number of the applicable security.

15. **Certificates.** On the Business Combination Date:

(a) the registered holders of Holdco Shares and Holdco Broker Warrants (collectively, the “Original Securities”) shall be deemed to be the registered holders of the SecureCom Shares and Holdco Replacement Broker Warrants (collectively, the “Replacement Securities”), respectively, to which they are entitled hereunder, and upon surrender to SecureCom of the certificates representing the issued and outstanding Original Securities, such Holdco Securityholders shall be entitled, in exchange, to receive certificates representing the Replacement Securities, as the case may be, as set forth in Section 13 hereof;

(b) SecureCom, as the registered holder of the Subco Shares, shall be deemed to be the registered holder of the Amalco Shares to which it is entitled hereunder and, upon surrender of the certificates representing such Subco Shares to Amalco, SecureCom shall be entitled to receive a share certificate representing the number of Amalco Shares to which it is entitled as set forth in Section 13 hereof;

(c) share certificates evidencing Holdco Shares and certificates representing the other Original Securities shall cease to represent any claim upon or interest in Holdco or Amalco other than the right of the holder to receive, pursuant to the terms hereof and the Amalgamation, the applicable Replacement Securities in accordance with Section 13 hereof;

(d) upon the delivery and surrender by a Holdco Securityholder to SecureCom of certificates representing all of the Original Securities owned by such Holdco Securityholder which have been exchanged for Replacement Securities, as the case may be and in accordance with the provisions of Sections 13(c) and (f) hereof, SecureCom shall on the later of: (i) the third Business Day following the Business Combination Date; and (ii) the date of receipt by SecureCom of the
certificates referred to above, issue to each such Holdco Securityholder certificates representing the number of Replacement Securities, as the case may be, to which such holder is entitled; and

(e) Upon delivery and surrender by a holder of SecureCom Options to SecureCom of certificates representing all of the SecureCom Options owned by such holder, SecureCom shall on the later of: (i) the third Business Day following the Business Combination Date; and (ii) the date of receipt by SecureCom of the certificates referred to above, issue to such holder of SecureCom Options certificates representing the number of SecureCom Replacement Options, as the case may be, to which such holder is entitled.

16. **Lost Certificates.** In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Original Securities that were exchanged pursuant to Section 13 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder of such Original Security claiming such certificate to be lost, stolen or destroyed, SecureCom will issue in exchange for such lost, stolen or destroyed certificate, one or more certificates representing the applicable Replacement Security pursuant to Section 13. The holder to whom certificates representing Replacement Securities are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to SecureCom in such sum as SecureCom may direct or otherwise indemnify SecureCom in a manner satisfactory to SecureCom against any claim that may be made against SecureCom with respect to the certificate alleged to have been lost, stolen or destroyed.

17. **Amalco Stated Capital.** The amount to be added to the stated capital account maintained in respect of the Amalco Shares in connection with the issue of Amalco Shares under Section 13 hereof on the Business Combination Date shall be the amount which is the sum of (i) the Paid-up Capital, determined immediately before the Effective Time, of all the issued and outstanding Holdco Shares and (ii) the Paid-up Capital, determined immediately before the Effective Time, of the issued and outstanding Subco Shares converted into Amalco Shares.

18. **SecureCom Stated Capital.** SecureCom shall add an amount to the stated capital maintained in respect of the SecureCom Shares an amount equal to the Paid-Up Capital of the Holdco Shares, determined immediately prior to the Effective Time.

19. **Covenants of Holdco.** Holdco covenants and agrees with Subco and SecureCom that it will:

(a) use reasonable commercial efforts to obtain a resolution of the holders of Holdco Shares approving the Amalgamation, this Agreement and the transactions contemplated hereby in accordance with the Act;

(b) use reasonable efforts to cause each of the conditions precedent set forth in Sections 26 and 27 hereof to be complied with; and
subject to the approval of the shareholders of each of Holdco and Subco being obtained for the completion of the Amalgamation and subject to all applicable regulatory approvals being obtained, thereafter jointly with Subco file with the Registrar the Amalgamation Application and such other documents as may be required to give effect to the Amalgamation upon and subject to the terms and conditions of this Agreement.

20. **Covenants of SecureCom.** SecureCom covenants and agrees with Holdco that it will:

   (a) sign a resolution as sole shareholder of Subco in favour of the approval of the Amalgamation, this Agreement and the transactions contemplated hereby in accordance with the Act;

   (b) use reasonable efforts to cause each of the conditions precedent set forth in Sections 26 and 28 hereof to be complied with; and

   (c) subject to the approval of the holders of Holdco Shares being obtained for the completion of the Amalgamation, and the obtaining of all applicable regulatory approvals (including that of the CSE) and the issuance of the Certificate of Amalgamation, issue that number of SecureCom Shares and Replacement Securities as required by Sections 13 (c), (f) and (g) hereof.

21. **Covenants of Subco.** Subco covenants and agrees with Holdco and SecureCom that it will not from the date of execution hereof to the Business Combination Date, except with the prior written consent of Holdco and SecureCom, conduct any business which would prevent Subco or Amalco from performing any of their respective obligations hereunder.

22. **Further Covenants of Subco.** Subco further covenants and agrees with Holdco that it will:

   (a) use its best efforts to cause each of the conditions precedent set forth in Section 26 hereof to be complied with; and

   (b) subject to the approval of the holders of Holdco Shares and the sole shareholder of Subco being obtained and subject to the obtaining of all applicable regulatory approvals, thereafter jointly with Holdco file with the Registrar the Amalgamation Application and such other documents as may be required to give effect to the Amalgamation upon and subject to the terms and conditions of this Agreement.

23. **Representation and Warranty of SecureCom.** SecureCom hereby represents and warrants to and in favour of Holdco and Subco and acknowledges that Holdco and Subco are relying upon such representation and warranty, that SecureCom is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement, enforceable against SecureCom in accordance with its terms.
24. **Representation and Warranty of Holdco.** Holdco hereby represents and warrants to and in favour of SecureCom and Subco, and acknowledges that SecureCom and Subco are relying upon such representation and warranty, that Holdco is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement, enforceable against Holdco in accordance with its terms.

25. **Representation and Warranty of Subco.** Subco represents and warrants to and in favour of Holdco and SecureCom, and acknowledges that Holdco and SecureCom are relying upon such representations and warranty, that Subco is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement, enforceable against Subco in accordance with its terms.

26. **General Conditions Precedent.** The respective obligations of the parties hereto to consummate the transactions contemplated hereby, and in particular the Amalgamation, are subject to the satisfaction, on or before the Business Combination Date, of the following conditions, any of which may be waived by the consent of each of the parties without prejudice to their rights to rely on any other or others of such conditions:

   (a) this Agreement and the transactions contemplated hereby, including, in particular, the Amalgamation, shall be approved by the sole shareholder of Subco and by the holders of Holdco Shares in accordance with the Act;

   (b) all the conditions required to close the Business Combination set out herein and in the Transaction Agreement being met or waived; and

   (c) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement, including, without limitation, the Amalgamation.

27. **Conditions to Obligations of SecureCom and Subco.** The obligations of SecureCom and Subco to consummate the transactions contemplated hereby and in particular the issue of the SecureCom Shares and Replacement Securities and the Amalgamation, as the case may be, are subject to the satisfaction, on or before the Business Combination Date, of the conditions for the benefit of SecureCom set forth in the Transaction Agreement governing the terms and conditions of the Business Combination and of the following conditions:

   (a) the acts of Holdco to be performed on or before the Business Combination Date pursuant to the terms of this Agreement shall have been duly performed by it and there shall have been no material adverse change in the financial condition or business of Holdco or its Subsidiaries, taken as a whole, from and after the date hereof; and

   (b) SecureCom and Subco shall have received a certificate from a senior officer of Holdco confirming that the conditions set forth in Sections 26 and 27(a) hereof have been satisfied.
The conditions described above are for the exclusive benefit of SecureCom and Subco and may be asserted by SecureCom and Subco regardless of the circumstances or may be waived by SecureCom and Subco in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which SecureCom and Subco may have.

28. **Conditions to Obligations of Holdco.** The obligations of Holdco to consummate the transactions contemplated hereby and in particular the Amalgamation are subject to the satisfaction, on or before the Business Combination Date, of the conditions for the benefit of Holdco set forth in the Transaction Agreement governing the terms and conditions of the Business Combination and of the following conditions:

(a) each of the acts of SecureCom and Subco to be performed on or before the Business Combination Date pursuant to the terms of this Agreement shall have been duly performed by them and there shall have been no material adverse change in the financial condition or business of SecureCom and Subco, taken as a whole, from and after the date hereof; and

(b) Holdco shall have received a certificate from a senior officer of each of SecureCom and Subco confirming that the conditions set forth in Sections 26 and 28(a) hereof have been satisfied.

The conditions described above are for the exclusive benefit of Holdco and may be asserted by Holdco regardless of the circumstances or may be waived by Holdco in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Holdco may have.

29. **Amendment.** This Agreement may at any time and from time to time be amended by written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of their respective shareholders and any such amendment may, without limitation:

(a) change the time for performance of any of the obligations or acts of the parties hereto;

(b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants contained herein and waive or modify performance of any of the obligations of the parties hereto; or

(d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment shall change the provisions hereof regarding the consideration to be received by Holdco Securityholders in exchange for their Holdco Shares or Holdco Broker Warrants without approval by the Holdco Securityholders given in the same manner as required for the approval of the Amalgamation.
30. **Termination.** This Agreement may, prior to the issuance of the Certificate of Amalgamation, be terminated by mutual agreement of the respective boards of directors of the parties hereto, without further action on the part of the shareholders of Holdco or Subco. This Agreement shall also terminate without further notice or agreement if:

(a) the Amalgamation is not approved by the shareholders of Holdco entitled to vote in accordance with the Act; or

(b) the Transaction Agreement is terminated.

31. **Binding Effect.** This Agreement shall be binding upon and enure to the benefit of the parties hereto and their successors and permitted assigns.

32. **Assignment.** No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of each of the other parties.

33. **Further Assurances.** Each of the parties hereto agrees to execute and deliver such further instruments and to do such further reasonable acts and things as may be necessary or appropriate to carry out the intent of this Agreement.

34. **Notice.** Any notice which a party may desire to give or serve upon another party shall be in writing and may be delivered, mailed by prepaid registered mail, return receipt requested or sent by telecopy transmission to the following addresses:

(a) Holdco:

   666 Burrard Street, Suite 1700  
   Vancouver, British Columbia  
   V6C 2X8  
   Attention: c/o Brady Cobb  
   Fax Number: (604) 681-1825  
   Email: bcobb@CobbEddy.com

(b) SecureCom and Subco:

   200 – 366 Bay Street  
   Toronto, Ontario  
   M5H 4B2  
   Attention: Michael Galloro  
   Fax Number: (647) 476-5351  
   Email: mgalloro@aloefinancial.com

   With a copy to:

   Gowling WLG (Canada) LLP
35. **Time of Essence.** Time shall be of the essence of this Agreement.

36. **Governing Law.** This Agreement shall be governed by and construed in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein.

[Remainder of page intentionally left blank]
IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

DFMMJ INVESTMENTS, LTD.

Per:

Name:
Title:

1006397 B.C. LTD.

Per:

Name:
Title:

SECURECOM MOBILE INC.

Per:

Name:
Title:
SCHEDULE “B”
CAPITAL STRUCTURE PRIOR TO AMALGAMATION

[Intentionally left blank.]
SCHEDULE “C”
DISSENT PROVISIONS OF THE ACT

Division 2 — Dissent Proceedings

Definitions and application

237(1) In this Division:

“dissenter” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“notice shares” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“payout value” means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement, or

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238(1) A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;

(b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

(c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
(e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company’s undertaking;

(f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under section 242 for the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and each other person who beneficially owns shares registered in the shareholder’s name and on whose behalf the shareholder is dissenting,

(b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c) dissent with respect to all of the shares, registered in the shareholder’s name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239(1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the company a separate waiver for the shareholder, if the shareholder is providing a waiver on the shareholder’s own behalf, and each other person who beneficially owns shares registered in the shareholder’s name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder’s own behalf,
the shareholder’s right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240(1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors’ resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and
(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

**Notice of court orders**

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

**Notice of dissent**

242(1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

(a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or

(c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of the date on which the shareholder learns that the resolution was passed, and the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

(a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.
A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and the names of the registered owners of those other shares,

the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and the name and address of the beneficial owner, and

a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder’s name.

The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243(1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

the date on which the company forms the intention to proceed, and

the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares, and

(c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out

the names of the registered owners of those other shares,

the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the company the notice shares, and

(b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.
(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

**Payment for notice shares**

245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

(a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that
(a) the company is insolvent, or
(b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

(a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
(b) the resolution in respect of which the notice of dissent was sent does not pass;
(c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
(d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
(e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
(f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
(g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
(h) the notice of dissent is withdrawn with the written consent of the company;
(i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

(a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
(b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
(c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.
SECURECOM MOBILE INC.  
(the “Corporation”)

AUDIT COMMITTEE CHARTER

1. Purpose

1.1. The audit committee of the Corporation (the "Committee") is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Committee’s role is to:

(a) support the Board of Directors in meeting its responsibilities to shareholders; (b) enhance the independence of the external auditor;

(c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors; and

(d) increase the credibility and objectivity of the Corporation’s financial reports and public disclosure.

1.2. The Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee’s responsibilities as described herein.

1.3. The Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

2. Membership

2.1. Each member of the Committee must be a director of the Corporation.

2.2. The Committee will consist of at least three members, the majority of whom are neither officers nor employees nor control persons of the Corporation or any of its associates or affiliates in accordance with applicable corporate and securities laws and applicable stock exchange rules and policies.

2.3. Board of Directors, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board of Directors may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

2.4. Unless the Board of Directors shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
3. Authority

3.1. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Committee has specific authority to:

(a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities; and

(b) communicate directly with management and any internal auditor, and with the external auditor without management involvement, including for non-audit services.

(c) Approve interim financial statements and interim MD&A on behalf of the Board of Directors.

3.2. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

4. Duties and Responsibilities

4.1. The overall duties and responsibilities of the Committee shall be as follows:

(a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly consolidated financial statements and related financial disclosure;

(b) to establish and maintain a direct line of communication with the Corporation's internal and external auditors and assess their performance;

(c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and

(d) to report regularly to the Board on the fulfillment of its duties and responsibilities.

4.2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

(a) to recommend to the Board a firm of external auditors to be engaged by the Corporation, and to verify the independence of such external auditors;

(b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;

(c) to review the audit plan of the external auditors prior to the commencement of the audit; (d) to review with the external auditors, upon completion of their audit:

(i) contents of their report;

(ii) scope and quality of the audit work performed;
(iii) adequacy of the Corporation's financial and auditing personnel;

(iv) co-operation received from the Corporation's personnel during the audit; (v) internal resources used;

(vi) significant transactions outside of the normal business of the Corporation;

(vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and

(viii) the non-audit services provided by the external auditors;

(e) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles; and

(f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

4.3. The duties and responsibilities of the Committee as they relate to the Corporation's internal auditors are to:

(a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;

(b) review and approve the internal audit plan; and

(c) review significant internal audit findings and recommendations, and management's response thereto.

4.4. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:

(a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;

(b) review compliance under the Corporation's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;

(c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and

(d) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
4.5. The Committee is also charged with the responsibility to:

(a) review the Corporation's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;

(b) review and approve the financial sections of: (i) the annual report to shareholders;

(ii) the annual information form;

(iii) annual and interim management’s discussion and analysis; (iv) prospectuses;

(v) news releases discussing financial results of the Corporation; and

(vi) other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;

(c) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;

(d) review the appropriateness of the policies and procedures used in the preparation of the Corporation's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;

(e) review and report on the integrity of the Corporation's consolidated financial statements; (f) review the minutes of any Committee meeting of subsidiary companies;

(g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;

(h) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information;

(i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board following each annual general meeting of shareholders; and

(j) evaluate, annually, the adequacy of this Charter and recommend any proposed changes to the Board.
5. **Meetings**

5.1. The quorum for a meeting of the Committee is a majority of the members of the Committee who are not officers or employees of the Corporation or of an affiliate of the Corporation, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to and hear each other.

5.2. The members of the Committee may determine their own procedures.

5.3. The Committee may establish its own schedule that it will provide to the Board of Directors in advance.

5.4. The external auditor is entitled to receive reasonable notice of every meeting of the Committee and to attend and be heard thereat.

5.5. A member of the Committee or the external auditor may call a meeting of the Committee.

5.6. The Committee will meet separately with the President and separately with the Chief Financial Officer of the Corporation at least annually to review the financial affairs of the Corporation.

5.7. The Committee will meet with the external auditor of the Corporation at least once each year, at such time(s) as it deems appropriate, to review the external auditor’s examination and report.

5.8. The chair of the Committee must convene a meeting of the Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

6. **Reports**

6.1. The Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors’ meeting at which those recommendations are presented.

7. **Minutes**

7.1. The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.
SECURECOM MOBILE INC.
NOTICE OF CHANGE OF AUDITORS
PURSUANT TO NATIONAL INSTRUMENT 51-102 ("NI 51-102")

October 3, 2016

TO:  Charlton & Company Chartered Accountants
AND TO:  MNP LLP
AND TO:  British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission

Dear Sirs/Mesdames:

Re:  Notice Regarding Proposed Change of Auditor Pursuant to NI 51-102

Notice is hereby given that on October 3, 2016, the Board of Directors of SecureCom Mobile Inc. (the "Company") determined:

1. to accept the resignation, at the request of the Company, dated September 30, 2016, of Charlton & Company Chartered Accountants (the "Former Auditor"); and

2. to engage MNP LLP (the "Successor Auditor"), as auditor of the Company, effective September 30, 2016.

There have been no modified opinions in the Former Auditor's reports on any of the Company's financial statements for the two most recently completed fiscal years nor for any period subsequent to the most recently completed fiscal year.

In the opinion of the Company, prior to the resignation, and as at the date hereof, there were no reportable events as defined in NI 51-102 (Part 4.11).

The contents of this Notice and the termination of the Former Auditor and the proposed appointment of the Successor Auditor were approved by the Audit Committee and the Board of Directors of the Company.

DATED at Toronto, Ontario this 3rd day of October, 2016.

BY ORDER OF THE BOARD OF DIRECTORS OF SECURECOM MOBILE INC.

