

## CONFIDENTIAL OFFERING MEMORANDUM

*This offering memorandum constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities and to those persons to whom they may be lawfully offered for sale. No prospectus has been filed with any securities regulatory authority in connection with the securities offered hereunder. This offering memorandum is not to be construed as a prospectus or advertisement or a public offering of these securities.*

*Capitalized terms used but not defined herein have the respective meanings ascribed thereto in the “Glossary of Terms” of this Offering Memorandum.*

**Date:** January 15, 2019

### SUMMARY OF THE OFFERING

<b>Name:</b>	Mountain Valley MD Inc. (the “Corporation”)
<b>Head Office:</b>	c/o ECS LAW 2425 Matheson Blvd. E., 8 <sup>th</sup> Floor Mississauga, ON L4W 5K4 Phone #: (416)738-7683 E-mail address: <a href="mailto:evanjclifford@gmail.com">evanjclifford@gmail.com</a> Fax #: c/o ECS Law - 1(866)296-9834
<b>Currently Listed or Quoted:</b>	No. <b>These securities do not trade on any exchange or market.</b>
<b>Reporting Issuer:</b>	No.
<b>SEDAR Filer:</b>	No.
<b>Securities Offered:</b>	Units (each a “Unit”, collectively the “Units”), each Unit consisting of one Class “B” (non-voting) Common Share (each a “Class B Share”, collectively the “Class B Shares”) and one share purchase warrant (each a “Warrant”, collectively the “Warrants”) to acquire one Class B Share at an exercise price of \$0.35 per share for a period of twenty-four (24) months, subject to early acceleration terms as set out in this Offering Memorandum.  See “Item 5 – Description of Securities Offered”.
<b>Price per Security:</b>	\$0.20 per Unit.
<b>Maximum Offering:</b>	\$10,000,000 (50,000,000 Units).
<b>Minimum Offering:</b>	<b>There is no minimum. You may be the only purchaser. Funds available under the Offering may not be sufficient to accomplish the Corporation’s proposed objectives.</b>
<b>Minimum Subscription Amount:</b>	\$5,000.00.
<b>Payment Terms:</b>	The subscription price is payable at the time of Closing by wire transfer or other electronic transfer or such other manner as may be acceptable to the Corporation in its sole discretion. See “Item 5.2 – Subscription Procedure”.
<b>Proposed Closing Date:</b>	On or about January 31, 2019 or one or more such earlier or later dates as may be approved by the Corporation in its sole discretion. If the Maximum Offering has not been reached, Additional Closings may be held on a

continuous basis until the Maximum Offering is achieved. **The Corporation may at any time waive the Maximum Offering amount.**

<b>Closing and Other Conditions:</b>	Closing is conditional on, among other things, the following conditions being met: (i) execution, delivery and registration of all legal documentation satisfactory to the Corporation, including all agreements required to give effect to the Offering, (ii) receipt of all consents, approvals, exemptions and authorizations required to validly complete the Offering, and (iii) no material adverse change in the business of the Corporation, as determined by the Corporation, acting reasonably.
<b>Additional Offerings:</b>	Following the Closing, the Corporation may complete Additional Closings or additional offerings of Units or other securities of the Corporation at such prices and at such time as determined by the Corporation, in its sole discretion. The funds raised from such Additional Closings or additional offerings of Units or other securities of the Corporation will be used at the sole discretion of the Corporation.
<b>Purpose of the Offering/Use of Proceeds:</b>	The purpose of the Offering is to acquire funds to complete those transactions described in “Item 2.3 – Development of the Business” and for working capital, each as set out in “Item 1.2 – Use of Available Funds”.
<b>Income Tax Consequences:</b>	There are important tax consequences associated with the ownership of the Units. Investors are advised to consult their personal tax advisors. See “Item 6 – Income Tax Consequences and RRSP Eligibility”.
<b>Selling Agent:</b>	No. However, the Corporation reserves the right, as allowed by applicable securities legislation, to pay reasonable fees to registered dealers and finders from time to time to complete sales of the Units. See “Item 7 – Compensation Paid to Sellers and Finders”.
<b>Resale Restrictions:</b>	You will be restricted from selling your Units for an indefinite period. See “Item 10 – Securities Law Matters And Resale Restrictions”.
<b>Escrow Conditions:</b>	In addition to the resale restrictions set out in “Item 10 – Securities Law Matters And Resale Restrictions”, the Class B Shares comprising the Units and underlying the Warrants will be subject to escrow restrictions upon a Going Public Liquidity Event. See “Item 5 – Description of Securities” and “Item 10 – Securities Law Matters And Resale Restrictions”.
<b>Purchaser’s Rights:</b>	You have 2 Business Days to cancel your agreement to purchase Units. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See “Item 11 – Purchasers’ Rights”.
<b>Fees:</b>	Prospective Investors shall be solely responsible for their due diligence, legal costs, consulting, or other service fees incurred in connection with the Offering, regardless of whether a closing takes place.
<b>No securities regulatory authority or regulator has assessed the merits of these Units or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See “Item 8 – Risk Factors”.</b>	

The information contained in this Offering Memorandum is intended only for the persons to whom it is transmitted for the purpose of evaluating the Units offered hereby. Prospective investors should only rely on the information in

this Offering Memorandum. No persons are authorized to give any information or make any representation in respect of the Corporation or the Units offered herein and any such information or representation must not be relied upon.

## **FORWARD-LOOKING STATEMENTS**

This Offering Memorandum contains forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to the Corporation's future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, financial illustrations, budgets, projected costs, financial results and plans and objectives of the Corporation and the future condition of the industries in which the Corporation operates in general. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include expectations and prospects of the Corporation with respect to results of operations, business prospects and opportunities and industry outlook and related projections, including projected revenues, projected costs and projected profits. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Offering Memorandum.