"Arvin Ramos" (Signed)

Arvin Ramos
Chief Financial Officer
October 3, 2016

British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission

Dear Sirs/Mesdames:

Re: SecureCom Mobile Inc. (the “Company”)
Change of Auditor of Reporting Issuer

We acknowledge receipt of a Notice of Change of Auditor (the “Notice”) dated October 3, 2016 delivered to us by the Company in respect of the change of auditor of the Company.

Pursuant to National Instrument 51-102 of the Canadian Securities Administrators, please accept this letter as confirmation by Charlton & Company Chartered Professional Accountants, that we have reviewed the Notice and, based on our knowledge as at the time of receipt of the Notice, we agree with each of the statements therein.

I trust the foregoing is satisfactory.

Yours very truly,

Charlton & Company, Chartered Professional Accountants

Licensed Public Accountants
Chartered Professional Accountants

cc: Board of Directors of SecureCom Mobile Inc.
October 3, 2016

British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission

Dear Sirs/Mesdames:

Re: SecureCom Mobile Inc. (the “Company”)  
Change of Auditor of Reporting Issuer

We acknowledge receipt of a Notice of Change of Auditor (the “Notice”) dated October 3, 2016 delivered to us by the Company.

We hereby advise that we have read the Notice of Change of Auditor of the Company, dated October 3, 2016, and we agree with each of the statements, except for the Company’s reference to reportable events as defined in NI-51-102 (Part 4.11), for which we have no basis to agree or disagree.

Yours very truly,

[Signature]
Chartered Accountants
Licensed Public Accountants
DFMMJ INVESTMENTS LTD.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF INCORPORATION (MARCH 20, 2017) TO APRIL 30, 2017
(Expressed in Canadian Dollars)

The accompanying notes are an integral part of these consolidated financial statements
INDEPENDENT AUDITORS’ REPORT

To: the Shareholders of DFMMJ Investments Ltd.

We have audited the accompanying consolidated financial statements of DFMMJ Investments Ltd. (the “Company”), which comprise the consolidated statement of financial position as at April 30, 2017, and the consolidated statement of income and comprehensive income, consolidated statement of cash flows and consolidated statement of changes in shareholders’ equity for the period from date of incorporation March 20, 2017 to April 30, 2017, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2017, and its financial performance and its cash flow for the period from date of incorporation March 20, 2017 to April 30, 2017 in accordance with International Financial Reporting Standards.

“A Chan & Company LLP”
Chartered Professional Accountants

Burnaby, British Columbia
June 16, 2017

The accompanying notes are an integral part of these consolidated financial statements
DFMMJ Investments Ltd.
Consolidated Statement of Financial Position
(Expressed in Canadian Dollars)

The accompanying notes are an integral part of these consolidated financial statements.

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Note</th>
<th>April 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>9</td>
<td>$26,365,123</td>
</tr>
<tr>
<td>Deposit in trust</td>
<td>4 &amp; 9</td>
<td>4,453,160</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30,818,283</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>5</td>
<td>5,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$35,818,283</td>
</tr>
<tr>
<td><strong>LIABILITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>6 &amp; 9</td>
<td>$719,324</td>
</tr>
<tr>
<td>Due to SecureCom Mobile Inc.</td>
<td></td>
<td>4,453,160</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5,172,484</td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>7</td>
<td>30,167,601</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>478,198</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30,645,799</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$35,818,283</td>
</tr>
</tbody>
</table>

Approved on behalf of the Board

“Brady Cobb”
Signed: Director
DFMMJ Investments Ltd.
Consolidated Statement of Loss and Comprehensive Loss
(*Expressed in Canadian Dollars*)

<table>
<thead>
<tr>
<th>Note</th>
<th>For the period from the date of Incorporation March 20, 2017 to April 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ --</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
</tr>
<tr>
<td>Professional fees</td>
<td>204,060</td>
</tr>
<tr>
<td>Unrealized gain on foreign exchange</td>
<td>(682,258)</td>
</tr>
<tr>
<td>Net Income and Comprehensive Income</td>
<td>$ 478,198</td>
</tr>
<tr>
<td>Weighted average number of common shares – basic and diluted</td>
<td>168,865,573</td>
</tr>
<tr>
<td>Earnings per share – basic and diluted</td>
<td>$ 0.003</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
DFMMJ Investments Ltd.
Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of common shares</th>
<th>Share capital (Note 7)</th>
<th>Retained earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at March 20, 2017 (date of incorporation)</td>
<td>1</td>
<td>$1</td>
<td>$ --</td>
<td>$1</td>
</tr>
<tr>
<td>Share issuance – cash, net of issuance costs</td>
<td>365,436,538</td>
<td>25,167,600</td>
<td>--</td>
<td>25,167,600</td>
</tr>
<tr>
<td>Share issuance – intangible asset acquisition</td>
<td>192,400,000</td>
<td>5,000,000</td>
<td>--</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Net income for the period</td>
<td>--</td>
<td>--</td>
<td>478,198</td>
<td>478,198</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements
### DFMMJ Investments Ltd.
#### Consolidated Statement of Cash Flows
* (Expressed in Canadian Dollars)

The accompanying notes are an integral part of these consolidated financial statements.

<table>
<thead>
<tr>
<th>Note</th>
<th>For the period from the date of Incorporation March 20, 2017 to April 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash used in operating activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$ 478,198</td>
</tr>
<tr>
<td>Change in non-cash working capital</td>
<td>719,324</td>
</tr>
<tr>
<td><strong>Total Cash used in operating activities:</strong></td>
<td>1,197,522</td>
</tr>
</tbody>
</table>

| **Cash provided by financing activities:** |                                                                                   |
| Share capital issued for cash, net of cash issuance costs | 25,167,601                                                                         |
| Due to SecureCom Mobile Inc. | 4,453,160                                                                          |
| **Total Cash provided by financing activities:** | 29,620,761                                                                         |

| **Cash used in investing activities:** |                                                                                   |
| Deposit in trust | (4,453,160)                                                                         |
| **Total Cash used in investing activities:** | (4,453,160)                                                                         |

| **Increase in cash and cash equivalents** |                                                                                   |
| **Cash, beginning of period** | --                                                                                |
| **Cash used in operating activities** |                                                                                   |
| **Cash provided by financing activities** |                                                                                   |
| **Cash used in investing activities** |                                                                                   |
| **Increase in cash and cash equivalents** | 26,365,123                                                                         |
| **Cash, end of period** | $ 26,365,123                                                                      |

| Supplemental information |                                                                                   |
| Shares issued to acquire intangible assets | $ 5,000,000                                                                    |
DFMMJ Investments Ltd.
Notes to the Consolidated Financial Statements
For the period from the date of incorporation March 20, 2017 to April 30, 2017

1. Nature of operations

DFMMJ Ltd. (the “Company”) was incorporated on March 20, 2017 under the laws of British Columbia. The head office and principal office of the Company is located at Suite 1600, 100 King St. W., Toronto, Ontario, Canada.

The Company was created to complete the Business Combination and Acquisition as described in Note 11.

These consolidated financial statements were approved by the Company’s Board of Directors on June 16, 2017.

2. Basis of preparation

(a) Basis of presentation

These consolidated financial statements have been prepared on an accrual basis and are on a historical cost basis. These consolidated financial statements are prepared in Canadian dollars. The functional currency of the Company is Canadian dollars.

(b) Basis of consolidation

There is one wholly owned subsidiary controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of the wholly owned subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

<table>
<thead>
<tr>
<th>Wholly owned subsidiary</th>
<th>Jurisdiction of incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFMMJ LLC</td>
<td>Florida, USA</td>
</tr>
</tbody>
</table>

Intragroup balances, and any unrealized gains and losses or income and expenses arising from gains arising from transactions with jointly controlled entities are eliminated to the extent of the Company’s interest in the entity.

3. Significant accounting policies

The significant accounting policies used by the Company are as follows:

a. Cash and cash equivalents

Cash and cash equivalents are comprised of cash and highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less.

b. Intangible assets

Intangible asset is comprised of licensed intellectual property, recorded at cost less accumulated amortization. Amortization is to be recorded on a straight-line basis over the estimated useful life of the asset and will be applied once the asset is in use.
c. Impairment of non-financial assets

Long-term non-financial assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may exceed its recoverable amount. For the purpose of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit, or “CGU”). An impairment loss is recognized for the amount, if any, by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset’s fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been previously recognized.

d. Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the consolidated statements of income and comprehensive income. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

e. Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The dilutive effect on earnings per share would be calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.
f. Financial instruments

Financial assets are classified into one of four categories:

- fair value through profit or loss ("FVTPL");
- held-to-maturity ("HTM");
- available for sale ("AFS"); and
- loans and receivables.

(i) FVTPL financial assets

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value with any resulting gain or loss recognized in the consolidated statements of income and comprehensive income. Transaction costs are expensed as incurred.

(ii) Loans and receivables

Loans and receivables are financial assets having fixed or determinable payments that are not quoted in an active market. They are initially recognized at the transaction value and subsequently carried at amortized cost less, when material, a discount to reduce the loans and receivables to fair value.

(iii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statements of income and comprehensive income. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through the consolidated statements of income and comprehensive income. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

(iv) Financial liabilities and other financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Financial liabilities at FVTPL are stated at fair value, with changes being recognized through the consolidated statements of income and comprehensive income. Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.
(v) Classification of financial instruments

Cash and cash equivalents – FVTPL
Deposit in trust – FVTPL
Accounts payable and accrued liabilities – other financial liabilities
Due to SecureCom Mobile Inc. – other financial liabilities

g. Critical accounting estimates and judgements

The preparation of the consolidated financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. In particular, information about significant areas of estimation uncertainty and judgment considered by management in preparing the consolidated financial statements includes:

\textit{Estimated useful lives, amortization and recoverability of capital and intangible assets}

Amortization of capital and intangible assets is dependent upon estimates of useful lives based on management’s judgment. The recoverability of the carrying value of the intellectual property is dependent on the successful development and commercialization of the intellectual property in order to generate revenues. The carrying value of these assets is reviewed by management when events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

h. New standards and interpretations issued but not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended April 30, 2017 and have not been applied in preparing these consolidated financial statements.

Amendments to IAS 16 - Property Plant and Equipment and IAS 41 - Agriculture - The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. The amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted.

IFRS 9 - Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

IFRS 15 - Revenue from Contracts with Customers, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, specifies how and when to recognize revenue and enhances relevant disclosures to be applied to all contracts with customers.

The Company is assessing the impact of these revised standards.
4. Deposit in trust

A cash deposit of $4,453,161 (US$3,260,000) was made as a down payment on the Acquisition and was held in trust as at April 30, 2017 (See Note 10).

5. Intangible Assets

In April 2017, a third-party investor licensed its intellectual property to the Company in exchange for common shares. The intellectual property relates to its expertise in growing, harvesting and producing marijuana as well as processing automation and other operational improvements. The Company valued the purchase price for intellectual property at $5,000,000, which the Company estimates to be its fair value. Since the company has not yet began operating and has not yet implemented the intellectual property, the asset is not yet considered in use and therefore no depreciation has been recorded in the current period.

6. Due to SecureCom Mobile Inc.

The Company borrowed $4,453,161 (US $3,260,000) from SecureCom Mobile Inc. which was used to fund the deposit for the Acquisition (See Note 10). The loan will be repaid upon the closing of the Acquisition and the Offering of subscription receipts (See Note 7). The liability is non-interest bearing, and is unsecured.

7. Share capital

The Company is authorized to issue an unlimited number of common shares. As at April 30, 2017, the Company has issued 557,836,539 shares.

<table>
<thead>
<tr>
<th>Common Shares</th>
<th>Number of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at March 20, 2017 (date of incorporation)</td>
<td>1</td>
</tr>
<tr>
<td>Share issuance – cash</td>
<td>365,436,538</td>
</tr>
<tr>
<td>Share issuance – in exchange for intangible asset</td>
<td>192,400,000</td>
</tr>
<tr>
<td><strong>Balance at April 30, 2017</strong></td>
<td><strong>557,836,539</strong></td>
</tr>
</tbody>
</table>

a) In April 2017, the Company issued 365,436,538 shares for total gross cash proceeds of $25,792,600. Cash commission of $625,000 was paid.

b) In April 2017, the Company issued 192,400,000 shares to purchase intellectual property valued at $5,000,000 (See Note 5).

c) In April 2017, the Company entered into an agency agreement with an agent whereby the Company offers to issue up to 168,269,231 subscription receipts (“Offering”) for gross proceeds of $35,000,000 through private placements. The Company will pay a 6% cash commission on the Offering (excepting those gross proceeds from up to a maximum of 14,423,077 subscription receipts sold under a president’s list, in respect of which the applicable commission shall be nil) and will issue the agent such number of non-transferable broker warrants as is equal to 6% of the total number of subscription receipts sold under the Offering (excepting that number of subscription receipts, not to exceed 14,423,077 subscription receipts, which are sold under a president’s list, in respect of which the broker warrants shall be nil). Each of these subscription receipts sold under the Offering will be automatically exchanged for one common share of the Company upon satisfactory of conditions precedent to the business combination with SecureCom Mobile Inc. (“SecureCom”). Upon completing the business combination with SecureCom, each share of the Company exchanged from the subscription receipt will then be automatically exchanged into one common share of SecureCom. The Company completed the Offering and closed the acquisition of Chestnut Hill Tree Farm LLC (“Chestnut”) in May 2017 (See Note 10).
8. **Earnings (loss) per share**

The calculation of earnings per share for the period ended April 30, 2017 was based on the net income attributable to common shareholders of $478,198 and a weighted average number of common shares outstanding of 223,338,338 calculated as follows:

<table>
<thead>
<tr>
<th>Basic earnings per share:</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income for the period</td>
<td>$ 478,198</td>
</tr>
<tr>
<td>Average number of common shares outstanding</td>
<td>168,865,573</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>$ 0.003</td>
</tr>
</tbody>
</table>

9. **Financial risk management and financial instruments**

**Financial instruments**

The Company has classified its cash and deposit in trust as fair value. The carrying values of due to SecureCom Mobile Inc. and accounts payable and accrued liabilities are at fair values due to their short term in nature.

**Fair value hierarchy**

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. Cash and deposit in trust are Level 1. The hierarchy is summarized as follows:

<table>
<thead>
<tr>
<th>Level 1</th>
<th>quoted prices (unadjusted) in active markets for identical assets and liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 2</td>
<td>inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data</td>
</tr>
<tr>
<td>Level 3</td>
<td>inputs for assets and liabilities not based upon observable market data</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial assets at FVTPL</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>April 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 26,365,123</td>
<td>$ --</td>
<td>$ --</td>
<td>$ 26,365,123</td>
</tr>
<tr>
<td>Deposit in trust</td>
<td>4,453,160</td>
<td>$ --</td>
<td>$ --</td>
<td>4,453,160</td>
</tr>
<tr>
<td></td>
<td>$ 30,818,283</td>
<td>$ --</td>
<td>$ --</td>
<td>$ 30,818,283</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial liability at amortized cost</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>April 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$ 719,324</td>
<td>$ --</td>
<td>$ --</td>
<td>$ 719,324</td>
</tr>
<tr>
<td>Due to SecureCom Mobile Inc.</td>
<td>4,453,160</td>
<td>$ --</td>
<td>$ --</td>
<td>4,453,160</td>
</tr>
<tr>
<td></td>
<td>$ 5,172,484</td>
<td>$ --</td>
<td>$ --</td>
<td>$ 5,172,484</td>
</tr>
</tbody>
</table>

**Financial risk management**

The Company has exposure to the following risks:

(a) **Business risk**

The Company operates in the medical cannabis business in the United States. Cannabis is categorized by the US Federal Government as a Schedule 1 narcotic and as such, an illegal substance. The US Federal government has announced that they will allow each individual state to decide the legality of cannabis within their own state and has committed not to prosecute federally individuals who operate in the cannabis business.
(b) Foreign exchange risk

The Company has maintained significant amount of cash in USD foreign currency, USD$18,340,842, as of April 30, 2017. As a result, the Company’s operation will be subject to variations from fluctuation on the foreign exchange rate. Foreign exchange gain of $682,258 was recognized on the cash deposit as of April 30, 2017 and was included in the consolidated statement of income and comprehensive income for the period ended April 30, 2017. A 5% change in the foreign exchange rate may result a gain/loss of $1,252,863 on the foreign currency cash. The Company also has a due to SecureCom Mobile Inc. and deposit in trust in the same amount of USD$3,260,000 as of April 30, 2017. Any fluctuation on the foreign exchange rate will not result in any material effect to its operation from the due to SecureCom Mobile Inc. and the deposit in trust due to their offsetting effect against each other. The Company does not maintain any contract to hedge against any fluctuation on foreign exchange rate.

(c) Credit risk

The maximum credit exposure at April 30, 2017 is the carrying amount of cash and deposit in trust. The Company does not have significant credit risk with respect to customers. All cash and cash equivalents are placed with locally established financial institutions.

(d) Liquidity risk

As at April 30, 2017, the Company’s financial liabilities consist of accounts payable and accrued liabilities and due to SecureCom Mobile Inc. Due to SecureCom Mobile Inc. has no fixed repayment terms. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company’s working capital position at April 30, 2017, management regards liquidity risk to be low.

(e) Capital management

The Company’s objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company will manage its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements. Management will review its capital management approach on an ongoing basis.

10. Acquisition and Subsequent event

The Company entered into a definitive arm’s length transaction agreement (the “Agreement”) dated April 4, 2017 with SecureCom Mobile Inc. (“SecureCom”), a publically traded company on the Canadian Stock Exchange, incorporated under the laws of British Columbia whereby the Company will amalgamate with a wholly-owned subsidiary of SecureCom to become a direct, wholly-owned subsidiary of SecureCom (“Business Combination”). SecureCom will remain as the resulting issuer (the “Resulting Issuer”).

Upon completion of the Business Combination, the Resulting Issuer will conduct its business under the new name “Liberty Health Sciences Inc.” (the “Name Change”). It is expected that the Resulting Issuer will, upon completion of the Business Combination, have its common shares listed and posted for trading on the Canadian Stock Exchange (the “Exchange” or the “CSE”). The Business Combination is expected to close in July 2017 and is subject to the approval of SecureCom shareholders.
The proceeds from the subscription receipts (See Note 7) together with existing cash will be used to fund the acquisition (the “Acquisition”) by DFMMJ Investments, LLC, of all or substantially all of the assets of Chestnut Hill Tree Farm LLC (“Chestnut”), a limited liability company existing under the laws of the State of Florida for a purchase price of US$40,000,000. The Acquisition was subject to the terms of a definitive asset purchase agreement dated March 30, 2017, which included customary closing conditions as well as the completion of due diligence investigations to the satisfaction of the Company. A cash deposit of $4,453,161 (US$3,260,000) was made as a down payment on the Acquisition and was held in trust as at April 30, 2017. The Acquisition was closed on May 23, 2017.