Such forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to: anticipated and unanticipated costs; results of operations; business performance; business prospects and opportunities; and the economy generally. If the Corporation does not secure the number of key customer contracts assumed in the projections contained herein, or if such contracts are secured on terms that are different from those described herein, the Corporation's future financial results will be significantly different than those presently projected herein.

While the Corporation considers the assumptions made to be reasonable as of the date hereof based on information currently available to it, they may prove to be incorrect. By its nature, forward-looking information involves numerous assumptions, risks and uncertainties and other factors that contribute to the possibility that the predicted outcome will not occur, including those listed under "Item 8 - Risk Factors". Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Corporation.

The forward-looking statements contained herein should not be relied upon as representing the Corporation's views as of any date subsequent to the date of this Offering Memorandum. The Corporation is not under any obligation and does not undertake to update this information at any particular time and assumes no obligation to update or revise forward-looking statements should circumstances or the Corporation's estimates or opinions change.

## **MARKETING MATERIALS**

Any marketing materials relating to the distribution of Units under this Offering Memorandum delivered or made reasonably available to prospective Investors prior to the termination of the distribution of the Units under the Offering, are hereby specifically incorporated by reference into and form an integral part of this Offering Memorandum.

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

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## GLOSSARY OF TERMS

In this Offering Memorandum, unless the context otherwise requires, the following words and terms shall have the indicated meanings, and grammatical variations of such words and terms shall have corresponding meanings:

“**ACMPR**” has the meaning given to such term under “Item 2.2 – the Business”.

“**Additional Closings**” means the closing of subscriptions for Units accepted by the Corporation after the Closing.

“**Applicant**” has the meaning given to such term under “Item 2.3 – Development of the Business”.

“**Avicanna**” has the meaning given to such term under “Item 2.3 – Development of the Business”.

“**Board of Directors**” means the board of directors of the Corporation, as comprised from time to time.

“**Business Day**” means any day, other than a Saturday, Sunday or statutory or civic holiday in the Province of Ontario or any day in which commercial banks are not open for business in Toronto, Ontario.

“**Canadian Securities Laws**” means, collectively, all Securities Laws of each of the provinces of Canada.

“**CCJC**” has the meaning given to such term under “Item 2.3 – Development of the Business”.

“**CCJC Loan**” has the meaning given to such term under “Item 2.3 – Development of the Business”.

“**CCJC Term Sheet**” has the meaning given to such term under “Item 2.3 – Development of the Business”.

“**Closing**” means the initial closing on the Closing Date of subscriptions for Units offered pursuant to this Offering.

“**Closing Date**” means any day set by the Corporation for the Closing of this Offering.

“**Class A Share**” and “**Class A Shares**” means the Class “A” Common Shares of the Corporation.

“**Class B Share**” and “**Class B Shares**” has the meaning given to such term under “Summary of the Offering”.

“**Common Shares**” means any and all classes of common shares of the Corporation.

“**Constating Documents**” has the meaning given to such term under “Item 5.1 – Terms of Securities”.

“**Corporation**” has the meaning given to such term under “Summary of the Offering”.

“**CSA**” has the meaning given to such term under “Item 2.3 – Development of the Business”.

“**DEA**” has the meaning given to such term under “Item 2.3 – Development of the Business”.

“**Going Public Liquidity Event**” means the Corporation obtaining a listing or quotation of the Common Shares on a North American or U.K. stock exchange or quotation service or any transaction which provides holders of Common Shares with comparable liquidity that such holders would have received if such listing or quotation was obtained, including by means of a reverse take-over, merger, amalgamation, arrangement, take-over bid, insider bid, reorganization, joint venture, sale of all or substantially all of the Corporation’s assets, exchange of assets or similar transaction or other combination with a reporting issuer or a reporting company.

“**Investors**” means the holders of Units.

“**Maximum Offering**” means the maximum Offering size of \$10,000,000 or 50,000,000 Units.

“**MMPR**” has the meaning given to such term under “Item 2.2 – the Business”.

“**MMPR Application**” has the meaning given to such term under “Item 2.2 – the Business”.

“**MVM**” means Mountain Valley Medicinals, a corporation formed under the laws of the Province of British Columbia and a wholly owned subsidiary of the Corporation, acquired by way of share exchange on January 10, 2019.

“**MVM Property**” has the meaning given to such term under “Item 2.2 – the Business”.

“**MVM Sub**” means 0987182 B.C. Ltd. (formerly Pura Vida Medical Marihuana Incorporation), a corporation formed under the laws of the Province of British Columbia and a wholly owned subsidiary of MVM, acquired by way of share purchase on May 22, 2018.

“**Liquidation Event**” has the meaning given to such term under “Item 5.1 – Terms of Securities”.

“**Offering**” means the offering(s) of Units pursuant to the terms of this Offering Memorandum, which shall consist of the Maximum Offering, subject to the right of the Corporation to waive such Maximum Offering.

“**Offering Memorandum**” means this offering memorandum dated January 15, 2019, as the same may be amended or amended and restated from time to time.

“**Offering Proceeds**” means the net proceeds from the Offering.

“**Person**” is to be broadly interpreted and includes an individual, an incorporated body wherever or however incorporated, a partnership, a trust, a fund, an unincorporated association or organization, a government of a country or any political subdivision thereof, or any agency or department thereof, and the executors, administrators or other legal representatives of an individual in such capacity.

“**Principal Holder**” has the meaning given to such term under “Item 3.1 – Compensation and Securities Held”.

“**Unit**” and “**Units**” have the respective meanings given to such terms under “Summary of the Offering”.

“**Sativa Nativa**” has the meaning given to such term under “Item 2.3 – Development of the Business”.

“**Shareholders’ Investment**” means the subscription for Units offered pursuant to the Offering by existing investors in the Corporation.

“**Subscription Agreement**” means the completed subscription agreement to be entered into by a subscriber on Closing or on Additional Closings.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder.

In this Offering Memorandum, references to “**dollars**” and \$ are to the currency of Canada, unless otherwise indicated.

## ITEM 1 – USE OF AVAILABLE FUNDS

### 1.1 Funds

The Offering Proceeds and the funds which will be available to the Corporation after this Offering are as follows:

	<b>Assuming Minimum Offering</b>	<b>Assuming Maximum Offering</b>
(a) Amount to be raised by this Offering.....	\$0	\$10,000,000
(b) Selling commissions and fees .....	\$0	\$600,000 <sup>(1)</sup>
(c) Estimated Offering costs (legal, accounting, etc.).....	\$25,000 <sup>(2)</sup>	\$25,000 <sup>(2)</sup>
(d) Available funds [NTD: $D = A - (B+C)$ ] .....	\$(25,000)	\$9,375,000
(e) Additional sources of funding required .....	\$822,553 <sup>(3)</sup>	\$822,553 <sup>(3)</sup>
(f) Working capital deficiency .....	\$0 <sup>(4)</sup>	\$0 <sup>(4)</sup>
(g) Total [NTD: $G = (D + E) - F$ ] .....	\$4797,553	\$10,197,553

**Notes:**

- (1) The Corporation has not engaged a selling agent, however reserves the right to pay reasonable fees to registered dealers and finders subject to applicable laws, estimated six percent (6%) based on the total gross proceeds. See “Item 7.1 – Selling Commissions”.
- (2) Legal, accounting and audit costs associated with Offering.
- (3) The additional sources of funding are cash on hand as at January 14, 2019. The Corporation has previously raised capital as a private issuer. The Corporation may also raise additional capital following this Offering.
- (4) Based on the Corporation’s audited financial statements for the year ended October 31, 2018.

### 1.2 Use of Available Funds

The following table reflects the intended use of the Offering Proceeds following the Closing and any Additional Closings:

<b>Description of intended use of Offering Proceeds Listed in order of Priority</b>	<b>Assuming Minimum Offering</b>	<b>Assuming Maximum Offering</b>
Repayment of existing debt .....	\$0	\$334,865 <sup>(1)</sup>
Acquisition of Sativa Nativa .....	\$0	\$4,800,000
MVM facility construction .....	\$0	\$2,000,000
Working capital .....	\$0	\$2,575,000 <sup>(2)</sup>
Expenses of the Offering .....	\$25,000	\$625,000
<b>Total</b>	<b>\$797,553<sup>(3)</sup></b>	<b>\$9,897,553</b>

**Notes:**

- (1) Prior to the acquisition of MVM, MVM loaned a total of \$351,300 to the Corporation in consideration for 2 simple demand promissory notes, such loans bearing no interest. \$16,435.15 was repaid to MVM prior to the completion of its acquisition. As at the date of this Offering Memorandum, MVM is a wholly owned subsidiary of the Corporation.
- (2) This balance following repayment of the indebtedness owing to MVM, the completion of the acquisition of the interest in Sativa Nativa (see “Item 2.3 – Development of the Business”) and the completion of the initial phase of construction by MVM (see “Item 2.2 –The Business”) is classified as working capital, and may be allocated for the purposes of acquiring additional interests.
- (3) Taking into account additional sources of funding (see “Item 1.1 – Funds”).

### 1.3 Reallocation

The Corporation intends to allocate and use the Offering Proceeds as stated in “Item 1 – Use of Available Funds”. The Corporation will reallocate the funds only for sound business reasons.

## ITEM 2– BUSINESS OF THE CORPORATION

### 2.1 Structure

The Corporation is a corporation formed under the *Business Corporations Act* (Ontario) on October 26, 2018. The Corporation's registered head office is located at c/o ECS Law, 2425 Matheson Blvd. E., 8<sup>th</sup> Floor, Mississauga, ON L4W 5K4.

The Corporation has one wholly owned subsidiary, MVM, which further has a wholly owned subsidiary, both companies formed under the *Business Corporations Act* (British Columbia).

### 2.2 The Business

The Corporation was formed for the purpose of acquiring varying interests in third party entities and operations, domestically and internationally, in the cannabis industry.

#### The Cannabis Industry

The first licensed producer of cannabis was recognized in Canada September 2013. The legal cannabis industry is comprised of two separate markets: medical and recreational. Until recreational cannabis was legalised on October 17, 2018, the Canadian market for cannabis has solely been focused on medical cannabis. The authorizing legislation at the time of the submission of the MMPR Application (see "Mountain Valley Medicinals" in this section, below) was the *Marihuana for Medical Purposes Regulations* ("MMPR"), enacted by the Federal government under the *Controlled Drugs and Substances Act*. The MMPR was repealed on August 24, 2016 and replaced by the *Access to Cannabis for Medical Purposes Regulations* ("ACMPR"). The Cannabis Act came into force on October 17, 2018 and, since such date, new regulations replaced the ACMPR. Cannabis was removed from the Controlled Drugs and Substances Act and is instead now subject to the Cannabis Act and its regulations.

#### Mountain Valley Medicinals

The Corporation completed its first acquisition on January 10, 2019. The Corporation acquired 100% of MVM's issued and outstanding shares by way of share exchange, entering into a share exchange agreement with MVM and its shareholders. The Corporation issued 54,206,148 Class B Shares to the shareholders of MVM on a 1:1 basis, at a deemed per share price of \$0.1568.