On April 27, 2017, the Company issued 164,182,679 subscription receipts at $0.208 per subscription receipt raising gross proceeds of approximately $34,150,000. On May 19, 2017, approximately $25,000,000 of the proceeds from the issuance of the subscription receipts was agreed to be released from escrow in order to finance the acquisition of Chestnut.

11. Income tax

A reconciliation of income taxes at the statutory rate with the reported taxes follows:

<table>
<thead>
<tr>
<th></th>
<th>2017 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income for the period</td>
<td>478,198</td>
</tr>
<tr>
<td>Income tax payable at statutory rate of 26%</td>
<td>124,331</td>
</tr>
<tr>
<td>Deductible &amp; non-deductible items</td>
<td>(177,387)</td>
</tr>
<tr>
<td>Current and prior tax attributes not recognized</td>
<td>53,056</td>
</tr>
<tr>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Details of deferred tax assets are as follows:</td>
<td>2017 ($)</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td></td>
</tr>
<tr>
<td>Non-capital losses</td>
<td>53,056</td>
</tr>
<tr>
<td>Unrecognized deferred tax assets</td>
<td>(53,056)</td>
</tr>
<tr>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>

At April 30, 2017, the Company has non-capital losses carried forward for Canadian income tax purposes totalling approximately $204,000, expiring through to 2037.

At April 30, 2017, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.
Chestnut Hill Tree Farm LLC

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF LICENSE APPROVAL (NOVEMBER 23, 2015) TO
SEPTEMBER 30, 2016
(Expressed in United States Dollars)

The accompanying notes are an integral part of these consolidated financial statements
INDEPENDENT AUDITORS’ REPORT

To: the Shareholders of
   Chestnut Hill Tree Farm, LLC

We have audited the accompanying consolidated financial statements of Chestnut Hill Tree Farm, LLC (the “Company”), which comprise the consolidated statement of financial position as at September 30, 2016, and the consolidated statement of loss and comprehensive loss, consolidated statement of cash flows and consolidated statement of changes in shareholders’ equity for the period from date of license approval November 23, 2015 to September 30, 2016, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2016, and its financial performance and its cash flow for the period from date of license approval November 23, 2015 to September 30, 2016 in accordance with International Financial Reporting Standards.

“A Chan & Company LLP”
Chartered Professional Accountants

Burnaby, British Columbia
June 15, 2017

The accompanying notes are an integral part of these consolidated financial statements
Chestnut Hill Tree Farm LLC  
Consolidated Statement of Financial Position  
(Expressed in United States Dollars)

<table>
<thead>
<tr>
<th>Note</th>
<th>September 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,696,046</td>
</tr>
<tr>
<td>Surety bond refundable deposit</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Biological assets</td>
<td>95,756</td>
</tr>
<tr>
<td>Capital assets</td>
<td>1,274,693</td>
</tr>
<tr>
<td></td>
<td>$7,066,495</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$139,286</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>907,493</td>
</tr>
<tr>
<td>Current portion of finance lease</td>
<td>53,931</td>
</tr>
<tr>
<td></td>
<td>1,100,710</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td></td>
</tr>
<tr>
<td>Finance lease</td>
<td>63,430</td>
</tr>
<tr>
<td>Convertible promissory note</td>
<td>2,547,758</td>
</tr>
<tr>
<td>Secured promissory note</td>
<td>5,000,000</td>
</tr>
<tr>
<td></td>
<td>7,611,888</td>
</tr>
<tr>
<td>Members' equity</td>
<td></td>
</tr>
<tr>
<td>Capital account</td>
<td>300,000</td>
</tr>
<tr>
<td>Contributed surplus</td>
<td>162,740</td>
</tr>
<tr>
<td>Deficit</td>
<td>(2,108,143)</td>
</tr>
<tr>
<td></td>
<td>(1,645,403)</td>
</tr>
<tr>
<td></td>
<td>$7,066,495</td>
</tr>
</tbody>
</table>

Nature of operations (Note 1)  
Commitments (Note 12)  
Subsequent events (Note 14)  

Approved on behalf of the Company:  

“Rene Gulliver”  

Signed: Representative  

The accompanying notes are an integral part of these consolidated financial statements
Chestnut Hill Tree Farm LLC  
Consolidated Statement of Loss and Comprehensive Loss  
(Expressed in United States Dollars)  

<table>
<thead>
<tr>
<th>Note</th>
<th>For the period from the date of License approval (November 23, 2015) to September 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$ --</td>
</tr>
<tr>
<td>Cost of sales:</td>
<td></td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>35,595</td>
</tr>
<tr>
<td>Amortization</td>
<td>19,447</td>
</tr>
<tr>
<td>Net effect of unrealized changes in fair value of biological assets</td>
<td>(95,756)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>40,714</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>2,082,745</td>
</tr>
<tr>
<td>Amortization</td>
<td>3,455</td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>(2,045,486)</td>
</tr>
<tr>
<td>Accretion expense</td>
<td>13,532</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>49,125</td>
</tr>
<tr>
<td>Net Loss and Comprehensive Loss</td>
<td>$ (2,108,143)</td>
</tr>
<tr>
<td>Weighted average number of member units</td>
<td>5,700</td>
</tr>
<tr>
<td>Loss per unit</td>
<td>$ (370)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
### Consolidated Statement of Changes in Equity

**Chestnut Hill Tree Farm LLC**

**Consolidated Statement of Changes in Equity**

*(Expressed in United States Dollars)*

The accompanying notes are an integral part of these consolidated financial statements.

<table>
<thead>
<tr>
<th></th>
<th>Capital account (Note 9)</th>
<th>Convertible notes/ Contributed surplus (Note 7)</th>
<th>Deficit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at November 23, 2015</strong></td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
</tr>
<tr>
<td><strong>Membership Units issued, Emerald</strong></td>
<td>300,000</td>
<td>--</td>
<td>--</td>
<td>300,000</td>
</tr>
<tr>
<td><strong>Contributed surplus on issuance of Convertible Note</strong></td>
<td>--</td>
<td>162,740</td>
<td>--</td>
<td>162,740</td>
</tr>
<tr>
<td><strong>Net loss for the period</strong></td>
<td>--</td>
<td>--</td>
<td>(2,108,143)</td>
<td>(2,108,143)</td>
</tr>
<tr>
<td><strong>Balance at September 30, 2016</strong></td>
<td><strong>$ 300,000</strong></td>
<td><strong>$ 162,740</strong></td>
<td><strong>$ (2,108,143)</strong></td>
<td><strong>$ (1,645,403)</strong></td>
</tr>
</tbody>
</table>
Chestnut Hill Tree Farm LLC
Consolidated Statement of Cash Flows
(Expressed in United States Dollars)

For the period from the date of License approval (November 23, 2015) to September 30, 2016

<table>
<thead>
<tr>
<th>Cash used in operating activities:</th>
<th>Note</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss</td>
<td></td>
<td>$ (2,108,143)</td>
</tr>
<tr>
<td>Change in fair value of biological assets</td>
<td>4</td>
<td>(95,756)</td>
</tr>
<tr>
<td>Amortization</td>
<td>5</td>
<td>22,902</td>
</tr>
<tr>
<td>Accretion expense, net of accrued interest</td>
<td></td>
<td>10,498</td>
</tr>
<tr>
<td>Change in non-cash working capital</td>
<td></td>
<td>139,286</td>
</tr>
</tbody>
</table>

Total Cash used in operating activities: $(2,031,213)

<table>
<thead>
<tr>
<th>Cash provided by financing activities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds into capital account, Emerald</td>
<td>9</td>
</tr>
<tr>
<td>Proceeds from convertible note issued</td>
<td>7</td>
</tr>
<tr>
<td>Proceeds from note issued</td>
<td>7</td>
</tr>
<tr>
<td>Proceeds from finance lease, net of repayments</td>
<td>6</td>
</tr>
<tr>
<td>Advances from related parties, net</td>
<td>8</td>
</tr>
</tbody>
</table>

Total Cash provided by financing activities: $9,024,854

Cash used in investing activities:

| Investment in capital assets                        | 5     | (1,297,595) |
| Issuance of collateral bond deposit                 | 1     | (3,000,000) |

Total Cash used in investing activities: $(4,297,595)

Increase in cash and cash equivalents: $2,696,046

Cash, beginning of period: --

Cash, end of period: $2,696,046

Supplemental information

| Interest paid                                      |      | $ --    |
| Taxes paid                                         |      | $ --    |
1. **Nature of operations**

On Sept 16, 2005, Chestnut Hill Investments Inc. merged with Chestnut Hill Investments LLC and the surviving entity was Chestnut Hill Tree Farm LLC (the “Company”). The Company has been operating in the business of legacy nursery or cultivating non-cannabis products. On November 23, 2015, the Company was approved by the State of Florida to be a low-THC Cannabis Dispensing Organization for the Northeast Region in Florida. On June 21, 2016, the Company received the authority to cultivate low-THC cannabis and medical cannabis and has since started planting its first crop. On Dec. 21, 2016, the Company received the authority to process and dispense medical low-THC cannabis and medical cannabis products. CHT Medical LLC was formed on September 1, 2016 and is owned 100% by Chestnut Hill Tree Farm LLC. CHT Medical was formed to house the dispensary side of the medical cannabis operations. The Company has since separated the legacy nursery from the cannabis business.

One of the conditions on receiving the license to be a Dispensing Organization is the requirement that the Company needs to post a performance bond of $5,000,000 with the Florida Department of Health. The Company posted this performance bond through an insurance company and purchased a surety bond insurance of $5,000,000. Due to the nature of this new industry, insurance company can only issue such bond insurance provided that the Company would make a refundable deposit of $3,000,000 with the insurance and pay for a premium of $450,000 to cover a period of 24 months. This deposit is non-interest bearing and is refundable upon the Company meeting certain conditions with respect to the license. The Company made a deposit of $3,000,000 with the insurance company during the period and paid for the premium of $450,000 through a finance program. After the Company has commenced it dispensing operation, it was determined that this deposit was no longer required and refunded back to the Company in March of 2017.

These consolidated financial statements were approved by the Company’s Representative on June 15, 2017.

2. **Basis of preparation**

(a) **Statement of compliance**

The policies applied in this consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”).

(b) **Basis of measurement**

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value and biological assets that are measured at fair value less costs to sell, as detailed in the Company’s accounting policies.

(c) **Functional currency**

The Company’s functional currency, as determined by management is United States dollars. These consolidated financial statements are presented in United States dollars.

(d) **Consolidation**

The consolidated financial statements of the Company consolidate the accounts of Chestnut Hill Tree Farm LLC and its wholly owned subsidiary, CHT Medical LLC. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies.
3. Significant accounting policies

The significant accounting policies used by the Company are as follows:

a. Revenue

Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped to customers.

• The Company has transferred the significant risks and rewards of ownership of the goods to the purchaser;
• The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
• The amount of revenue can be measured reliably;
• It is probable that the economic benefits associated with the transaction will flow to the entity; and
• The costs incurred or to be incurred in respect of the transaction can be measured reliably.

b. Cash and cash equivalents

Cash and cash equivalents are comprised of cash and highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less.

c. Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. Inventories of harvested cannabis are transferred from biological assets into inventory at their fair value at harvest less costs to sell, which is deemed to be their cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to sell.

d. Biological assets

The Company’s biological assets consist of medical cannabis plants. These biological assets are measured at fair value less costs to sell and costs to complete. At the point of harvest, the biological assets are transferred to inventory at fair value less costs to sell and costs to complete.

Gains or losses arising from changes in fair value less cost to sell are included in the results of operations of the related period.

e. Capital assets

Capital assets are stated at cost, net of accumulated amortization and accumulated impairment losses, if any.
Amortization is calculated using the following terms and methods:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Method</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production equipment</td>
<td>Straight-line</td>
<td>5 years</td>
</tr>
<tr>
<td>Office equipment</td>
<td>Straight-line</td>
<td>5 years</td>
</tr>
<tr>
<td>Software &amp; computer equipment</td>
<td>Straight-line</td>
<td>100%</td>
</tr>
<tr>
<td>Greenhouse and facility</td>
<td>Straight-line</td>
<td>15 years</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>Not amortized</td>
<td></td>
</tr>
</tbody>
</table>

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the statements of income and comprehensive income in the year the asset is derecognized. Depreciation is recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

f. Impairment of non-financial assets

Long-term non-financial assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may exceed its recoverable amount. For the purpose of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit, or “CGU”). An impairment loss is recognized for the amount, if any, by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset’s fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been previously recognized.

g. Leases

(i) Leased assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Company’s statement of financial position.

(ii) Lease payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.
(iii) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determined whether such an arrangement is or contains a lease. This will be the case if the following criteria are met:

- The fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- The arrangement contains a right to use the asset(s)

At inception or on reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair value. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company’s incremental borrowing rate.

h. Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statements of income and comprehensive income. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i. Financial instruments

Financial assets are classified into one of four categories:
- fair value through profit or loss (“FVTPL”);
- held-to-maturity (“HTM”);
- available for sale (“AFS”); and
- loans and receivables.
(iv) FVTPL financial assets

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value with any resulting gain or loss recognized in the statements of income and comprehensive income. Transaction costs are expensed as incurred.

(v) HTM investments

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs and subsequently at amortized cost.

(vi) AFS financial assets

AFS financial assets are those non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories. Gains and losses arising from changes in fair value are recognized in other comprehensive income.

(vii) Loans and receivables

Loans and receivables are financial assets having fixed or determinable payments that are not quoted in an active market. They are initially recognized at the transaction value and subsequently carried at amortized cost less, when material, a discount to reduce the loans and receivables to fair value.

(viii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statements of income and comprehensive income. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through the statements of income and comprehensive income. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

(ix) Financial liabilities and other financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Financial liabilities at FVTPL are stated at fair value, with changes being recognized through the statements of income and comprehensive income. Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.
(x) Classification of financial instruments

- Cash and cash equivalents – FVTPL
- Biological assets – FVTPL
- Refundable deposits – loans and receivables
- Accounts receivables – loans and receivables
- Other receivables – loans and receivables
- Accounts payable and accrued liabilities – other financial liabilities
- Due to related parties – other financial liabilities
- Finance lease – other financial liabilities
- Convertible note – other financial liabilities
- Promissory note – other financial liabilities

j. Critical accounting estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Biological assets and inventory

Management is required to make a number of estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions such as estimating the stage of growth of the cannabis, harvesting costs, sales price, and expected yields.

Estimated useful lives and amortization of capital and intangible assets

Amortization of capital and intangible assets is dependent upon estimates of useful lives based on management’s judgment.

k. New standards and interpretations issued but not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended September 30, 2016 and have not been applied in preparing these consolidated financial statements.

Amendments to IAS 16 - Property Plant and Equipment and IAS 41 - Agriculture - The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted.

IFRS 9 - Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

IFRS 15 - Revenue from Contracts with Customers, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, specifies how and when to recognize revenue and enhances relevant disclosures to be applied to all contracts with customers.

The Company is assessing the impact of these revised standards.
4. Biological assets

Biological assets are comprised of:

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at November 23, 2015</td>
</tr>
<tr>
<td>Costs incurred until harvest</td>
</tr>
<tr>
<td>Net effect of unrealized changes in fair value of biological assets</td>
</tr>
<tr>
<td>Transferred to inventory upon harvest</td>
</tr>
<tr>
<td>Transferred to capital assets</td>
</tr>
<tr>
<td><strong>Balance as at September 30, 2016</strong></td>
</tr>
</tbody>
</table>

The Company values medical cannabis plants at cost from the date of initial clipping from mother plants until the end of the eighth week of its growing cycle. Measurement of the biological asset at fair value less costs to sell and costs to complete begins at the eighth week until harvest. The Company has determined the fair value less costs to sell to be $0.06 per active milligram, upon harvest.

The net effect of the fair value less cost to sell over and above historical cost was an increase in non-cash value of inventory of $95,756 during the period ended September 30, 2016. In determining the fair value of biological assets, management is required to make several estimates, including: the expected cost required to grow the cannabis up to the point of harvest; harvesting costs; selling costs; sales price; and, expected yields for the cannabis plant. These estimates are subject to volatility in market prices and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

The fair value of medical cannabis plants is considered to be Level 3 in the fair value hierarchy and the significant assumptions used in determining the fair value of medical cannabis plants are as follows:

- yield by plant; and,
- percentage of costs incurred for each stage of plant growth.
- fair value less costs to sell of the harvested product

5. Capital assets

<table>
<thead>
<tr>
<th>Total capital assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture &amp; equipment</td>
</tr>
<tr>
<td>Cost</td>
</tr>
<tr>
<td>At Nov 23, 2015</td>
</tr>
<tr>
<td>Additions</td>
</tr>
<tr>
<td>Transfers</td>
</tr>
<tr>
<td>Disposals</td>
</tr>
<tr>
<td><strong>At Sept 30, 2016</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total capital assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated amortization</td>
</tr>
<tr>
<td>Cost</td>
</tr>
<tr>
<td>Furniture &amp; equipment</td>
</tr>
<tr>
<td>At Nov 23, 2015</td>
</tr>
<tr>
<td>Amortization</td>
</tr>
<tr>
<td>Disposals</td>
</tr>
<tr>
<td><strong>At Sept 30, 2016</strong></td>
</tr>
</tbody>
</table>
During the reporting period, the Company acquired leased assets of $157,686. The Company leases production equipment under a finance lease agreement, where the lease provides the Company the option to purchase the equipment at a price below its fair value at the end of the contract. The leased equipment secures lease obligations. As at September 30, 2016, the net carrying amount of leased equipment was $144,509.

6. Finance lease liabilities

Finance lease liabilities are payable as follows:

<table>
<thead>
<tr>
<th>Future Minimum Lease Payments</th>
<th>Interest</th>
<th>Present Value of minimum lease payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>$60,722</td>
<td>$6,791</td>
</tr>
<tr>
<td>Between one and five years</td>
<td>66,244</td>
<td>2,814</td>
</tr>
<tr>
<td>More than five years</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$126,966</strong></td>
<td><strong>$9,605</strong></td>
</tr>
</tbody>
</table>

In August 2016, the Company entered into a finance lease agreement related to a production equipment transaction totalling $156,486, of which a down payment was made totalling $39,125. The finance lease is repayable over a 2-year period expiring October 2018.

7. Convertible note and secured promissory note

<table>
<thead>
<tr>
<th>CBD Equity LLC</th>
<th>HSTM Equity, LLC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, November 23, 2015</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Issued</td>
<td>5,000,000</td>
<td>2,700,000</td>
</tr>
<tr>
<td>Equity portion</td>
<td>--</td>
<td>(162,740)</td>
</tr>
<tr>
<td>Financing fees</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Accretion</td>
<td>--</td>
<td>13,532</td>
</tr>
<tr>
<td>Accrued Interest, included as accrued liability</td>
<td>49,125</td>
<td>(3,034)</td>
</tr>
<tr>
<td><strong>Balance as at September 30, 2016</strong></td>
<td><strong>$5,049,125</strong></td>
<td><strong>$2,547,758</strong></td>
</tr>
</tbody>
</table>

In July 2015, the Company issued a secured promissory note for the aggregate gross proceeds of $5,000,000 to CBD Equity LLC (“CBD”), secured by a general security agreement against the Company’s tangible assets. The note had a term of four years at an interest rate based on the US 5-year Bond Yield. Prior to the maturity date, no payments of principal shall be required and interest payments shall be paid in arrears during the term of the note on a monthly basis. The Company also entered into an option agreement (“Option Agreement”) with CBD whereby CBD was granted the option to purchase 50% of the outstanding issued Class A Membership Units issued to Robert Wallace and Deborah Gaw for $5,000,000, where the outstanding principal amount due on the note will be classified as new contributed capital on the books of the company as of the date of exercising the option. In consideration for the option granted, CBD agreed to pay the Company a $300,000 option fee upon execution of the Option Agreement. In lieu of paying the option fee, CBD agreed to fund certain organization costs on behalf of the company. As a result, the
option fee receivable was written off in the period. On October 6, 2016, CBD exercised its option and purchased and received 2,821.5 membership units. The accrued interest on the note was waived at the time of exercise of the option.

In September 2016, the Company issued a non-secured convertible note for the aggregate gross proceeds of $2,700,000 to HSTM Equity, LLC ("HSTM"). The principal and accrued interest will be due in payable by the Company at any time on or after the first anniversary of the date of issuance, with interest accruing at a rate of 1.7% compounded monthly. No payments of principal and accrued interest shall be paid without the consent of HSTM. Under the convertible note, HSTM has the right to exercise the conversion feature to purchase 513 newly issued Class A Membership Units for $2,700,000, where the outstanding principal amount due on the note will be classified as new contributed capital on the books of the company as of the date of conversion.

The liability component of the convertible debentures was valued using Company-specific risk-adjusted interest rates assuming no conversion features existed. The debt component is accreted to its fair value over the term to maturity as a non-cash interest charge and the equity component is presented in convertible notes reserve as a separate component of members' equity.

8. Related party transactions

In addition to the debt proceeds received during the period, the Company funded operations through the support of related parties. The balance owing to related parties as at September 30, 2016 was $907,493. These parties are related as they are corporations that are controlled by certain officers and directors of the Company. The amounts are non-interest bearing and unsecured with no fixed repayment date or terms.

9. Capital accounts

<table>
<thead>
<tr>
<th>Share Class</th>
<th>Membership Units</th>
<th>Capital Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chestnut Hill Holdings LLC</td>
<td>Class A</td>
<td>5,643</td>
</tr>
<tr>
<td>HSTM Equity, LLC</td>
<td>Class A</td>
<td>--</td>
</tr>
<tr>
<td>420 Emerald Coast, LLC</td>
<td>Class A</td>
<td>57</td>
</tr>
<tr>
<td>CBD Equity, LLC</td>
<td>Class A</td>
<td>--</td>
</tr>
<tr>
<td><strong>Balance as at September 30, 2016</strong></td>
<td></td>
<td>5,700</td>
</tr>
</tbody>
</table>

a) In August 2005, the Company issued 500 Class A Membership units to Robert Wallace.

b) In August 2005, the Company issued 500 Class A Membership units to Deborah Gaw.

c) In August 2016, Deborah Gaw and Robert Wallace entered into a Contribution Agreement whereas the original members contributed all their respective shares to Chestnut Hill Holdings, LLC ("Holdings"), a Florida limited liability company in exchange for all the membership units of Holdings. At that time, the number of membership units issued was increased to 5,700.

d) In September 2016, the Company issued 57 Class A Membership Units to 420 Emerald Coast, LLC ("Emerald") in exchange for cash in the amount of $300,000. The Company as a result has cancelled the original 5,700 Class A Membership Units issued to Holdings and reissued 5,643 Units to Holdings.
10. General and administrative expenses

<table>
<thead>
<tr>
<th></th>
<th>For the period ended September 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting fees</td>
<td>$695,776</td>
</tr>
<tr>
<td>Professional fees</td>
<td>556,957</td>
</tr>
<tr>
<td>Write off of option fee</td>
<td>300,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>242,650</td>
</tr>
<tr>
<td>Office and general</td>
<td>287,362</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,082,745</strong></td>
</tr>
</tbody>
</table>

11. Financial risk management and financial instruments

Financial instruments

The Company’s financial instruments consists of cash and cash equivalents, surety bond refundable deposit, biological assets, accounts payable and accrued liabilities, convertible promissory note payable, secured promissory note payable, due to related parties and finance lease.

The carrying values of accounts payable and accrued liabilities and due to related parties approximate their fair values due to their short periods to maturity.

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. Cash and cash equivalents are Level 1. The hierarchy is summarized as follows:

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>September 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets at FVTPL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,696,046</td>
<td>$ --</td>
<td>$ --</td>
</tr>
<tr>
<td>Refundable deposit</td>
<td>3,000,000</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Biological assets</td>
<td>--</td>
<td>--</td>
<td>95,756</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 5,696,046</strong></td>
<td><strong>$ --</strong></td>
<td><strong>$ 95,756</strong></td>
</tr>
</tbody>
</table>

**Financial liabilities at amortized cost**

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>September 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$139,286</td>
<td>$ --</td>
<td>$ --</td>
<td>$139,286</td>
</tr>
<tr>
<td>Current portion of finance lease</td>
<td>53,931</td>
<td>--</td>
<td>--</td>
<td>53,931</td>
</tr>
<tr>
<td>Finance lease</td>
<td>63,430</td>
<td>--</td>
<td>--</td>
<td>63,430</td>
</tr>
<tr>
<td>Secured promissory note</td>
<td>5,000,000</td>
<td>--</td>
<td>--</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Convertible notes</td>
<td>2,547,758</td>
<td>--</td>
<td>--</td>
<td>2,547,758</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 7,801,405</strong></td>
<td><strong>$ --</strong></td>
<td><strong>$ --</strong></td>
<td><strong>$ 7,801,405</strong></td>
</tr>
</tbody>
</table>
Financial risk management

The Company has exposure to the following risks from its use of financial instruments: credit risk; liquidity; and, interest rate price risk.

(a) Credit risk

The maximum credit exposure at September 30, 2016 is the carrying amount of cash and cash equivalents and refundable deposit. All cash and cash equivalents are placed with local established financial institutions.

(b) Liquidity risk

As at September 30, 2016, the Company’s financial liabilities consist of accounts payable and accrued liabilities and a finance lease which have contractual maturity dates within one year and promissory notes payable, which have contractual maturities over the next four years. Amounts due to related parties have no fixed repayment terms. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company’s working capital position at September 30, 2016, management regards liquidity risk to be low.

(c) Capital management

The Company’s objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company’s capital management approach in the period. The Company considers its cash and cash equivalents as capital.

12. Commitments

The Company has a lease commitment until November 2025 related to land rent at $2,500 per month. Minimum payments payable over the next five years are as follows:

<table>
<thead>
<tr>
<th>Periods ending September 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$ 30,000</td>
</tr>
<tr>
<td>2018</td>
<td>30,000</td>
</tr>
<tr>
<td>2019</td>
<td>30,000</td>
</tr>
<tr>
<td>2020</td>
<td>30,000</td>
</tr>
<tr>
<td>2021</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 150,000</strong></td>
</tr>
</tbody>
</table>
13. Income tax

(a) Federal and State income taxes

The Company is a LLC, incorporated in the State of Florida, USA and the Company has originally elected to be a disregarded entity with a sole owner. As a disregarded entity, LLC's activities are reflected on its owner's federal tax return whereby, all the profits/losses are passed on directly to the owner of the Company. After the Company has introduced additional shareholders into the Company, the Company has become a partnership and each partner reports its own share of the profit/losses on its own federal tax return. Accordingly, the Company is not required to pay corporate income tax on the profits of the company. In addition, the Company does not pay state tax because the State of Florida has no state tax.

(b) Distributions

The Company makes distributions of profits to the shareholders. The Company must allocate profits and losses to the shareholders every year so the amounts can be taxed at the individual level, but the LLC is not required to actually distribute the profits. Accordingly, LLC shareholders pay tax on all income earned by the LLC when it is earned, regardless of whether it was received as a distribution. Accordingly, no provision has been made in these consolidated financial statements for income taxes which may or may not be payable by the shareholders of the Company.

14. Subsequent events

On October 6, 2016, CBD exercised its conversion option to exchange its $5,000,000 convertible note for 2,821.5 newly issued Class A Membership Units. Upon receipt of the shares, CBD forgave the interest balance owing from the Company of $49,125.

On December 9, 2016, JBMM Group LLC acquired 178 newly issued Class A Membership Units by paying $935,163 to the Company to reduce the amounts it owed to related parties.

On March 30, 2017, the Company entered into a definitive asset sale agreement to sell substantially all of the medical cannabis assets to DFMMJ Investments, LLC (the “Buyer”) for $40,000,000. The sale was conditional on the Buyer completing satisfactory due diligence as well as the transfer of the medical cannabis license issued by the State of Florida. Pending final approval of the license transfer by the State of Florida, the Company entered into a management agreement dated May 12, 2017 that transferred all of the economic benefits associated with the license to the Buyer effective on the closing date. The State of Florida approved the management agreement while they finalize the license transfer regulations. The Company has already commenced the license transfer process with the State of Florida and is waiting for the final approval to transfer the license to the Buyer. The 1st stage sale transaction closed on May 23, 2017 and the 2nd stage will be closed once the license transfer has been approved by the State of Florida.
Chestnut Hill Tree Farm LLC

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2017

(Unaudited, expressed in United States Dollars, unless otherwise noted)
Chestnut Tree Hill Farm LLC
Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>March 31, 2017</th>
<th>September 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td>$ 3,893,347</td>
<td>$ 2,696,046</td>
</tr>
<tr>
<td>Surety bond refundable</td>
<td>4</td>
<td>135,214</td>
<td>--</td>
</tr>
<tr>
<td>Inventory</td>
<td>4</td>
<td>135,214</td>
<td>--</td>
</tr>
<tr>
<td>Biological assets</td>
<td>5</td>
<td>435,821</td>
<td>95,756</td>
</tr>
<tr>
<td>Prepaid assets</td>
<td>6</td>
<td>15,272</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4,479,654</td>
<td>5,791,802</td>
</tr>
<tr>
<td>Capital assets</td>
<td>6</td>
<td>1,694,943</td>
<td>1,274,693</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and</td>
<td>7</td>
<td>$ 177,673</td>
<td>$ 139,286</td>
</tr>
<tr>
<td>accrued liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current portion of finance lease</td>
<td>7</td>
<td>59,786</td>
<td>53,931</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>9</td>
<td>--</td>
<td>907,493</td>
</tr>
<tr>
<td></td>
<td></td>
<td>237,459</td>
<td>1,100,710</td>
</tr>
<tr>
<td><strong>Long-term liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance lease</td>
<td>7</td>
<td>48,044</td>
<td>63,430</td>
</tr>
<tr>
<td>Convertible promissory</td>
<td>8</td>
<td>2,628,202</td>
<td>2,547,758</td>
</tr>
<tr>
<td>note</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured promissory note</td>
<td>8</td>
<td>--</td>
<td>5,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,676,246</td>
<td>7,611,188</td>
</tr>
<tr>
<td><strong>Members’ equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Accounts</td>
<td>10</td>
<td>6,229,993</td>
<td>300,000</td>
</tr>
<tr>
<td>Contributed Surplus</td>
<td>8</td>
<td>162,740</td>
<td>162,740</td>
</tr>
<tr>
<td>Deficit</td>
<td></td>
<td>(3,131,841)</td>
<td>(2,108,143)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,260,892</td>
<td>(1,645,403)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ 6,174,597</td>
<td>$ 7,066,495</td>
</tr>
</tbody>
</table>

Nature of operations (Note 1)
Commitments (Note 13)
Subsequent event (Note 14)

Approved on behalf of the Company:

“Rene Gulliver”
Signed: Representative

The accompanying notes are an integral part of these condensed interim consolidated financial statements
Chestnut Hill Tree Farm LLC
Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited)

The accompanying notes are an integral part of these condensed interim consolidated financial statements

<table>
<thead>
<tr>
<th>Note</th>
<th>For the three months ended March 31</th>
<th>For the three months ended March 31</th>
<th>For the six months ended March 31</th>
<th>For the period from Nov 23, 2015 to March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ 10,694</td>
<td>$ --</td>
<td>$ 10,694</td>
<td>$ --</td>
</tr>
<tr>
<td><strong>Cost of sales:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>112,077</td>
<td>--</td>
<td>146,588</td>
<td>--</td>
</tr>
<tr>
<td>Amortization</td>
<td>6</td>
<td>44,625</td>
<td>44,625</td>
<td>--</td>
</tr>
<tr>
<td>Net effect of unrealized changes in fair value of biological assets</td>
<td>5</td>
<td>(346,235)</td>
<td>(442,780)</td>
<td>--</td>
</tr>
<tr>
<td>**(189,533)</td>
<td>--</td>
<td>(251,567)</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Gross profit</td>
<td>200,227</td>
<td>--</td>
<td>262,261</td>
<td>--</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>11</td>
<td>689,533</td>
<td>297,023</td>
<td>1,186,088</td>
</tr>
<tr>
<td>Selling, marketing and promotion</td>
<td>27,980</td>
<td>27,475</td>
<td>36,364</td>
<td>27,475</td>
</tr>
<tr>
<td>Amortization</td>
<td>6</td>
<td>4,241</td>
<td>4,241</td>
<td>--</td>
</tr>
<tr>
<td>**721,754</td>
<td>324,498</td>
<td>1,226,693</td>
<td>663,293</td>
<td>--</td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>(521,527)</td>
<td>(324,498)</td>
<td>(964,432)</td>
<td>(663,293)</td>
</tr>
<tr>
<td>Accretion expense</td>
<td>8</td>
<td>103,350</td>
<td>--</td>
<td>103,350</td>
</tr>
<tr>
<td>Forgiveness of accrued interest on secured promissory note</td>
<td>8</td>
<td>(50,145)</td>
<td>--</td>
<td>(50,145)</td>
</tr>
<tr>
<td>Finance expenses (net)</td>
<td>4,886</td>
<td>20,107</td>
<td>6,061</td>
<td>20,143</td>
</tr>
<tr>
<td>Net income (loss) and comprehensive income (loss)</td>
<td>$ (579,618)</td>
<td>$ (344,605)</td>
<td>$ (1,023,698)</td>
<td>$ (683,436)</td>
</tr>
<tr>
<td>Weighted average number of member units</td>
<td>5,700</td>
<td>5,700</td>
<td>5,700</td>
<td>5,700</td>
</tr>
<tr>
<td>Loss per unit</td>
<td>$ (102)</td>
<td>$ (60)</td>
<td>$ (180)</td>
<td>$ (120)</td>
</tr>
</tbody>
</table>
Chestnut Hill Tree Farm LLC
Condensed Interim Consolidated Statements of Changes in Members’ Equity
(Unaudited)

<table>
<thead>
<tr>
<th>Capital account (Note 10)</th>
<th>Contributed surplus (Note 8)</th>
<th>Deficit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at November 23, 2015</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
</tr>
<tr>
<td>Net loss for the period</td>
<td>--</td>
<td>--</td>
<td>(683,436)</td>
</tr>
<tr>
<td>Balance at March 31, 2016</td>
<td>$ --</td>
<td>$ --</td>
<td>$ (683,436)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital account (Note 10)</th>
<th>Contributed surplus (Note 8)</th>
<th>Deficit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at September 30, 2016</td>
<td>$300,000</td>
<td>$ 162,740</td>
<td>$ (2,108,143)</td>
</tr>
<tr>
<td>Contributed capital on exercised conversion option, CBD</td>
<td>5,000,000</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Invested Capital, JBMM</td>
<td>929,993</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Net loss for the period</td>
<td>--</td>
<td>--</td>
<td>(1,023,698)</td>
</tr>
<tr>
<td>Balance at March 31, 2017</td>
<td>$ 6,229,993</td>
<td>$ 162,740</td>
<td>$ (3,131,841)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.
Cash provided by (used in) operating activities:

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>Six months Ended March 31, 2017</th>
<th>For period ended from November 23, 2015 to March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net income(loss) for the period</td>
<td>$ (1,023,698)</td>
<td>$ (683,436)</td>
</tr>
<tr>
<td></td>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Change in fair value of biological assets</td>
<td>(442,780)</td>
<td>--</td>
</tr>
<tr>
<td>6</td>
<td>Depreciation and amortization</td>
<td>48,866</td>
<td>--</td>
</tr>
<tr>
<td>8</td>
<td>Accretion expenses, net of accrued interest on secured note</td>
<td>80,444</td>
<td>--</td>
</tr>
<tr>
<td>8</td>
<td>Forgiveness of accrued interest on secured note</td>
<td>(50,145)</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Change in non-cash working capital</td>
<td>40,760</td>
<td>31,814</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1,346,553)</td>
<td>(651,622)</td>
</tr>
</tbody>
</table>

Cash provided by financing activities:

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>Six months Ended March 31, 2017</th>
<th>For period ended from November 23, 2015 to March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Proceeds into capital account, JBMM</td>
<td>929,993</td>
<td>--</td>
</tr>
<tr>
<td>8</td>
<td>Proceeds from secured note issued</td>
<td>--</td>
<td>4,405,984</td>
</tr>
<tr>
<td>9</td>
<td>Repayment of amounts due to related parties</td>
<td>(907,493)</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td></td>
<td>22,500</td>
<td>4,405,984</td>
</tr>
</tbody>
</table>

Cash used in investing activities:

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>Six months Ended March 31, 2017</th>
<th>For period ended from November 23, 2015 to March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Investment in capital assets</td>
<td>(478,646)</td>
<td>(749,989)</td>
</tr>
<tr>
<td>1</td>
<td>Refund of collateral bond deposit</td>
<td>3,000,000</td>
<td>--</td>
</tr>
<tr>
<td>1</td>
<td>Issuance of collateral bond deposit</td>
<td>--</td>
<td>(3,000,000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,521,354</td>
<td>(3,749,989)</td>
</tr>
</tbody>
</table>

Increase in cash and cash equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>Six months Ended March 31, 2017</th>
<th>For period ended from November 23, 2015 to March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in cash and cash equivalents</td>
<td>1,197,301</td>
<td>4,373</td>
</tr>
</tbody>
</table>

Cash and cash equivalents, beginning of period

<table>
<thead>
<tr>
<th>Description</th>
<th>Six months Ended March 31, 2017</th>
<th>For period ended from November 23, 2015 to March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents, beginning of period</td>
<td>2,696,046</td>
<td>--</td>
</tr>
</tbody>
</table>

Cash and cash equivalents, end of period

<table>
<thead>
<tr>
<th>Description</th>
<th>Six months Ended March 31, 2017</th>
<th>For period ended from November 23, 2015 to March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents, end of period</td>
<td>$ 3,893,347</td>
<td>$ 4,373</td>
</tr>
</tbody>
</table>

Supplemental information

<table>
<thead>
<tr>
<th>Description</th>
<th>Six months Ended March 31, 2017</th>
<th>For period ended from November 23, 2015 to March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest paid</td>
<td>$ --</td>
<td>$ --</td>
</tr>
<tr>
<td>Taxes paid</td>
<td>$ --</td>
<td>$ --</td>
</tr>
<tr>
<td>Exercise of option by CBD and converted secured note into capital</td>
<td>$ 5,000,000</td>
<td>$ --</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.
1. **Nature of operations**

On Sept 16, 2005, Chestnut Hill Investments Inc. merged with Chestnut Hill Investments LLC and the surviving entity was Chestnut Hill Tree Farm LLC (the “Company”). The Company has been operating in the business of legacy nursery or cultivating non-cannabis products. On November 23, 2015, the Company was approved by the State of Florida to be a low-THC Cannabis Dispensing Organization for the Northeast Region in Florida. On June 21, 2016, the Company received the authority to cultivate low-THC cannabis and medical cannabis and has since started planting its first crop. On Dec. 21, 2016, the Company received the authority to process and dispense medical low-THC cannabis and medical cannabis products. CHT Medical LLC was formed on September 1, 2016 and is owned 100% by Chestnut Hill Tree Farm LLC. CHT Medical was formed to house the dispensary side of the medical cannabis operations. The Company has since separated the legacy nursery from the cannabis business.