The transaction between the Corporation and MVM is considered a related party transaction as, at the time the terms of the agreement were negotiated, an officer and director of MVM was also a director and officer of the Corporation.

MVM was formed for the purpose of acquiring MVM Sub. MVM Sub was formed for the purpose of making an application to Health Canada to produce and sell high-quality strains of medical grade cannabis. The application was made on or about June 27, 2014 (the "**MMPR Application**"). The MMPR Application is currently under review, however has not yet been approved.

The MVM Sub also owns property located at: PID: 001-979-710 Lot 26, District Lot 81, Newcastle District, Plan 1967 (the "**MVM Property**"). The MVM Property is a 33 acre property on Agricultural Land Reserve, situated in what is sometimes referred to as the "banana belt", believed to be an area with optimal conditions for the growth of quality cannabis. MVM is currently in the planning and development stages of a state of the art greenhouse facility on the MVM Property. Management has been advised that the MVM Property has a high capacity on-site water supply, expansion potential for up to 800,000 square feet of cultivation, and sufficient electrical power supply for intended operations.

See "Item 2.3 - Development of the Business" for information on additional acquisitions of interest intended to be made by the Corporation.



## 2.3 Development of Business

The Corporation is a newly formed company. MVM has been its first acquisition, however the Corporation has secured two additional opportunities and is in discussions with other arm's length third parties in search for appropriate and sound business opportunities.

### Sativa Nativa Interest Acquisition

On January 2, 2019, the Corporation entered into a binding letter of intent with Avicanna Inc. ("**Avicanna**"). Pursuant to the letter of intent, the Corporation has agreed to: (i) subscribe for newly issued shares of Sativa Nativa, a corporation formed under the laws of Colombia, of which Avicanna is the majority shareholder, equal to 10% of the then total issued and outstanding shares of Sativa Nativa, for \$2,800,000 in cash; (ii) the Corporation would acquire an additional 5% of the then total issued and outstanding shares of Sativa Nativa from Avicanna for \$1,400,000 in cash; and (iii) acquire an additional 10% of the then total issued and outstanding shares of Sativa Nativa from the other shareholders of Sativa Nativa for \$600,000 in cash and \$2,200,000 worth of a class of common shares of the Corporation. At the close of the proposed transaction, the Corporation will hold 25% of the total issued and outstanding shares of Sativa Nativa (with Avicanna retaining 58% of the outstanding shares of Sativa Nativa). Completion of the transaction is anticipated to occur in February of 2019 and is subject to various conditions, including the execution of a definitive agreement. It is contemplated that upon execution of such definitive agreement, Sativa Nativa would enter into an agreement with Avicanna LATAM (an affiliate of Avicanna) pursuant to which Avicanna LATAM would manage the operations of Sativa Nativa on an "at cost" basis, meaning that the fees paid to Avicanna LATAM by Sativa Nativa would be equal to the cost of Avicanna LATAM resources put towards operating Sativa Nativa. Additionally, pursuant to the letter of intent, Sativa Nativa has agreed to grant the Corporation a right of first refusal to export Sativa Nativa products to Australia and the United States. Note that, except for the binding letter of intent, no agreement has been entered into and there can be no assurance that any agreement will be entered into as contemplated or at all.

### CCJC Interest Acquisition

On December 20, 2018, the Corporation issued a loan in an amount equal to USD \$600,000 (the "**CCJC Loan**") to CCJC Inc. ("**CCJC**"), a privately held Nevada corporation, and, on the same date, entered into a term sheet with CCJC (the "**CCJC Term Sheet**") , the intention of the parties being that the CCJC Loan will be converted into equity in CCJC pursuant to the Term Sheet.

CCJC is the majority shareholder (90%) of a US privately held corporation (the "**Applicant**") who has made an application (the "**DEA Application**") with the U.S. Drug Enforcement Administration ("**DEA**") to become registered under the Controlled Substances Act (United States) ("**CSA**") to manufacture marijuana to supply to researchers in the United States, pursuant to DEA Registration Number 6587287 (the "**DEA License**"). The Corporation has been advised by CCJC that the DEA will comply with US obligations under the Single Convention on Narcotic Drugs of 1954 including the import and export by the 73 signatory countries thereto and that there is currently only one legal licenced provider of marijuana in the United States (University of Mississippi). Medical research in the United States must be carried out with a DEA issued licence. The DEA Application is currently under review by the DEA. There is no current timeline for approval but it appears that the Applicant is in the late stage of the application process. There is no guarantee the Applicant will receive said licence and no public timeframe for issuance has been defined as of yet.

Pursuant to the terms of the CCJC Term Sheet, the Corporation would acquire newly issued shares from CCJC representing 10% of the issued and outstanding shares of CCJC, following the issuance thereof, in consideration for USD \$600,000, to be paid by way of conversion of the CCJC Loan. The Corporation would acquire an additional 10% from the existing shareholders of CCJC by way of share purchase, in consideration for the issuance of 5,000,000 Class B Shares of the Corporation. Further, the Corporation would acquire the right to purchase an additional 40% of the issued and outstanding shares in CCJC from CCJC and/or such shareholders, in the event that the Applicant is granted the DEA License, bringing the Corporation's total equity interest to 60%, for an additional payment of USD \$2,000,000 together with the issuance of 8,000,000 Class B Shares of the Corporation.

Note that, except for the CCJC Term Sheet and a promissory note issued by CCJC in favour of the Corporation in connection with the CCJC Loan, no agreement has been entered into and there can be no assurance that any agreement will be entered into as contemplated or at all.

At the time that the terms of the CCJC Loan and the CCJC Term Sheet were negotiated, the Corporation and CCJC were arm's length parties. Thereafter, a director, officer and shareholder of CCJC was appointed Chief Financial Officer of the Corporation..