One of the conditions on receiving the license to be a Dispensing Organization is the requirement that the Company needs to provide a surety bond insurance of $5,000,000. Due to the nature of this new industry, insurance companies can only issue such bond insurance provided that the Company would make a refundable deposit of $3,000,000 with the insurance and pay for a premium of $450,000 to cover a period of 24 months. This deposit is non-interest bearing and is refundable upon the Company meeting certain conditions with respect to the license. The Company made a deposit of $3,000,000 with the insurance company during the period and paid for the premium of $450,000 through a finance program. After the Company has commenced its dispensing operation, it was determined that this deposit was no longer required and refunded back to the Company in March of 2017.

These consolidated financial statements were approved by the Company’s Representative on June 15, 2017.

2. **Basis of preparation**

   (a) **Statement of compliance**

   The policies applied in this condensed interim consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”) and are prepared in accordance with IAS 34 Interim Financial Reporting.

   (b) **Basis of measurement**

   These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value and biological assets that are measured at fair value less costs to sell, as detailed in the Company’s accounting policies.

   (c) **Functional currency**

   The Company’s functional currency, as determined by management is United States dollars. These condensed interim consolidated financial statements are presented in United States dollars.

   (d) **Consolidation**

   The condensed interim consolidated financial statements of the Company consolidate the accounts of Chestnut Hill Tree Farm LLC and its wholly owned subsidiary, CHT Medical LLC. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

   Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies.
3. Significant accounting policies

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the period ended September 30, 2016.

New standards and interpretations issued but not yet adopted

Several new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these condensed interim consolidated financial statements.

IFRS 2 – Share-based Payment, effective January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of share-based payment transactions.

IFRS 9 - Financial Instruments, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

IFRS 15 - Revenue from Contracts with Customers, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, specifies how and when to recognize revenue and enhances relevant disclosures to be applied to all contracts with customers.

IFRS 16 – Leases, in January 2016, the IASB issued IFRS 16, which specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Early adoption is permitted if IFRS 15 has also been adopted. The Company is assessing the potential impact of IFRS 16.

IAS 7 – Statement of Cash Flow, effective for annual periods beginning on or after January 1, 2017, with early adoption permitted, amended to improve information provided to users of financial statements about an entity’s financial activities by making the following changes:

- The following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes;

- The International Accounting Standards Board (“IASB”) defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". It also stresses that the new disclosure requirements also relate to changes in financial assets if they meet the same definition; and

- Changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.
IAS 12 – Income Taxes, effective for annual periods beginning on or after January 1, 2017, with early adoption permitted, amended to clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument’s holder expects to recover the carrying amount of the debt instrument by sale or by use;
- The carrying amount of an asset does not limit the estimation of probable future taxable profits;
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences; and
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

IAS 16 - Property Plant and Equipment and IAS 41 - Agriculture - The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. The amendments were effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. These amendments did not require any significant changes to the Company’s accounting practices.

The Company is assessing the impact of these new and revised standards.

4. **Inventory**

Inventory is comprised of:

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2017</th>
<th>September 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harvested cannabis</td>
<td>$134,294</td>
<td>$ --</td>
</tr>
<tr>
<td>Cannabis oil, capsules</td>
<td>920</td>
<td>--</td>
</tr>
<tr>
<td>Packaging and supplies</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$135,214</td>
<td>$ --</td>
</tr>
</tbody>
</table>

Cost of inventory is recognized as expense and included in cost of sales. The Company holds 10,635 grams of harvested cannabis (2016 – nil gram), 1,780 grams of pure bulk cannabis oil (2016 – nil gram), and 1,560 capsules of cannabis oils or 23.4 grams of equivalent cannabis oil (2016 – nil capsules) at March 31, 2017.

5. **Biological assets**

Biological assets are comprised of:

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at September 30, 2016</td>
<td>$95,756</td>
</tr>
<tr>
<td>Costs incurred until harvest</td>
<td>--</td>
</tr>
<tr>
<td>Net effect of unrealized changes in fair value of biological assets</td>
<td>442,780</td>
</tr>
<tr>
<td>Transferred to inventory upon harvest</td>
<td>(102,715)</td>
</tr>
<tr>
<td>Transferred to capital assets</td>
<td>--</td>
</tr>
<tr>
<td><strong>Balance as at March 31, 2017</strong></td>
<td>$435,821</td>
</tr>
</tbody>
</table>
The Company values medical cannabis plants at cost from the date of initial clipping from mother plants until the end of the eighth week of its growing cycle. Measurement of the biological asset at fair value less costs to sell and costs to complete begins at the eighth week until harvest. The Company has determined the fair value less costs to sell to be $0.06 per active milligram, upon harvest.

The net effect of the fair value less cost to sell over and above historical cost was an increase in non-cash value of biological assets of $340,065 during the period ended March 31, 2017 (September 30, 2016 - $95,756). In determining the fair value of biological assets, management is required to make several estimates, including: the expected cost required to grow the cannabis up to the point of harvest; harvesting costs; selling costs; sales price; and, expected yields for the cannabis plant. These estimates are subject to volatility in market prices and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

The fair value of medical cannabis plants is considered to be Level 3 in the fair value hierarchy and the significant assumptions used in determining the fair value of medical cannabis plants are as follows:

- yield by plant; and,
- percentage of costs incurred for each stage of plant growth.
- fair value less costs to sell of the harvested product

### 6. Capital assets

<table>
<thead>
<tr>
<th></th>
<th>Greenhouse</th>
<th>Vehicle</th>
<th>Furniture &amp; equipment</th>
<th>Software</th>
<th>Construction in process</th>
<th>Total capital assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At March 31, 2016</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>$3,000</td>
<td>$746,989</td>
<td>$749,989</td>
</tr>
<tr>
<td>Additions</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>237,073</td>
<td>3,183</td>
<td>307,350</td>
</tr>
<tr>
<td>Transfers</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Disposals</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>At September 30, 2016</td>
<td></td>
<td></td>
<td>--</td>
<td>237,073</td>
<td>6,183</td>
<td>1,054,339</td>
</tr>
<tr>
<td>Additions</td>
<td>--</td>
<td>23,000</td>
<td>--</td>
<td>199,705</td>
<td>--</td>
<td>246,411</td>
</tr>
<tr>
<td>Transfers</td>
<td>1,300,750</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>(1,300,750)</td>
<td>--</td>
</tr>
<tr>
<td>Disposals</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>At March 31, 2017</strong></td>
<td>$1,300,750</td>
<td>$23,000</td>
<td>$436,778</td>
<td>$6,183</td>
<td>--</td>
<td>$1,766,711</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Greenhouse</th>
<th>Vehicle</th>
<th>Furniture &amp; equipment</th>
<th>Software</th>
<th>Construction in process</th>
<th>Total capital assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accumulated amortization</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At March 31, 2016</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>$3,000</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Amortization</td>
<td>--</td>
<td>--</td>
<td>19,810</td>
<td>3,092</td>
<td>--</td>
<td>22,902</td>
</tr>
<tr>
<td>Disposals</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>At September 30, 2016</td>
<td></td>
<td></td>
<td>--</td>
<td>19,810</td>
<td>3,092</td>
<td>22,902</td>
</tr>
<tr>
<td>Amortization</td>
<td>10,840</td>
<td>1,150</td>
<td>33,785</td>
<td>3,091</td>
<td>--</td>
<td>48,866</td>
</tr>
<tr>
<td>Transfers</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Disposals</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>At March 31, 2017</strong></td>
<td>$10,840</td>
<td>$1,150</td>
<td>$53,595</td>
<td>$6,183</td>
<td>--</td>
<td>$71,768</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Greenhouse</th>
<th>Vehicle</th>
<th>Furniture &amp; equipment</th>
<th>Software</th>
<th>Construction in process</th>
<th>Total capital assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net book value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At March 31, 2016</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>$3,000</td>
<td>$746,989</td>
<td>$749,989</td>
</tr>
<tr>
<td>At September 30, 2016</td>
<td></td>
<td></td>
<td>217,263</td>
<td>3,091</td>
<td>1,054,339</td>
<td>1,274,693</td>
</tr>
<tr>
<td><strong>At March 31, 2017</strong></td>
<td>$1,289,910</td>
<td>$21,850</td>
<td>$383,183</td>
<td>--</td>
<td>--</td>
<td>$1,694,943</td>
</tr>
</tbody>
</table>
During the reporting period, the Company acquired leased assets of $157,686. The Company leases production equipment under a finance lease agreement, where the lease provides the Company the option to purchase the equipment at a price below its fair value at the end of the contract. The leased equipment secures lease obligations. As at March 31, 2017, the net carrying amount of leased equipment was $128,698.

7. Finance lease

Finance lease liabilities are payable as follows:

<table>
<thead>
<tr>
<th></th>
<th>Future Minimum Lease Payments</th>
<th>Interest</th>
<th>Present Value of minimum lease payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>$ 66,243</td>
<td>$ 6,457</td>
<td>$ 59,786</td>
</tr>
<tr>
<td>Between one and five years</td>
<td>49,682</td>
<td>1,638</td>
<td>48,044</td>
</tr>
<tr>
<td>More than five years</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>$ 115,925</td>
<td>$ 8,095</td>
<td>$ 107,830</td>
</tr>
</tbody>
</table>

In August 2016, the Company entered into a finance lease agreement related to a production equipment transaction totalling $156,486, of which a down payment was made totalling $39,125. The finance lease is repayable over a 2-year period expiring October 2018.

8. Convertible note and secured promissory note

<table>
<thead>
<tr>
<th></th>
<th>CBD Equity LLC</th>
<th>HSTM Equity, LLC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, November 23, 2015</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
</tr>
<tr>
<td>Issued</td>
<td>5,000,000</td>
<td>2,700,000</td>
<td>7,700,000</td>
</tr>
<tr>
<td>Equity portion</td>
<td>--</td>
<td>(162,740)</td>
<td>(162,740)</td>
</tr>
<tr>
<td>Accretion</td>
<td>--</td>
<td>13,532</td>
<td>13,532</td>
</tr>
<tr>
<td>Accrued Interest, included as accrued liability</td>
<td>49,125</td>
<td>(3,034)</td>
<td>46,091</td>
</tr>
<tr>
<td><strong>Balance, September 30, 2016</strong></td>
<td><strong>5,049,125</strong></td>
<td><strong>2,547,758</strong></td>
<td><strong>7,596,883</strong></td>
</tr>
<tr>
<td>Issued</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Equity portion</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Accretion</td>
<td>--</td>
<td>103,350</td>
<td>103,350</td>
</tr>
<tr>
<td>Accrued Interest, included as accrued liability</td>
<td>1,020</td>
<td>(22,906)</td>
<td>(21,886)</td>
</tr>
<tr>
<td>Conversion option exercised</td>
<td>(5,000,000)</td>
<td>--</td>
<td>(5,000,000)</td>
</tr>
<tr>
<td>Interest forgiven</td>
<td>(50,145)</td>
<td>--</td>
<td>(50,145)</td>
</tr>
<tr>
<td><strong>Balance as at March 31, 2017</strong></td>
<td><strong>$ --</strong></td>
<td><strong>$ 2,628,202</strong></td>
<td><strong>$ 2,628,202</strong></td>
</tr>
</tbody>
</table>

In July 2015, the Company issued a secured promissory note for the aggregate gross proceeds of $5,000,000 to CBD Equity LLC (“CBD”), secured by a general security agreement against the Company’s tangible assets. The note had a term of four years at an interest rate based on the US 5-year Bond Yield. Prior to the maturity date, no payments of principal shall be required and interest payments shall be paid in arrears during the term of the note on a monthly basis. The Company also entered into an option agreement (“Option Agreement”) with CBD whereby CBD was granted the option to purchase 50% of the outstanding issued Class A Membership Units issued to Robert Wallace and Deborah Gaw for $5,000,000, where the outstanding principal amount due on the note will be classified as new contributed capital on the books of the company as of the date of exercising the option. In consideration for the option granted, CBD agreed to pay the
Company a $300,000 option fee upon execution of the Option Agreement. In lieu of paying the option fee, CBD agree to fund certain organization costs on behalf of the company. As a result, the option fee receivable was written off in the period. On October 6, 2016, CBD exercised its option and purchased and received 2,821.5 membership units. The accrued interest on the note was waived at the time of exercise of the option.

In September 2016, the Company issued a secured convertible note for the aggregate gross proceeds of $2,700,000 to HSTM Equity, LLC (“HSTM”). The principal and accrued interest will be due in payable by the Company at any time on or after the first anniversary of the date of issuance, with interest accruing at a rate of 1.7% compounded monthly. No payments of principal and accrued interest shall be paid without the consent of HSTM. Upon issuance of the Company’s license related to the production and sale of legalized marijuana products in the State of Florida, HSTM was granted the option to purchase 513 newly issued Class A Membership Units for $2,700,000, where the outstanding principal amount due on the note will be classified as new contributed capital on the books of the company as of the date of conversion.

The liability component of the convertible debentures were valued using Company-specific interest rates assuming no conversion features existed. The debt component is accreted to its fair value over the term to maturity as a non-cash interest charge and the equity component is presented in convertible notes reserve as a separate component of members’ equity.

9. Related party transactions

In addition to the debt proceeds received during the period, the Company funded operations through the support of related parties. The balance owing to related parties as at March 31, 2017 was $ nil (September 30, 2016 - $907,493). These parties are related as they are corporations that are controlled by certain officers and directors of the Company. The amounts are non-interest bearing and unsecured with no fixed repayment date or terms.

10. Capital Accounts

<table>
<thead>
<tr>
<th>Share Class</th>
<th>Membership Units</th>
<th>Capital Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chestnut Hill Holdings LLC</td>
<td>Class A</td>
<td>2,732.5</td>
</tr>
<tr>
<td>420 Emerald Coast, LLC</td>
<td>Class A</td>
<td>57</td>
</tr>
<tr>
<td>CBD Equity, LLC</td>
<td>Class A</td>
<td>2,732.5</td>
</tr>
<tr>
<td>JBMM</td>
<td>Class A</td>
<td>178</td>
</tr>
<tr>
<td><strong>Balance as at March 31, 2017</strong></td>
<td></td>
<td>5,700</td>
</tr>
</tbody>
</table>

a) In August 2005, the Company issued 500 Class A Membership units to Robert Wallace

b) In August 2005, the Company issued 500 Class A Membership units to Deborah Gaw

c) In August 2016, Deborah Gaw and Robert Wallace entered into a Contribution Agreement whereas the original members contributed all their respective shares to Chestnut Hill Holdings, LLC (“Holdings”), a Florida limited liability company in exchange for all the membership units of Holdings. At that time, the number of membership units issued was increased to 5,700.
d) In September 2016, the Company issued 57 Class A Membership Units to 420 Emerald Coast, LLC (“Emerald”) in exchange for cash in the amount of $300,000. The Company as a result has cancelled the original 5,700 Class A Membership Units issued to Holdings and reissued 5,643 Units to Holdings.

e) In October 2016, CBD exercised its convertible note in exchange for 2,732.5 Class A Membership Units. The Company as a result has cancelled the original 5,643 Class A Membership Units issued to Holdings and reissued 2,732.5 Units to Holdings.

f) In December 2016, JBMM Group LLC (“JBMM”) exchanged its $929,993 balance owing from the Company in exchange for 178 newly issued Class A Membership units.

11. General and administrative expenses

<table>
<thead>
<tr>
<th></th>
<th>For the six months period ended March 31, 2017</th>
<th>For the period ended from November 23, 2016 to March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting fees</td>
<td>$ 550,903</td>
<td>$ 394,935</td>
</tr>
<tr>
<td>Office and general</td>
<td>245,753</td>
<td>23,844</td>
</tr>
<tr>
<td>Professional fees</td>
<td>157,401</td>
<td>114,107</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>78,721</td>
<td>--</td>
</tr>
<tr>
<td>Insurance</td>
<td>153,310</td>
<td>102,932</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$ 1,186,088</strong></td>
</tr>
</tbody>
</table>

12. Financial risk management and financial instruments

Financial instruments

The Company’s financial instruments consists of cash and cash equivalents, surety bond refundable deposit, biological assets and accounts payable and accrued liabilities, convertible promissory note payable, secured promissory note payable, due to related parties and finance lease.

The carrying values of accounts payable and accrued liabilities and due to related parties approximate their fair values due to their short periods to maturity.

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. Cash and cash equivalents are Level 1. The hierarchy is summarized as follows:

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>quoted prices (unadjusted) in active markets for identical assets and liabilities</td>
</tr>
<tr>
<td>Level 2</td>
<td>inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data</td>
</tr>
<tr>
<td>Level 3</td>
<td>inputs for assets and liabilities not based upon observable market data</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial assets at FVTPL</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>March 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 3,893,347</td>
<td>$ --</td>
<td>$ --</td>
<td>$ 3,893,347</td>
</tr>
<tr>
<td>Biological assets</td>
<td>--</td>
<td>--</td>
<td>435,821</td>
<td>435,821</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 3,893,347</td>
<td>$ --</td>
<td>$ 435,821</td>
<td>$ 4,329,168</td>
</tr>
</tbody>
</table>
Financial liabilities at amortized cost

<table>
<thead>
<tr>
<th>Description</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>September 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$ 139,286</td>
<td>$ --</td>
<td>$ --</td>
<td>$ 139,286</td>
</tr>
<tr>
<td>Current portion of finance lease</td>
<td>53,931</td>
<td>--</td>
<td>--</td>
<td>53,931</td>
</tr>
<tr>
<td>Finance lease</td>
<td>63,430</td>
<td>--</td>
<td>--</td>
<td>63,430</td>
</tr>
<tr>
<td>Secured promissory note</td>
<td>5,000,000</td>
<td>--</td>
<td>--</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Convertible notes</td>
<td>2,547,758</td>
<td>--</td>
<td>--</td>
<td>2,547,758</td>
</tr>
<tr>
<td></td>
<td>$ 7,801,405</td>
<td>$ --</td>
<td>$ --</td>
<td>$ 7,801,405</td>
</tr>
</tbody>
</table>

Financial assets at FVTPL

<table>
<thead>
<tr>
<th>Description</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>September 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,696,046</td>
<td>$ --</td>
<td>$ --</td>
<td>$2,696,046</td>
</tr>
<tr>
<td>Refundable deposit</td>
<td>3,000,000</td>
<td>--</td>
<td>--</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Biological assets</td>
<td>--</td>
<td>--</td>
<td>95,756</td>
<td>95,756</td>
</tr>
<tr>
<td></td>
<td>$ 5,696,046</td>
<td>$ --</td>
<td>$ 95,756</td>
<td>$ 5,791,802</td>
</tr>
</tbody>
</table>

Financial risk management

The Company has exposure to the following risks from its use of financial instruments: credit risk; liquidity; and, interest rate price risk.

(a) Credit risk

The maximum credit exposure at March 31, 2017 is the carrying amount of cash and cash equivalents, accounts receivable and other receivables. The Company does not have significant credit risk with respect to customers. All cash and cash equivalents are placed with locally established financial institutions.

(b) Liquidity risk

As at March 31, 2017, the Company’s financial liabilities consist of accounts payable and accrued liabilities and a finance lease which have contractual maturity dates within one year and promissory notes payable, which have contractual maturities over the next four years. Amounts due to related parties have no fixed repayment terms. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company’s working capital position at March 31, 2017, management regards liquidity risk to be low.

(c) Capital management

The Company’s objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.
Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company’s capital management approach in the period. The Company considers its cash and cash equivalents and marketable securities as capital.

13. Commitments

The Company has a lease commitment until November 2025 related to land rent at $2,500 per month. Minimum payments payable over the next five years are as follows:

<table>
<thead>
<tr>
<th>Periods ending March 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$ 30,000</td>
</tr>
<tr>
<td>2019</td>
<td>30,000</td>
</tr>
<tr>
<td>2020</td>
<td>30,000</td>
</tr>
<tr>
<td>2021</td>
<td>30,000</td>
</tr>
<tr>
<td>2022</td>
<td>30,000</td>
</tr>
<tr>
<td></td>
<td>$ 150,000</td>
</tr>
</tbody>
</table>

14. Subsequent event

On March 30, 2017, the Company entered into a definitive asset sale agreement to sell substantially all of the medical cannabis assets to DFMMJ Investments, LLC (the “Buyer”) for $40,000,000. The sale was conditional on the Buyer completing satisfactory due diligence as well as the transfer of the medical cannabis license issued by the State of Florida. Pending final approval of the license transfer by the State of Florida, the Company entered into a management agreement dated May 12, 2017 that transferred all of the economic benefits associated with the license to the Buyer effective on the closing date. The State of Florida approved the management agreement while they finalize the license transfer regulations. The Company has already commenced the license transfer process with the State of Florida and is waiting for the final approval to transfer the license to the Buyer. The 1st stage sale transaction closed on May 23, 2017 and the 2nd stage will be closed once the license transfer has been approved by the State of Florida.
Securecom Mobile Inc.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

(Unaudited, expressed in Canadian Dollars, unless otherwise noted)
Securecom Mobile Inc.

Unaudited pro forma consolidated statement of financial position as at March 31, 2017
(Expressed in Canadian Dollars)

<table>
<thead>
<tr>
<th>Note</th>
<th>Adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Securecom Mobile Inc.</th>
<th>DFMMJ Investments Ltd.</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>2,644,171</td>
<td>26,365,123</td>
<td>(a)</td>
<td>5,000,000</td>
<td>23,099</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(b)</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(c)</td>
<td>(4,453,160)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(d)</td>
<td>34,150,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(g)</td>
<td>(2,000,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(i)</td>
<td>(300,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(j)</td>
<td>(49,715,460)</td>
<td>11,690,675</td>
<td></td>
</tr>
<tr>
<td><strong>Amounts receivable</strong></td>
<td>23,099</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deposit in trust</strong></td>
<td>--</td>
<td>4,453,160</td>
<td>(i)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Due from DFMMJ Investments Ltd.</strong></td>
<td>--</td>
<td>--</td>
<td>(c)</td>
<td>4,453,160</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(h)</td>
<td>(4,453,160)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prepaid expenses</strong></td>
<td>8,995</td>
<td>--</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>2,672,625</td>
<td>30,818,283</td>
<td>(21,771,779)</td>
<td>11,722,769</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Property and equipment</strong></td>
<td>6,587</td>
<td>--</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unallocated purchase price - Florida</strong></td>
<td>--</td>
<td>--</td>
<td>(j)</td>
<td>54,168,620</td>
<td>54,168,620</td>
<td></td>
</tr>
<tr>
<td><strong>Intellectual property</strong></td>
<td>1</td>
<td>5,000,000</td>
<td>(b)</td>
<td>(1)</td>
<td>5,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,682,853</td>
<td>35,818,283</td>
<td>32,396,840</td>
<td>70,897,976</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### LIABILITIES AND SHAREHOLDERS’ EQUITY

<table>
<thead>
<tr>
<th>Description</th>
<th>Securecom Mobile Inc.</th>
<th>DFMMJ Investments Ltd.</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Due to Securecom Mobile Inc.</strong></td>
<td>--</td>
<td>4,453,160</td>
<td>(h)</td>
<td>(4,453,160)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Accounts payable</strong></td>
<td>140,580</td>
<td>719,324</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>140,580</td>
<td>5,172,484</td>
<td>(4,453,160)</td>
<td>859,904</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Convertible debentures</strong></td>
<td>2,295,781</td>
<td></td>
<td>(a)</td>
<td>(2,295,781)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>2,436,361</td>
<td>5,172,484</td>
<td>(6,748,941)</td>
<td>859,904</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Share capital</strong></td>
<td>3,398,558</td>
<td>30,167,601</td>
<td>(a)</td>
<td>2,783,695</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(a)</td>
<td>5,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(d)</td>
<td>(11,182,253)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(g)</td>
<td>34,150,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(g)</td>
<td>(2,000,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(g)</td>
<td>(763,526)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(h)</td>
<td>27,049,245</td>
<td>88,603,320</td>
<td></td>
</tr>
<tr>
<td><strong>Stock option reserve</strong></td>
<td>1,617,647</td>
<td>--</td>
<td>(e)</td>
<td>(1,617,647)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(h)</td>
<td>15,034</td>
<td>15,034</td>
<td></td>
</tr>
<tr>
<td><strong>Warrant reserve</strong></td>
<td>--</td>
<td>--</td>
<td>(g)</td>
<td>763,526</td>
<td>763,526</td>
<td></td>
</tr>
<tr>
<td><strong>Equity component of convertible debentures</strong></td>
<td>487,914</td>
<td>--</td>
<td>(a)</td>
<td>(487,914)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Retained Earnings (Deficit)</strong></td>
<td>(5,257,627)</td>
<td>478,198</td>
<td>(f)</td>
<td>5,257,627</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(h)</td>
<td>(19,522,006)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(i)</td>
<td>(300,000)</td>
<td>(19,343,808)</td>
<td></td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>246,492</td>
<td>30,645,799</td>
<td>39,145,781</td>
<td>70,038,072</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,682,853</td>
<td>35,818,283</td>
<td>32,396,840</td>
<td>70,897,976</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes to the unaudited pro forma financial statements
Securecom Mobile Inc.
Notes to Unaudited Pro Forma Consolidated Financial Statement
March 31, 2017

1. Basis of presentation

The unaudited pro forma consolidated statement of financial position of Securecom Mobile Inc. (the “Company”) as at March 31, 2017, (the “Pro Forma Financial Statements”), has been prepared by management based on historical financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), for illustrative purposes only, after giving effect to the proposed transaction between the Company and DFMMJ Investments Ltd. (“DFMMJ”) on the basis of the assumptions and adjustments described in notes 2, 3, 4, and 5.

The unaudited pro forma consolidated statement of financial position has been derived from:

a. The unaudited statement of financial position of the Company as at March 31, 2017;

b. The audited statement of financial position of DFMMJ as at April 30, 2017; and,
c. Unless otherwise noted, the unaudited pro forma consolidated statements of financial position and its accompanying notes are presented in Canadian dollars.

It is management’s opinion that the unaudited Pro Forma Financial Statements, include all adjustments necessary for the fair presentation, in all material respects, of the transactions described in notes 3 and 4 in accordance with IFRS, applied on a basis consistent with DFMMJ’s accounting policies, except as otherwise noted. The unaudited Pro Forma Financial Statements are not necessarily indicative of the financial position that would have resulted if the combination had actually occurred on March 31, 2017.

The unaudited Pro Forma Financial Statements should be read in conjunction with the historical financial statements and notes thereto of the Company and DFMMJ, included elsewhere in this Information Circular.

2. Significant accounting policies

The unaudited Pro Forma Financial Statements have been compiled using the significant accounting policies, as set out in the audited consolidated financial statements of DFMMJ as at and for the period ended March 31, 2017. Management has determined that no material pro forma adjustments are necessary to conform the Company’s accounting policies to the accounting policies used by DFMMJ in the preparation of its audited financial statements.

3. The transaction

a. The Company and DFMMJ have entered into an agreement pursuant to which the Company will acquire all the issued and outstanding shares of DFMMJ in consideration for securities of the Company.

b. The Company will consolidate its shares on a 3 pre-consolidated shares for 1 post-consolidation share basis as the final step of the transaction.

c. DFMMJ completed a private placement raising gross proceeds of $60,000,000 through the sale of 288,461,538 subscription receipts at $0.208 per subscription receipt, on a pre-consolidation basis. Each subscription receipt will be converted into one common share upon satisfaction of various conditions as part of the transaction.

d. DFMMJ will complete the acquisition of the license issued by the Florida Department of Health from Chestnut Hill Tree Farm, LLC, as well as related ancillary assets (the “Chestnut Assets”) for USD$40,000,000.

e. DFMMJ and a subsidiary of the Company will amalgamate and continue as one corporation. Former DFMMJ securityholders shall receive replacement common shares of the Company in exchange for common shares of DFMMJ.

f. Upon completion of the transaction, the former shareholders of DFMMJ will become the controlling shareholders of the Company. This type of share exchange, referred to as a reverse acquisition ("RTO"), deems DFMMJ to be the acquirer for accounting purposes.

g. The acquisition is subject, but not limited, to regulatory and shareholder approvals.

4. Accounting for RTO

The transaction has been accounted for in accordance with IFRS 2, which results in the following:

- DFMMJ is deemed to be the acquirer and the Company is deemed to be the acquiree for accounting purposes;
- Accordingly, DFMMJ’s balances are accounted for at cost and the Company is accounted for at fair value;
- Since the Company’s operations do not constitute a business, the transaction has been accounted for as a reverse acquisition that is not a business combination;
Therefore, the Company’s share capital, deficit and contributed surplus will be eliminated, the consideration transferred by the Company will be allocated to share capital and transaction costs will be expensed; and,

The capital structure recognized in the consolidated financial statements will be that of the Company, but the dollar amount of the issued share capital in the unaudited pro forma consolidated statement of financial position immediately prior to acquisition will be that of DFMMJ, plus the value of shares issued by the Company to acquire DFMMJ, plus any shares issued by the Company prior to or as part of the transaction.

5. **Pro forma assumptions and adjustments**

The unaudited pro forma consolidated statement of financial position reflects the following assumptions and adjustments:

a. A reduction in convertible debentures of $2,295,781 and equity component of convertible debentures of $487,914, and an increase in share capital of $2,783,695 representing the conversion of the convertible debentures. As the convertible debentures converted into units, all the warrants issued related to the convertible debentures were also exercised resulting in an increase in cash of $5,000,000 and an increase in share capital of $5,000,000.

b. An increase in cash of $1 and a reduction of intellectual property of $1 relating to the disposition of the Company’s security technology.

c. An increase in due from DFMMJ of $4,453,160 (US$3,260,000) and a decrease in cash of $4,453,160 representing the advance from the Company to DFMMJ.

d. A reduction in share capital of $11,182,253 to eliminate the Company’s historical share capital, which includes the conversion of convertible debentures and exercise of warrants in note 5(a).

e. An adjustment of $1,617,647 to eliminate the Company’s historical stock option reserve.

f. An adjustment of $5,257,627 to eliminate the Company’s deficit.

g. An increase in cash and a corresponding increase in share capital of $34,150,000, less transaction costs of approximately $2,000,000, representing the issuance of 164,182,679 subscription receipts at $0.208 per subscription receipt. As part of the issuance of the subscription receipts, 8,985,577 broker warrants were issued resulting in an increase in warrants, and a corresponding decrease in share capital of $763,526. The broker warrants were valued using the Black-Scholes Option Pricing Model with a share price of $0.208, volatility of 75%, risk free rate of 0.74%, expected life of two years and a dividend yield of 0%.

h. Since the Company’s operations do not constitute a business, the consideration transferred by the Company will be allocated to share capital and transaction costs will be expensed. An increase in share capital of $27,049,245 and an increase in deficit of $19,623,792 has been allocated based on the following:

<table>
<thead>
<tr>
<th>Consideration transferred:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>130,044,447 shares at a price of $0.208 per share</td>
<td>$ 27,049,245</td>
</tr>
<tr>
<td>770,000 stock options (1)</td>
<td>15,034</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 27,064,279</strong></td>
</tr>
</tbody>
</table>

Cash and cash equivalents (2)

| Amounts receivable                          | $ 3,191,011   |
| Prepaid expenses                            | 23,099        |
| Due from DFMMJ (2)                          | 4,453,160     |
| Property and equipment                      | 6,587         |
| Intellectual property                       | 1             |
| Accounts payable                            | (140,580)     |
| Transaction costs                           | 19,522,006    |

(1) Valued using the Black-Scholes Option Pricing Model using volatility of 75%, strike price of $0.40 to $0.95, risk free rate of 0.74%, expected life of 0.42-1.00 years and dividend yield of 0%.

(2) Per note 5(c), the Company advanced $4,453,160 to DFMMJ prior to the transaction, which eliminated on consolidation.
Securecom Mobile Inc.
Notes to Unaudited Pro Forma Consolidated Financial Statement
March 31, 2017

i. A decrease in cash and a corresponding increase in deficit in the amount of $300,000 representing estimated costs incurred related to the transaction.

j. A decrease in cash of $49,715,460, a decrease in deposits in trust of $4,453,160 and an increase in investment in Unallocated Purchase Price - Florida of $54,168,620 (US$ 40,000,000) paid to acquire the Chestnut Assets.