## **Development of MVM**

MVM is a late stage ACMPR applicant, currently in the "Active Review" stage and beginning construction plans with expectations to commence building of its greenhouse in Q1 2019, the MVM Property (see "Item 2.2 – the Business"). MVM has engaged a company to provide facility design services.

### **2.4 Long Term Objectives**

The Corporation's long term objectives are to continue to acquire interests in entities and operations in the expanding cannabis industry. Leveraging core strengths in cultivation, R&D, production, manufacturing and marketing with strategic acquisitions and partnerships, the Corporation's long term objectives are to generate a market-leading global portfolio of high quality, vertically integrated medicinal cannabis assets. The key pillars of the Corporation are focused on three specific areas;

- **Growth Sciences:** Starting with the origin of the Corporation's wholly owned subsidiary, MVM, in British Columbia, Canada, we intend to concentrate on the science of high quality craft-grown cannabis to produce what the Corporation intends to be some of the most premium product in the world.
- **Global Partnerships:** Our potential international partners are being strategically sourced and invested in to enable us to access local market capabilities and expertise while creating scale across our global network.
- **Brand Optimization:** We will focus on optimizing the Corporation's brand through co-development and licensing contracts across numerous consumer medicinal product lines.

## **Mountain Valley Medicinals:**

The long term objectives for MVM are to obtain a license to produce medical cannabis from Health Canada, and to produce cannabis for the adult use market, and to be recognized as a producer of high quality, craft-grown, premium cannabis, including the construction of a state of the art facility on the MVM Property. Once licensed, MVM will enter into production. The timeframe for licensing is unknown. See "Item 1.2 – Use of Available Funds" for related costs.

## **Going Public Liquidity Event**

The Corporation is also exploring opportunities to undertake a Going Public Liquidity Event, as a result of which the Corporation would become a reporting issuer in one or more provinces in Canada, and to apply to have its common shares listed for trading on a recognized stock exchange in Canada, however there can be no assurance that this will occur.

### **2.5 Short Term Objectives**

Over the next 12 months, the Corporation's objectives are to complete the transactions with Avicanna and CCJC (see Item 2.3 – Development of the Business) and further explore and complete strategic acquisitions of international cannabis assets.

### Mountain Valley Medicinals:

Over the next 12 months, MVM's objectives are to complete construction of the greenhouse on the BC property and submit the video of completion to Health Canada as part of the MPMR Application for a cannabis cultivation license.

The Corporation intends to meet these objectives on the following target timeline and at the following anticipated costs. See "Item 2.3 – Development of the Business" for details on each of the following.

Objective and How Corporation Will Accomplish It	Target Completion Date/ Number of Months to Complete	Cost to Complete
MVM - Commence construction of the commercial greenhouse on MVM Property and engage the cultivation team	6-12 months from date of Offering Memorandum	\$2,000,000
Complete the acquisition 20% CCJC	February 2019	Conversion of a USD \$600,000 loan, already issued, plus the issuance of 5,000,000 common shares of the Corporation
Complete the acquisition of 25% of Sativa Nativa	February 2019	\$4,800,000, plus the issuance of 11,000,000 common shares of the Corporation

### 2.6 Insufficient Funds

While the Maximum Offering would be sufficient to accomplish the Corporation's current objectives, in the event of the Minimum Offering is achieved, the Offering Proceeds may not be sufficient to accomplish all of the Corporation's proposed objectives. There is no assurance that alternative financing will be available, however the Corporation intends to seek to raise further capital as may be required pursuant to applicable prospectus exemptions. See "Item 8 – Risk Factors".

### 2.7 Material Agreements

The following is a list of material agreements to which the Corporation is currently a party or with related parties:

- (a) Term Sheet dated December 20, 2019 between the Corporation and CCJC Inc. Simultaneously a promissory note was issued by CCJC in favour of the Corporation in an amount equal to USD \$600,000. See "Item 2.3 – Development of the Business".
- (b) Share Exchange Agreement dated January 10, 2019 between the Corporation, MVM, and the shareholders thereof, resulting in the acquisition by the Corporation of all of the issued and outstanding shares of MVM. See "Item 2.3 – Development of the Business".
- (c) Binding Letter of Intent and Mutual Non-Disclosure Agreement dated January 2, 2019 between the Corporation and Avicanna. See "Item 2.3 – Development of the Business".
- (d) Non-interest bearing promissory note issued by the Corporation in favour of MVM (prior to the Corporation's acquisition of MVM) dated December 20, 2019 in the amount of \$340,000.

The following is a list of material agreements to which MVM is currently a party or with related parties:

- (e) Consulting Agreement between Innovative Consulting Solutions Inc., MVM and MVM Sub dated May 14, 2018 for facility designed services.
- (f) Share Purchase Agreement made as of May 22, 2018, between Joe Cunningham Holdings Inc., Raymond Havelock Cunningham and MVM, resulting in the acquisition by MVM of MVM Sub (including property).