6. Pro forma convertible debentures

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Company’s convertible debentures – March 31, 2017</td>
<td>2,295,781</td>
</tr>
<tr>
<td>Conversion of the Company’s convertible debentures – (note 5(a))</td>
<td>-(2,295,781)</td>
</tr>
<tr>
<td>Pro forma convertible debentures – March 31, 2017</td>
<td>--</td>
</tr>
</tbody>
</table>

7. Pro forma share capital

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Company’s common shares outstanding – March 31, 2017</td>
<td>12,362,627</td>
<td>3,398,558</td>
</tr>
<tr>
<td>Common shares issued on convertible debt conversion – (note 5(a))</td>
<td>55,181,820</td>
<td>2,783,695</td>
</tr>
<tr>
<td>Common shares issued on warrant conversion – (note 5(a))</td>
<td>62,500,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Reverse takeover adjustment – the Company’s common shares (note 5 (d))</td>
<td>(130,044,447)</td>
<td>(11,182,253)</td>
</tr>
<tr>
<td>Consideration transferred to shareholders of the Company (note 5 (h))</td>
<td>130,044,447</td>
<td>27,049,245</td>
</tr>
<tr>
<td>DFMMJ shares issued and outstanding</td>
<td>557,836,539</td>
<td>30,167,601</td>
</tr>
<tr>
<td>Issuance of shares under subscription receipts, net of costs (note 5(g))</td>
<td>164,182,679</td>
<td>32,150,000</td>
</tr>
<tr>
<td>Allocation of consideration to broker warrants (note 5(k))</td>
<td>--</td>
<td>(763,526)</td>
</tr>
<tr>
<td>1 for 3 consolidation of the Company’s shares</td>
<td>(568,042,444)</td>
<td>--</td>
</tr>
<tr>
<td>Pro forma share capital – March 31, 2017</td>
<td>284,021,221</td>
<td>88,603,320</td>
</tr>
</tbody>
</table>

8. Pro forma stock options reserve

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Company’s stock options reserve – March 31, 2017</td>
<td>1,617,647</td>
</tr>
<tr>
<td>Elimination of the Company’s stock options reserve – (note 5(e))</td>
<td>-(1,617,647)</td>
</tr>
<tr>
<td>Establish the Company’s surviving stock options reserve – (note 5(h))</td>
<td>15,034</td>
</tr>
<tr>
<td>Pro forma stock options reserve – March 31, 2017</td>
<td>15,034</td>
</tr>
</tbody>
</table>

The stock option details of the Company are as follows:

<table>
<thead>
<tr>
<th>Expiry date</th>
<th>Number of options</th>
<th>Weighted average price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock options</td>
<td>February 29, 2018</td>
<td>20,000</td>
</tr>
<tr>
<td>Stock options</td>
<td>February 16, 2022</td>
<td>750,000</td>
</tr>
<tr>
<td>Balance at March 31, 2017</td>
<td>770,000</td>
<td>$ 0.41</td>
</tr>
<tr>
<td>Balance after 1 for 3 consolidation</td>
<td>256,667</td>
<td>$ 1.23</td>
</tr>
</tbody>
</table>
Securecom Mobile Inc.
Notes to Unaudited Pro Forma Consolidated Financial Statement
March 31, 2017

9. Pro forma warrants

<table>
<thead>
<tr>
<th>Type of warrant</th>
<th>Expiry date</th>
<th>Number of warrants</th>
<th>Weighted average price</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broker warrant</td>
<td>April 27, 2019</td>
<td>8,985,577</td>
<td>$ 0.208</td>
<td>$ 763,526</td>
</tr>
<tr>
<td>Balance at March 31, 2017</td>
<td></td>
<td>8,985,577</td>
<td>$ 0.208</td>
<td>$ 763,526</td>
</tr>
<tr>
<td>Balance after 1 for 3 consolidation</td>
<td></td>
<td>2,995,192</td>
<td>$ 0.624</td>
<td>$ 763,526</td>
</tr>
</tbody>
</table>

(1) Valued using the Black-Scholes Option Pricing Model using volatility of 75%, strike price of $0.208, risk free rate of 0.74%, expected life of 2 years and dividend yield of 0%.

The warrant details of the Company are as follows:

10. Pro forma equity component of convertible debentures

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Company’s equity component of convertible debentures – Mar. 31, 2017</td>
</tr>
<tr>
<td>Conversion of the Company’s convertible debentures – note 5 (a))</td>
</tr>
<tr>
<td>Pro forma share capital – March 31, 2017</td>
</tr>
</tbody>
</table>

11. Pro forma deficit

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Company’s deficit – March 31, 2017</td>
</tr>
<tr>
<td>DFMMI’s retained earnings</td>
</tr>
<tr>
<td>Elimination of the Company’s deficit – (note 5(f))</td>
</tr>
<tr>
<td>Additional transaction costs – (note 5 (g))</td>
</tr>
<tr>
<td>Additional transaction costs – (note 5(k))</td>
</tr>
<tr>
<td>Pro forma deficit – March 31, 2017</td>
</tr>
</tbody>
</table>

12. Pro forma income taxes

The Company expects to have an effective pro forma income tax rate of 26%.
SCHEDULE “G”
ADVANCE NOTICE BY-LAW
Article 1

NOMINATION OF DIRECTORS

Section 1.1 Only persons who are nominated in accordance with the procedures set out in this Advance Notice By-Law (the “By-Law”) shall be eligible for election as directors to the board of directors (the “Board”) of SecureCom Mobile Inc. (the “Company”). Nominations of persons for election to the Board may only be made at an annual meeting of shareholders, or at a special meeting of shareholders called for any purpose which includes the election of directors to the Board, as follows:

(a) by or at the direction of the Board or an authorized officer of the Company, including pursuant to a notice of meeting;

(b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Business Corporations Act (British Columbia) (the “Act”) or a requisition of shareholders made in accordance with the provisions of the Act; or

(c) by any person entitled to vote at such meeting (a “Nominating Shareholder”), who: (A) is, at the close of business on the date of giving notice provided for in Section 1.3 below and on the record date for notice of such meeting, either entered in the securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) has given timely notice in proper written form as set forth in this By-Law.

Section 1.2 For the avoidance of doubt, the foregoing Section 1.1 shall be the exclusive means for any person to bring nominations for election to the Board before any annual or special meeting of shareholders of the Company, provided, however, that nothing in this By-Law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination for election to the Board) at a meeting of shareholders of any matter that is properly brought before such meeting pursuant to the provisions of the Act.

Section 1.3 For a nomination made by a Nominating Shareholder to be accepted as timely notice (a “Timely Notice”), the Nominating Shareholder’s notice must be received by the corporate secretary of the Company at the principal executive offices of the Company:

(a) in the case of an annual meeting of shareholders, not later than the close of business on the 30th day and not earlier than the opening of business on the 65th day before the date of the meeting; provided, however, if the first public announcement made by the Company of the date of the annual meeting is less than 50 days prior to the meeting date, not later than the close of business on the 10th day following the day on which the first public announcement of the date of such annual meeting is made by the Company; and

(b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes the election of directors to the board, not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting is made by the Company.
Section 1.4 The time periods for giving of a Timely Notice shall in all cases be determined based on the original date of the annual meeting or the first public announcement of the annual or special meeting, as applicable. In no event shall an adjournment or postponement of an annual meeting or special meeting of shareholders or any announcement thereof commence a new time period for the giving of a Timely Notice.

Section 1.5 To be in proper written form, a Nominating Shareholder’s notice to the corporate secretary must comply with all the provisions of this Section 1.5 and:

(a) disclose or include, as applicable, as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a “Proposed Nominee”):

(i) their name, age, business and residential address, principal occupation or employment for the past five years, status as a “resident Canadian” (as such term is defined in the Act);

(ii) their direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Company, including the number or principal amount and the date(s) on which such securities were acquired;

(iii) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Proposed Nominee or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Proposed Nominee or the Nominating Shareholder;

(iv) any other information that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the Act or applicable securities law; and

(v) a duly completed personal information form in respect of the Proposed Nominee in the form prescribed by the principal stock exchange on which the securities of the Company are then listed for trading; and

(b) disclose or include, as applicable, as to each Nominating Shareholder giving the notice and each beneficial owner, if any, on whose behalf the nomination is made:

(i) their name, business and residential address and direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Company, including the number or principal amount and the date(s) on which such securities were acquired;

(ii) their interests in, or rights or obligations associated with, an agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person’s economic interest in a security of the Company or the person’s economic exposure to the Company;

(iii) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Nominating Shareholder or any affiliates or
associates of, or any person or entity acting jointly or in concert with, the Nominating Shareholder and any Proposed Nominee;

(iv) any proxy, contract, arrangement, agreement or understanding pursuant to which such person, or any of its affiliates or associates, or any person acting jointly or in concert with such person, has any interests, rights or obligations relating to the voting of any securities of the Company or the nomination of directors to the board;

(v) a representation and evidence that the Nominating Shareholder is a holder of record of securities of the Company, or a beneficial owner, entitled to vote at such meeting, and intends to appear in person or by proxy at the meeting to propose such nomination;

(vi) a representation as to whether such person intends to deliver a proxy circular and/or form of proxy to any shareholder of the Company in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Company in support of such nomination; and

(vii) any other information relating to such person that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or as required by applicable securities law; and

(c) be accompanied by a questionnaire, representation and agreement as required by Section 1.6 below, duly completed and signed, and a written consent duly signed by each Proposed Nominee to being named as a nominee and to serve as a director of the Company, if elected.

Section 1.6 A completed questionnaire as required by Section 1.5(c) shall be in the form provided by the corporate secretary (upon written request of the Nominating Shareholder), and shall include:

(a) information regarding the background, independence and qualification of each Proposed Nominee and the background of each Nominating Shareholder; and

(b) a written representation and agreement (in the form provided by the corporate secretary upon written request of the Nominating Shareholder) confirming, among other things, that such Proposed Nominee is not and will not become a party to any agreement, arrangement or understanding with, or has not given any commitment or assurance to, any person, as to how such person, if elected as a director of the Company, will act or vote on any issue or question, or with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director of the Company, that has not been disclosed to the Company.

Section 1.7 All information to be provided in a Timely Notice pursuant to Section 1.5 shall be provided as of the date of such notice. If requested by the Company, the Nominating Shareholder shall update such information forthwith so that it is true and correct in all material respects as of the date that is ten (10) business days prior to the date of the meeting, or any adjournment or postponement thereof.
Section 1.8 If requested by the Company, a Proposed Nominee shall furnish any other information as may reasonably be required by the Company to determine the eligibility of such Proposed Nominee to serve as a director of the Company or a member of any committee of the Board, with respect to independence or any other relevant criteria for eligibility, or that could be material to a shareholder’s understanding of the independence or eligibility, or lack thereof, of such Proposed Nominee, including but not limited to an affidavit confirming eligibility serve as a director under the Act.

Section 1.9 Any notice, or other document or information required to be given to the corporate secretary pursuant to this By-Law may only be given by personal delivery or facsimile transmission, and shall be deemed to have been given and made only at the time it is served by personal delivery to the corporate secretary at the address of the principal executive offices of the Company, or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or facsimile transmission is made on a day which is a not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or facsimile transmission shall be deemed to have been made on the next following day that is a business day.

Section 1.10 Additional Matters

(a) The chair of any meeting of shareholders of the Company shall have the power to determine whether any proposed nomination is made in accordance with the provisions of this By-Law, and if any proposed nomination is not in compliance with such provisions, must declare that such defective nomination shall not be considered at any meeting of shareholders.

(b) Despite any other provision of this By-Law, if the Nominating Shareholder (or a qualified representative of the Nominating Shareholder) does not appear at the meeting of shareholders of the Company to present the nomination of the Proposed Nominee, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by the Company.

(c) Nothing in this By-Law shall obligate the Company or the Board to include in any proxy statement or other shareholder communication distributed by or on behalf of the Company or the Board any information with respect to any proposed nomination or any Nominating Shareholder or Proposed Nominee.

(d) The Board may, in its sole discretion, waive any requirement of this By-Law.

(e) For the purposes of this By-Law, “public announcement” means disclosure in a press release disseminated by the Company through a national news service in Canada, or in a document filed by the Company for public access under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.
ARTICLE 1
PURPOSE OF PLAN

1.1 The purpose of the stock option plan (the "Plan") of SecureCom Mobile Inc. (the "Corporation"), a corporation incorporated under the Business Corporations Act (British Columbia), is to advance the interests of the Corporation by encouraging the directors, employees and consultants of the Corporation of the Canadian Securities Exchange (the "Exchange") and of its subsidiaries or affiliates, if any, by providing them with the opportunity, through options, to acquire common shares in the share capital of the Corporation (the "Shares"), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

ARTICLE 2
ADMINISTRATION OF PLAN

2.1 The Plan shall be administered by the board of directors of the Corporation or by a special committee of the directors appointed from time to time by the board of directors of the Corporation pursuant to rules of procedure fixed by the board of directors (such committee or, if no such committee is appointed, the board of directors of the Corporation is hereinafter referred to as the "Board"). A majority of the Board shall constitute a quorum and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously by consent in writing, shall be the acts of the directors.

2.2 Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all Optionees (as defined herein) under the Plan and on their legal personal representatives and beneficiaries.

2.3 Each option to purchase Shares (an "Option") granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the Optionee (as defined herein), in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

ARTICLE 3
STOCK EXCHANGE RULES

3.1 All Options granted pursuant to this Plan shall be subject to rules and policies of the Exchange and any stock exchange or exchanges on which the Shares are then listed and any other regulatory body having jurisdiction hereinafter.

ARTICLE 4
SHARES SUBJECT TO PLAN

4.1 Subject to adjustment as provided in Article 16 hereof, the Shares to be offered under the Plan shall consist of authorized but unissued Shares of the Corporation. The aggregate number of Shares issuable upon the exercise of all Options granted under the Plan shall not exceed 10% of the issued and outstanding Shares of the Corporation from time to time. If any Option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the Shares subject to such unexercised Option shall again be available for the purpose of this Plan.
ARTICLE 5
MAINTENANCE OF SUFFICIENT CAPITAL

5.1 The Corporation shall at all times during the term of the Plan keep available such numbers of Common Shares as will be sufficient to satisfy the requirements of the Plan.

ARTICLE 6
ELIGIBILITY AND PARTICIPATION

6.1 Directors, consultants and employees (and any other person that the Board wishes to grant stock options to) of the Corporation or any of its subsidiaries and employees of a person or company which provides management services to the Corporation or any of its subsidiaries ("Management Company Employees") shall be eligible for selection to participate in the Plan (collectively, the "Optionees" and individually, an "Optionee"). Subject to compliance with applicable requirements of the Exchange, Optionees may elect to hold Options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the Options were held by the Optionee.

6.2 Subject to the terms hereof, the Board shall determine to whom Options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such Options shall be granted and vested, and the number of Common Shares to be subject to each option.

6.3 The Corporation represents that, in the event that the Corporation wishes to grant Options under the Plan to employees, consultants or Management Company Employees, it will only grant such Options to Optionees who are bona fide employees, consultants or Management Company Employees, as the case may be.

6.4 An Optionee who has been granted an Option may, if such Optionee is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional Option or Options if the Board shall so determine.

ARTICLE 7
EXERCISE PRICE

7.1

(a) The exercise price of the Common Shares shall be determined by the Board, subject to applicable Exchange approval, at the time any Option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.

(b) Once the exercise price has been determined by the Board and accepted by the Exchange and the Option has been granted, the exercise price of an Option may be reduced upon receipt of Board approval and in compliance with the rules and policies of the Exchange.

ARTICLE 8
NUMBER OF OPTIONED SHARES

8.1

(a) The number of Common Shares subject to an option granted to any one Optionee shall be determined by the Board, but no one Optionee shall be granted an Option which exceeds the maximum number permitted by the Exchange.

(b) No single Optionee may be granted Options to purchase a number of Shares equaling more than 5% of the issued Shares of the Corporation in any twelve-month period, unless the Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements.
(c) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares of the Corporation in any twelve-month period to any one consultant of the Corporation (or any of its subsidiaries).

(d) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares of the Corporation in any twelve-month period to Employees conducting Investor Relations Activities (as such term is defined in the policies of the Exchange). Options granted to persons performing Investor Relations Activities will contain vesting provisions such that vesting occurs over at least twelve months with no more than ¼ of the Options vesting in any three-month period.

ARTICLE 9
DURATION OF OPTION

9.1 Each Option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Articles 11 and 12 hereof, provided that in no circumstances shall the duration of an Option exceed the maximum term permitted by the Exchange. For greater certainty, if the Corporation is listed on the Exchange, the maximum term may not exceed 5 years from the date of grant.

ARTICLE 10
OPTION PERIOD, CONSIDERATION AND PAYMENT

10.1

(a) The Option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the Option period shall be reduced with respect to any Option as provided in Articles 11 and 12 covering cessation as a director, consultant, employee or Management Company Employee of the Corporation or any of its subsidiaries or death of the Optionee.

(b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist.

(c) Subject to any vesting restrictions imposed by the Board, Options may be exercised in whole or in part at any time and from time to time during the Option period. To the extent required by the Exchange, no Options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.

(d) Except as set forth in Articles 11 and 12, no Option may be exercised unless the Optionee is at the time of such exercise a director, consultant, or employee of the Corporation or any of its subsidiaries or a Management Company Employee of the Corporation or any of its subsidiaries.

(e) The exercise of any Option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, addressed to the chief executive officer of the Corporation, specifying the number of Shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the Option is exercised. Certificates for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment. Neither the Optionee nor his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares of the Corporation unless and until the certificates for the Common Shares issuable pursuant to Options under the Plan are issued to him or them under the terms of the Plan.

(f) Notwithstanding any of the provisions contained in this Plan or in any Option, any and all obligations of the Corporation whatsoever to issue Shares to an Optionee pursuant to the exercise of an Option and/or this Plan shall at all times be subject to:
completion of such registration or other qualification of such Shares or obtaining approval of such governmental authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;

(ii) the Corporation being satisfied that the issuance of such Shares shall not (whether with notice or the passage of time or both) breach, violate or be contrary to any of its constating documents, partnership agreements, applicable laws, regulations, stock exchange rules and policies and agreements to which it is a party;

(iii) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed; and

(iv) the receipt from the Optionee of such representations, agreements and undertakings, including as to future dealings in such Shares, as the Corporation or its counsel determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In connection therewith, the Corporation shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Common Shares in compliance with applicable securities laws and for the listing of such Common Shares on any stock exchange on which the Common Shares are then listed.

ARTICLE 11
CEASING TO BE A DIRECTOR, OFFICER, CONSULTANT OR EMPLOYEE

11.1 Subject to Section 11.2, if an Optionee ceases to be a director, employee, consultant or Management Company Employee of the Corporation or any of its subsidiaries as a result of having been dismissed from any such position for cause, all unexercised Option rights of that Optionee under the Plan shall immediately become terminated and shall lapse, notwithstanding the original term of the Option granted to such Optionee under the Plan.

11.2 If an Optionee ceases to be either a director, employee, consultant or Management Company Employee of the Corporation or any of its subsidiaries for any reason other than as a result of having been dismissed for cause as provided in Section 11.1 or as a result of the Optionee's death, such Optionee shall have the right for a period of twelve (12) months (or until the normal expiry date of the Option rights of such Optionee if earlier) from the date of ceasing to be either a director, employee, consultant or Management Company Employee to exercise his Option under the Plan to the extent that the Optionee was entitled to exercise it on the date of ceasing to be either a director, employee, consultant or Management Company Employee. Upon the expiration of such twelve (12) month period all unexercised Option rights of that Optionee shall immediately become terminated and shall lapse, notwithstanding the original term of the Option granted to such Optionee under the Plan.

11.3 If an Optionee engaged in providing Investor Relations Activities to the Corporation ceases to be employed in providing such Investor Relations Activities, such Optionee shall have the right for a period of thirty (30) days (or until the normal expiry date of the Option rights of such Optionee if earlier) from the date of ceasing to provide such Investor Relations Activities to exercise his Option under the Plan to the extent that the Optionee was entitled to exercise it on the date of ceasing to provide such Investor Relations Activities. Upon the expiration of such thirty (30) day period all unexercised Option rights of that Optionee shall immediately become terminated and shall lapse, notwithstanding the original term of the Option granted to such Optionee under the Plan.