### ITEM 3– INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

#### 3.1 Compensation and Securities Held

The following table sets out information about each director, officer and promoter of the Corporation and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Corporation (a “Principal Holder”), noting there are two (2) holders of 10% or more of the Class B Shares, which are non-voting securities of the Corporation:

Name and Municipality of Principal Residence	Position Held/ Principal Holder	Compensation Paid by the Corporation in the Most Recently Completed Financial Year and the Compensation Anticipated to be Paid in the Current Financial Year <sup>(1)</sup>	Number, Type and Percentage of Securities of the Corporation to be Held After Completion of Minimum Offering	Number, Type and Percentage of Securities of the Corporation to be Held After Completion of Maximum Offering
Michael Monaco Acton, Ontario	Director, Chief Executive Officer and President	Nil <sup>(2)</sup> 500,000 options <sup>(3)(4)</sup>	5,200,000 Class “A” Common Voting Shares (3.8%) 500,000 options <sup>(4)</sup>	5,200,000 Class “A” Common Voting Shares (2.78%) 500,000 options <sup>(4)</sup>
Christopher Crupi Ottawa, Ontario	Chief Financial Officer	Nil <sup>(2)</sup> 1,000,000 options <sup>(3)(4)</sup>	1,000,000 Class “A” Common Voting Shares <sup>(5)</sup> (0.73%) 1,000,000 options <sup>(4)</sup>	1,000,000 Class “A” Common Voting Shares <sup>(5)</sup> (0.53%) 1,000,000 options <sup>(4)</sup>
Evan Clifford Toronto, Ontario	Director	Nil <sup>(2)</sup> 2,438,500 options <sup>(3)(4)</sup>	13,000,000 Class “A” Common Voting Shares <sup>(5)</sup> (9.5%) 2,438,500 options <sup>(4)</sup>	13,000,000 Class “A” Common Voting Shares <sup>(5)</sup> (7.1%) 2,438,000 options <sup>(4)</sup>

#### Notes:

- (1) Compensation paid for services provided in capacity listed above.
- (2) During year ended October 31, 2018.
- (3) During year ended October 31, 2019.

- (4) Options are exercisable at \$0.05 per share and exercisable for a period of 5 years from the date of grant.  
(5) Held in Christopher Crupi Consulting Inc., a corporation owned and/or controlled by Christopher Crupi.

### 3.2 Management Experience

The following discloses the principal occupations of the directors and executive officers over the past five years, along with any relevant experience in a business similar to the Corporation:

Name	Principal occupations and related experience
Michael Monaco	Michael Monaco brings over 25 years of experience in the investment industry working for some of Canada's top schedule A banks in the areas of risk, portfolio and wealth management. In the late 90's Michael became one of the founding partners of a fixed-income focused market neutral international hedge fund. Since, his exit out of the hedge fund industry, Michael has taken an active role in the acquisition and development of real estate and businesses in the small to mid-market space.
Christopher Crupi	Chris Crupi was the co-founder and CEO of Paramount Gold and Silver Corp. from 2004 until its eventual sale to Coeur Mining in April 2015 for over \$200 million. He has started eight public companies including Urastar Gold which was sold to Agnico Eagle in 2013 and Meadow Bay Gold Corp of which he was CEO. Chris was formerly a Special Assistant to the Right Honourable Don Mazankowski, Deputy Prime Minister of Canada. He is a Chartered Accountant and practiced with several international accounting firms where he was a corporate restructuring expert. Chris holds a Bachelor of Commerce (Hon.) in Finance from the University of Ottawa. In 2017 Chris was co-founded Flower One Holdings Inc. (CSE:FONE) and its first CEO and Chairman until it went public in 2018.
Evan Clifford	Evan Clifford has over 18 years of extensive experience in entrepreneurial start-ups both in the private and public sector. Evan has earned a platinum record as the manager of one of Canada's most successful pop music artists, played a leading role in building one of the world's foremost electric car companies, and branched into the restaurant business as founder of the world's first 100% sustainable Ocean Wise certified sushi restaurant. In 2015, Evan played a primary role in the introduction of the sustainable consumer water brand Boxed Water, into the Canadian market, and was a speaker at the world renowned Idea City Conference. In 2016, Evan orchestrated the IPO of Organic Garage (TSX-V:OG), successfully raising over \$5 million for the company, and in 2018 co-founded Flower One Holdings Inc. (CSE:FONE), which raised over \$80 million and owns assets in the cannabis sector including the largest licensed greenhouse in the state of Nevada.

### 3.3 Penalties, Sanctions and Bankruptcy

No penalty or sanction has been in effect during the last 10 years, nor has any cease trade order been in effect for a period of more than 30 consecutive days during the past 10 years, against any of the directors, executive officers or control persons of the Corporation, or any other issuer of which they have acted as director, executive officer or control person.

No declaration of declared bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last 10 years with regard to any director, executive officer or control person of the Corporation, or any other issuer of which they have acted as director, executive officer or control person.

### 3.4 Loans

There are no debentures or loans to or from directors, management, or promoters.

## ITEM 4 – CAPITAL STRUCTURE

### 4.1 Share Capital

The following sets out the capital structure of the Corporation as at the dates indicated:

Description of Security	Number Authorized to be Issued	Price per Security <sup>(1)</sup>	Number Outstanding as at January 14, 2019	Number Outstanding after Minimum Offering <sup>(2)</sup>	Number Outstanding after Maximum Offering <sup>(3)</sup>
Class “A” Common Voting	Unlimited	\$0.20	70,625	70,625	70,625
Class “B” Common Non-Voting	Unlimited	\$0.20	66,466,148	88,966,148	111,466,148
Stock Options <sup>(4)</sup>	13,709,114	\$0.05	8,288,500	8,288,500	8,288,500
Warrants	Unlimited	\$0.35	Nil	22,500,000 <sup>(5)</sup>	50,000,000 <sup>(5)</sup>

**Notes:**

- (1) For shares, this represents issue price. For options, this represents the exercise or conversion price, as applicable.
- (2) Assuming Minimum Offering hereunder of Units for gross proceeds of \$4,500,000.
- (3) Assuming Maximum Offering hereunder of Units for gross proceeds of \$10,000,000.
- (4) Stock options are exercisable at \$0.05 for a period of five (5) years, vesting at various times, 0% of which have vested as at the date of this Offering Memorandum.
- (5) Warrants issued pursuant to this Offering are exercisable for a period of twenty-four (24) months at an exercise price of \$0.35.

### 4.2 Long Term Debt Securities

There is no longer term debt of the Corporation other than the approximately \$335,000 owing by the Corporation to its wholly owned subsidiary, MVM, which, if the Maximum Offering is reached, will be repaid in full.

### 4.3 Prior Sales

Prior to this Offering, the Corporation has raised the following funds by the issuance of Class B Shares since incorporation:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
January 9, 2019	Class B Shares	12,260,000	\$0.05	\$613,000
January 10, 2019	Class B Shares	54,206,148	\$0.1568	\$8,500,000 <sup>(1)</sup>

**Notes:**

- (1) The Class B Shares were issued pursuant to a share exchange with MVM, whereby 54,206,148 Class B Shares were issued to the shareholders of MVM in exchange for 54,206,148 common shares (of multiple classes) of MVM.

## ITEM 5– DESCRIPTION OF SECURITIES OFFERED

### 5.1 Terms of Securities

The statements in this Offering Memorandum concerning the Units are intended to be only a summary of the attributes of the Units in the Corporation's Articles of Incorporation and do not purport to be complete. A copy of the terms of the Units, the Articles of Incorporation and the By-laws (the “**Constituting Documents**”) will be provided to each prospective Investor on request in writing to the Board of Directors. Prior to executing a Subscription Agreement, each prospective Investor should review with his, her or its advisors the provisions of the Units for the complete details of these provisions and all other provisions thereof.

Each Unit is comprised of one Class B Share and one Warrant to acquire one Class B Share. The subscription price for each Unit under this Offering is \$0.20.

In the event of a Going Public Liquidity Event, the Investors will not be able to trade the Class B Shares (or Warrants or underlying Class B Shares comprising the Units) except as follows: 1/3 no earlier than 60 days following the Going Public Liquidity Event, an additional 1/3 no earlier than 120 days following the Going Public Liquidity Event, an additional/the final 1/3 no earlier than 180 days following the Going Public Liquidity Event.

Each Warrant entitles the holder to acquire an additional Class B Share at an exercise price of \$0.35 per Class B Share for a period ending twenty-four (24) months after the issuance date (the “**Warrant Expiry Date**”), subject to forced acceleration of the Warrant Expiry Date in the event that the Corporation completes a Going Public Liquidity Event and thereafter the common shares of the reporting issuer trade at \$0.50 or higher for at least three (3) consecutive trading days, whereby the Corporation may, at its option, accelerate the Warrant Expiry Date by giving notice to the holder thereof and in such case the Warrants will expire at 5:00 p.m. (Toronto time) on the date which is the 30th day after the date on which such notice is given by the Corporation.

### Attributes of Common Shares

An unlimited number of Class A Shares and an unlimited number of Class B Shares may be issued pursuant to the Constituting Documents. All Units are of the same class with equal rights and privileges.

#### *Voting*

The Class A Shares are voting shares and the holders of Class A Shares are entitled to one vote per Class A Share. The Class B Shares are non-voting shares and the holders of Class B Shares are not entitled to vote except as otherwise required under the terms of the *Business Corporations Act* (Ontario).

#### *Dividends*

The Corporation may, from time to time and in the absolute discretion of the directors, pay dividends on the Class A Shares or Class B Shares, or any of them, in such amount and at such time and place as the directors may determine.

#### *Liquidation, Dissolution or Winding Up*

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of property of the Corporation among shareholders for the purpose of winding-up its affairs, the holders of Class A Shares and Class B Shares shall be entitled to receive the remaining property of the Corporation equally.

### 5.2 Subscription Procedure

A purchaser may subscribe for Units by delivering the following to counsel for the Corporation:

- (a) A completed Subscription Agreement, in a form acceptable to the Corporation, in its sole discretion; and

- (b) A wire transfer or other electronic funds transfer on or before the the Closing Date in same day freely transferable Canadian funds at par in Toronto, Ontario to “ECS Law, in trust” representing the purchase price payable by each prospective Investor, in the amount of the subscription price.

Any subscription funds received will be held in trust until midnight of the second Business Day subsequent to the date that each Subscription Agreement is submitted to the Corporation.

**There may be one or more closings under this Offering Memorandum.** The Corporation reserves the right to accept or reject subscriptions in whole or in part at its discretion and to close subscription books at any time without notice. Any subscription funds for subscriptions that the Corporation does not accept will be returned promptly after the Corporation has determined not to accept such funds. No interest or any other form of return will be paid to a purchaser on subscription funds delivered to the Corporation on subscriptions that are refused by the Corporation.

It is expected that the Closing will occur on or about January 31, 2019. Additional Closings may be held on a continuous basis until the Maximum Offering is achieved, subject to the Maximum Offering being waived by the Corporation.

The Corporation is currently offering the Units in reliance on registration and prospectus exemptions available under Canadian Securities Laws. Such exemptions relieve the Corporation from the provisions under such legislation requiring the Corporation to utilize a registered dealer in most jurisdictions to sell the Units and file a prospectus. Accordingly, purchasers of the Units will not receive the benefits associated with the involvement of such registrants or the benefits associated with purchasing the Units pursuant to a filed prospectus, including the review of the material by the securities commissions or similar regulatory authority in such jurisdictions.

Participation in the Offering is limited by the requirements of applicable securities laws, depending on the jurisdiction of a prospective Investor, the exemption relied upon by the Corporation and other factors. The limitations applicable may include the following:

- For prospective Investors who qualify for participation in the Offering pursuant to the applicable “family, friends and business associates” exemption and/or as “accredited investors”, there is no maximum limit.
- For prospective Investors subscribing under the “offering memorandum exemption” (subject to exceptions applicable to subscribers resident in certain jurisdictions as described under “The Offering”), the maximum participation in the Offering (less the aggregate amount of any other acquisitions of securities under that exemption in the prior twelve month period) is:
  - \$100,000 for investors that are “eligible investors” who received advice from a registered portfolio manager, investment dealer or exempt market dealer;
  - \$30,000 for other “eligible investors”; and
  - \$10,000 for all other (“non-eligible”) investors.