11.4 Nothing contained in the Plan, nor in any Option granted pursuant to the Plan, shall as such confer upon any Optionee any right with respect to continuance as a director, consultant, employee or Management Company Employee of the Corporation or of any of its subsidiaries.

11.5 Options shall not be affected by any change of employment of any director, employee, consultant or Management Company Employee.
ARTICLE 12
DEATH OF OPTIONEE

12.1 In the event of the death of any Optionee, the legal representatives of the deceased Optionee shall have the right for a period of one year (or until the normal expiry date of the Option rights of such Optionee if earlier) from the date of death of the deceased Optionee to exercise the deceased Optionee's Option under the Plan to the extent that it was exercisable on the date of death. Upon the expiration of such period all unexercised Option rights of the deceased Optionee shall immediately become terminated and shall lapse, notwithstanding the original term of the Option granted to the deceased Optionee under the Plan.

ARTICLE 13
RIGHTS OF OPTIONEE

13.1 No person entitled to exercise any Option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such Option until certificates representing such Shares shall have been issued and delivered.

ARTICLE 14
HOLD PERIOD

14.1 Any Shares issued upon the exercise of an Option shall be subject to a hold period, as required by the Exchange, and may not be traded for a period of four (4) months from the date of grant. Any Shares issued upon the exercise of an Option may also be subject to any hold periods that may be required by applicable securities legislation.

ARTICLE 15
PROCEEDS FROM SALE OF SHARES

15.1 The proceeds from the sale of Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

ARTICLE 16
ADJUSTMENTS

16.1 If the outstanding Shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation or other similar transaction, an appropriate and proportionate adjustment shall be made by the Board in its discretion in the number or kind of Shares optioned and the exercise price per Share, as regards previously granted and unexercised Options or portions thereof, and as regards Options which may be granted subsequent to any such change in the Corporation's capital.

Adjustments under this Article shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional shares shall be required to be issued under the Plan on any such adjustment.

16.2 Upon the liquidation or dissolution of the Corporation, the Plan shall terminate, and any Options theretofore granted hereunder shall terminate. In the event of a re-organization, merger or consolidation of the Corporation with one or more corporations as a result of which the Corporation is not the surviving corporation, or upon the sale of substantially all of the property or more than eighty (80%) percent of the then outstanding Shares of the Corporation to another corporation (a “Change of Control”) all Options granted which have not yet vested shall immediately vest without consideration as to time or any other vesting provision set forth in the Plan or stock option agreement governing such Options, provided that such vesting is not in violation of the then current policies of the Exchange, if applicable, and all Optionees then entitled to exercise Options then

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outstanding shall have the right at such time immediately prior to consummation of the Change of Control to exercise their Options to the full extent not theretofore exercised. Upon consummation of the Change of Control, the Plan shall terminate and any Options theretofore granted hereunder that remain unexercised upon termination shall also terminate.

ARTICLE 17
TRANSFERABILITY

17.1 All benefits, rights and Options accruing to any Optionee in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or to the extent, if any, permitted by the Exchange. During the lifetime of an Optionee any benefits, rights and Options may only be exercised by the Optionee.

ARTICLE 18
AMENDMENT AND TERMINATION OF PLAN

18.1 Subject to applicable approval of the Exchange, the Board may, at any time, suspend or terminate the Plan. Subject to applicable approval of the Exchange, the Board may also at any time amend or revise the terms of the Plan, provided that no such amendment or revision shall alter the terms of any Options theretofore granted under the Plan, unless shareholder approval, or disinterested shareholder approval, as the case may be, is obtained for such amendment or revision.

ARTICLE 19
NECESSARY APPROVALS

19.1 The ability of an Optionee to exercise Options and the obligation of the Corporation to issue and deliver Common Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Common Shares cannot be issued to any Optionee for whatever reason, the obligation of the Corporation to issue such Common Shares shall terminate and any Option exercise price paid to the Corporation will be returned to the Optionee.

ARTICLE 20
EFFECTIVE DATE OF PLAN

20.1 The Plan has been adopted by the Board subject to the approval of the Exchange and the shareholders of the Corporation, and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

ARTICLE 21
INTERPRETATION

21.1 The Plan will be governed by and construed in accordance with the laws of the Province of British Columbia and the applicable Federal laws of Canada therein.

21.2 Nothing in this Plan or in any Option shall confer upon any director, employee, consultant or Management Company Employee any right to continue in the employ of the Corporation or any of its subsidiaries or affect in any way the right of the Corporation or any of its subsidiaries to terminate his employment at any time. Nor shall anything in this Plan or in any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any of its subsidiaries to extend the employment of any Optionee beyond the time that he or she would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any of its subsidiaries or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any of its subsidiaries.

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21.3 Nothing in this Plan or any Option shall confer on any Optionee any right to continue providing ongoing services to the Corporation or affect in any way the right of the Corporation or any such entity to terminate his, her or its contract at any time. Nor shall anything in this Plan or any Option be deemed or construed as an agreement, or an expression of intent, on the part of the Corporation or any such entity to extend the time for the performance of the ongoing services beyond the time specified in the contract with any such entity.

21.4 References herein to any gender include all genders.
SCHEDULE “H”
OPTION PLAN (AS AMENDED)

STOCK OPTION PLAN – SECURECOM MOBILE INC.

ARTICLE 1
PURPOSE OF PLAN

1.1 The purpose of the stock option plan (the "Plan") of SecureCom Mobile Inc. (the "Corporation"), a corporation incorporated under the Business Corporations Act (British Columbia), is to advance the interests of the Corporation by encouraging the directors, employees and consultants of the Corporation of the Canadian Securities Exchange (the "Exchange") and of its subsidiaries or affiliates, if any, by providing them with the opportunity, through options, to acquire common shares in the share capital of the Corporation (the "Shares"), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

ARTICLE 2
ADMINISTRATION OF PLAN

2.1 The Plan shall be administered by the board of directors of the Corporation or by a special committee of the directors appointed from time to time by the board of directors of the Corporation pursuant to rules of procedure fixed by the board of directors (such committee or, if no such committee is appointed, the board of directors of the Corporation is hereinafter referred to as the "Board"). A majority of the Board shall constitute a quorum and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously by consent in writing, shall be the acts of the directors.

2.2 Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all Optionees (as defined herein) under the Plan and on their legal personal representatives and beneficiaries.

2.3 Each option to purchase Shares (an "Option") granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the Optionee (as defined herein), in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

ARTICLE 3
STOCK EXCHANGE RULES

3.1 All Options granted pursuant to this Plan shall be subject to rules and policies of the Exchange and any stock exchange or exchanges on which the Shares are then listed and any other regulatory body having jurisdiction hereinafter.

ARTICLE 4
SHARES SUBJECT TO PLAN

4.1 Subject to adjustment as provided in Article 16 hereof, the Shares to be offered under the Plan shall consist of authorized but unissued Shares of the Corporation. The aggregate number of Shares issuable upon the exercise of all Options granted under the Plan shall not exceed 10% of the issued and outstanding Shares of the Corporation from time to time. If any Option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the Shares subject to such unexercised Option shall again be available for the purpose of this Plan.
ARTICLE 5
MAINTENANCE OF SUFFICIENT CAPITAL

5.1 The Corporation shall at all times during the term of the Plan keep available such numbers of Common Shares as will be sufficient to satisfy the requirements of the Plan.

ARTICLE 6
ELIGIBILITY AND PARTICIPATION

6.1 Directors, consultants and employees (and any other person that the Board wishes to grant stock options to) of the Corporation or any of its subsidiaries and employees of a person or company which provides management services to the Corporation or any of its subsidiaries ("Management Company Employees") shall be eligible for selection to participate in the Plan (collectively, the "Optionees" and individually, an "Optionee"). Subject to compliance with applicable requirements of the Exchange, Optionees may elect to hold Options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the Options were held by the Optionee.

6.2 Subject to the terms hereof, the Board shall determine to whom Options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such Options shall be granted and vested, and the number of Common Shares to be subject to each option.

6.3 The Corporation represents that, in the event that the Corporation wishes to grant Options under the Plan to employees, consultants or Management Company Employees, it will only grant such Options to Optionees who are bona fide employees, consultants or Management Company Employees, as the case may be.

6.4 An Optionee who has been granted an Option may, if such Optionee is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional Option or Options if the Board shall so determine.

ARTICLE 7
EXERCISE PRICE

7.1

(a) The exercise price of the Common Shares shall be determined by the Board, subject to applicable Exchange approval, at the time any Option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.

(b) Once the exercise price has been determined by the Board and accepted by the Exchange and the Option has been granted, the exercise price of an Option may be reduced upon receipt of Board approval and in compliance with the rules and policies of the Exchange.

ARTICLE 8
NUMBER OF OPTIONED SHARES

8.1

(a) The number of Common Shares subject to an option granted to any one Optionee shall be determined by the Board, but no one Optionee shall be granted an Option which exceeds the maximum number permitted by the Exchange.

(b) No single Optionee may be granted Options to purchase a number of Shares equaling more than 5% of the issued Shares of the Corporation in any twelve-month period, unless the Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements.
(c) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares of the Corporation in any twelve-month period to any one consultant of the Corporation (or any of its subsidiaries).

(d) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares of the Corporation in any twelve-month period to Employees conducting Investor Relations Activities (as such term is defined in the policies of the Exchange). Options granted to persons performing Investor Relations Activities will contain vesting provisions such that vesting occurs over at least twelve months with no more than ¼ of the Options vesting in any three-month period.

ARTICLE 9
DURATION OF OPTION

9.1 Each Option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Articles 11 and 12 hereof, provided that in no circumstances shall the duration of an Option exceed the maximum term permitted by the Exchange. For greater certainty, if the Corporation is listed on the Exchange, the maximum term may not exceed 5 years from the date of grant.

ARTICLE 10
OPTION PERIOD, CONSIDERATION AND PAYMENT

10.1

(a) The Option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the Option period shall be reduced with respect to any Option as provided in Articles 11 and 12 covering cessation as a director, consultant, employee or Management Company Employee of the Corporation or any of its subsidiaries or death of the Optionee.

(b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist.

(c) Subject to any vesting restrictions imposed by the Board, Options may be exercised in whole or in part at any time and from time to time during the Option period. To the extent required by the Exchange, no Options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.

(d) Except as set forth in Articles 11 and 12, no Option may be exercised unless the Optionee is at the time of such exercise a director, consultant, or employee of the Corporation or any of its subsidiaries or a Management Company Employee of the Corporation or any of its subsidiaries.

(e) The exercise of any Option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, addressed to the chief executive officer of the Corporation, specifying the number of Shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the Option is exercised. Certificates for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment. Neither the Optionee nor his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares of the Corporation unless and until the certificates for the Common Shares issuable pursuant to Options under the Plan are issued to him or them under the terms of the Plan.

(f) Notwithstanding any of the provisions contained in this Plan or in any Option, any and all obligations of the Corporation whatsoever to issue Shares to an Optionee pursuant to the exercise of an Option and/or this Plan shall at all times be subject to:
completion of such registration or other qualification of such Shares or obtaining approval of such governmental authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;

(ii) the Corporation being satisfied that the issuance of such Shares shall not (whether with notice or the passage of time or both) breach, violate or be contrary to any of its constating documents, partnership agreements, applicable laws, regulations, stock exchange rules and policies and agreements to which it is a party;

(iii) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed; and

(iv) the receipt from the Optionee of such representations, agreements and undertakings, including as to future dealings in such Shares, as the Corporation or its counsel determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In connection therewith, the Corporation shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Common Shares in compliance with applicable securities laws and for the listing of such Common Shares on any stock exchange on which the Common Shares are then listed.

ARTICLE 11
CEASING TO BE A DIRECTOR, OFFICER, CONSULTANT OR EMPLOYEE

11.1 Subject to Section 11.2, if an Optionee ceases to be a director, employee, consultant or Management Company Employee of the Corporation or any of its subsidiaries as a result of having been dismissed from any such position for cause, all unexercised Option rights of that Optionee under the Plan shall immediately become terminated and shall lapse, notwithstanding the original term of the Option granted to such Optionee under the Plan.

11.2 If an Optionee ceases to be either a director, employee, consultant or Management Company Employee of the Corporation or any of its subsidiaries for any reason other than as a result of having been dismissed for cause as provided in Section 11.1 or as a result of the Optionee's death, such Optionee shall have the right for a period of twelve (12) months (or until the normal expiry date of the Option rights of such Optionee if earlier) from the date of ceasing to be either a director, employee, consultant or Management Company Employee to exercise his Option under the Plan to the extent that the Optionee was entitled to exercise it on the date of ceasing to be either a director, employee, consultant or Management Company Employee. Upon the expiration of such twelve (12) month period all unexercised Option rights of that Optionee shall immediately become terminated and shall lapse, notwithstanding the original term of the Option granted to such Optionee under the Plan.

11.3 If an Optionee engaged in providing Investor Relations Activities to the Corporation ceases to be employed in providing such Investor Relations Activities, such Optionee shall have the right for a period of thirty (30) days (or until the normal expiry date of the Option rights of such Optionee if earlier) from the date of ceasing to provide such Investor Relations Activities to exercise his Option under the Plan to the extent that the Optionee was entitled to exercise it on the date of ceasing to provide such Investor Relations Activities. Upon the expiration of such thirty (30) day period all unexercised Option rights of that Optionee shall immediately become terminated and shall lapse, notwithstanding the original term of the Option granted to such Optionee under the Plan.

11.4 Nothing contained in the Plan, nor in any Option granted pursuant to the Plan, shall as such confer upon any Optionee any right with respect to continuance as a director, consultant, employee or Management Company Employee of the Corporation or of any of its subsidiaries.

11.5 Options shall not be affected by any change of employment of any director, employee, consultant or Management Company Employee.
ARTICLE 12
DEATH OF OPTIONEE

12.1 In the event of the death of any Optionee, the legal representatives of the deceased Optionee shall have the right for a period of one year (or until the normal expiry date of the Option rights of such Optionee if earlier) from the date of death of the deceased Optionee to exercise the deceased Optionee's Option under the Plan to the extent that it was exercisable on the date of death. Upon the expiration of such period all unexercised Option rights of the deceased Optionee shall immediately become terminated and shall lapse, notwithstanding the original term of the Option granted to the deceased Optionee under the Plan.

ARTICLE 13
RIGHTS OF OPTIONEE

13.1 No person entitled to exercise any Option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such Option until certificates representing such Shares shall have been issued and delivered.

ARTICLE 14
HOLD PERIOD

14.1 Any Shares issued upon the exercise of an Option shall be subject to a hold period, as required by the Exchange, and may not be traded for a period of four (4) months from the date of grant. Any Shares issued upon the exercise of an Option may also be subject to any hold periods that may be required by applicable securities legislation.

ARTICLE 15
PROCEEDS FROM SALE OF SHARES

15.1 The proceeds from the sale of Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

ARTICLE 16
ADJUSTMENTS

16.1 If the outstanding Shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation or other similar transaction, an appropriate and proportionate adjustment shall be made by the Board in its discretion in the number or kind of Shares optioned and the exercise price per Share, as regards previously granted and unexercised Options or portions thereof, and as regards Options which may be granted subsequent to any such change in the Corporation's capital.

Adjustments under this Article shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional shares shall be required to be issued under the Plan on any such adjustment.

16.2 Upon the liquidation or dissolution of the Corporation, the Plan shall terminate, and any Options theretofore granted hereunder shall terminate. In the event of a re-organization, merger or consolidation of the Corporation with one or more corporations as a result of which the Corporation is not the surviving corporation, or upon the sale of substantially all of the property or more than eighty (80%) percent of the then outstanding Shares of the Corporation to another corporation (a "Change of Control") all Options granted which have not yet vested shall immediately vest without consideration as to time or any other vesting provision set forth in the Plan or stock option agreement governing such Options, provided that such vesting is not in violation of the then current policies of the Exchange, if applicable, and all Optionees then entitled to exercise Options then
outstanding shall have the right at such time immediately prior to consummation of the Change of Control to exercise their Options to the full extent not theretofore exercised. Upon consummation of the Change of Control, the Plan shall terminate and any Options theretofore granted hereunder that remain unexercised upon termination shall also terminate.

ARTICLE 17
TRANSFERABILITY

17.1 All benefits, rights and Options accruing to any Optionee in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or to the extent, if any, permitted by the Exchange. During the lifetime of an Optionee any benefits, rights and Options may only be exercised by the Optionee.

ARTICLE 18
AMENDMENT AND TERMINATION OF PLAN

18.1 Subject to applicable approval of the Exchange, the Board may, at any time, suspend or terminate the Plan. Subject to applicable approval of the Exchange, the Board may also at any time amend or revise the terms of the Plan, provided that no such amendment or revision shall alter the terms of any Options theretofore granted under the Plan, unless shareholder approval, or disinterested shareholder approval, as the case may be, is obtained for such amendment or revision.

ARTICLE 19
NECESSARY APPROVALS

19.1 The ability of an Optionee to exercise Options and the obligation of the Corporation to issue and deliver Common Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Common Shares cannot be issued to any Optionee for whatever reason, the obligation of the Corporation to issue such Common Shares shall terminate and any Option exercise price paid to the Corporation will be returned to the Optionee.

ARTICLE 20
EFFECTIVE DATE OF PLAN

20.1 The Plan has been adopted by the Board subject to the approval of the Exchange and the shareholders of the Corporation, and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

ARTICLE 21
INTERPRETATION

21.1 The Plan will be governed by and construed in accordance with the laws of the Province of British Columbia and the applicable Federal laws of Canada therein.

21.2 Nothing in this Plan or in any Option shall confer upon any director, employee, consultant or Management Company Employee any right to continue in the employ of the Corporation or any of its subsidiaries or affect in any way the right of the Corporation or any of its subsidiaries to terminate his employment at any time. Nor shall anything in this Plan or in any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any of its subsidiaries to extend the employment of any Optionee beyond the time that he or she would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any of its subsidiaries or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any of its subsidiaries.
21.3 Nothing in this Plan or any Option shall confer on any Optionee any right to continue providing ongoing services to the Corporation or affect in any way the right of the Corporation or any such entity to terminate his, her or its contract at any time. Nor shall anything in this Plan or any Option be deemed or construed as an agreement, or an expression of intent, on the part of the Corporation or any such entity to extend the time for the performance of the ongoing services beyond the time specified in the contract with any such entity.

21.4 References herein to any gender include all genders.