For investors subscribing under the “offering memorandum exemption” who are:

- resident in Manitoba, Northwest Territories, Nunavut, Prince Edward Island or Yukon, there are no restrictions on the amount of investment by “eligible investors”; or
- resident in British Columbia or Newfoundland and Labrador, there are no quantitative limits on investment.

“**Eligible investors**” and “**accredited investors**” are defined under applicable securities laws. Particulars of the characteristics of each are set forth in the Subscription Agreement.



### **5.3 Conditions Precedent to Completion of Offering**

The completion of the Offering is conditional on the following items being completed to the satisfaction of, or waived by, the Corporation, in each case in its sole discretion:

- (a) Subscription Agreements received shall have been accepted by the Corporation;
- (b) the Subscription Agreements for each prospective Investor that have been accepted by the Corporation shall be in full force and effect, completed and duly executed;
- (c) duly completed and executed copies of the applicable prospectus exemption certificate and risk acknowledgment in the form(s) attached to the Subscription Agreement shall have been received from each prospective Investor;
- (d) a wire transfer or other electronic funds transfer on or before the Closing Date in same day freely transferable Canadian funds at par in Toronto, Ontario to “ECS Law, in trust” representing the purchase price payable by each prospective Investor shall have been received by the Corporation;
- (e) the representations and warranties of each of the prospective Investors contained in the respective Subscription Agreement, including in the applicable prospectus exemption certificate and risk acknowledgment, shall be true and correct;
- (f) the issue and sale and delivery of the Units under this Offering shall be exempt from the requirements to file a prospectus or any similar document under applicable securities laws relating to the purchase and sale of the Units, and all orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or any similar document shall have been received;
- (g) receipt of all consents, approvals, exemptions and authorizations required to validly complete the Offering; and
- (h) the Corporation shall have received such other documents as it may reasonably request.

The completion of the Offering is also conditional on the following items being completed to the satisfaction of, or waived by, the Investors:

- (a) no material adverse change in the business of the Corporation, as determined by the Corporation, acting reasonably; and
- (b) execution, delivery and registration of all legal documentation satisfactory to the Corporation, including all agreements required to give effect to the Offering.

### **5.4 Additional Offerings**

The Corporation may complete Additional Closings or additional offerings of Units at such prices and at such time as determined by the Corporation, in its sole discretion. The funds raised from such Additional Closings or additional offerings of Units will be used at the sole discretion of the Corporation.

## **ITEM 6 – INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY**

### **6.1 General**

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

There are no unique or material tax consequences that apply to the purchase of these Units.

### **6.1.1 Eligibility for Investment**

Not all securities are a “**qualified investment**” under the Tax Act and the Regulations for a trust governed by a “registered retirement savings plan”, a “registered retirement income fund”, a “tax-free savings account”, a “registered education savings plan”, a “deferred profit sharing plan” or a “registered disability savings plan” (each one a “**Registered Plan**”). Further, notwithstanding that a Unit may be a qualified investment for a Registered Plan, if the Unit or underlying security is a “prohibited investment” within the meaning of the Tax Act for a Registered Plan, the holder, subscriber or annuitant of the Registered Plan, as the case may be, may be subject to penalty taxes as set out in the Tax Act.

Investors in Units should consult their own tax advisers with respect to whether Units would be a qualified investment or a prohibited investment if acquired or held by a particular Registered Plan.

## **ITEM 7 – COMPENSATION PAID TO SELLERS AND FINDERS**

### **7.1 Selling Commissions**

The Corporation has not engaged an agent in connection with the Offering however may, in its discretion, seek assistance from registered dealers or finders to effect the sale of the Units on a best efforts basis on a private placement basis (subject to applicable securities laws). In consideration of the foregoing services, the Corporation may pay to such registered dealers or finders a cash commission of up to 10% of the aggregate sales made by them in connection with the Offering and/or other form of compensation (i.e. share purchase warrants).

### **7.2 Operating Expenses**

The Corporation will pay for all expenses incurred in connection with its operation and administration including, without limitation: the payment of external accounting and audit fees, legal fees, insurance premiums, the sales commissions relating to the Offering and other fees and expenses of its administration, all Investor communication expenses, the cost of maintaining the Corporation’s existence, regulatory fees and expenses and bank service fees.

## **ITEM 8 – RISK FACTORS**

In addition to the factors set forth elsewhere in this Offering Memorandum, prospective Investors should carefully consider the following factors, many of which are inherent to the ownership of the Units. The following is a summary only of the risk factors involved in an investment in the Units. Prospective Investors should review these risks and other factors relevant to them with their legal and financial advisers.

### **8.1 Risks Relating to the Business**

#### *Limited Operating History*

The Corporation has a very limited history of operations company. As such, we are subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that we will be successful in achieving a return on shareholders’ investment and the likelihood of our success must be considered in light of our early stage of operations.

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

The Corporation expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Corporation’s results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Corporation’s operations,

increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Corporation. Our efforts to grow our business may be costlier than we expect, and we may not be able to increase our revenue enough to offset our higher operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in this Offering Memorandum, and unforeseen expenses, difficulties, complications and delays, and other unknown events.

#### *Demand for the Corporation's Products and Services*

The market for cannabis products is constantly evolving and becoming increasingly competitive. The Corporation's success depends on its ability to create, develop and deploy new products that service existing customers and attract new ones. The Corporation's inability to compete in its industry could have a material adverse effect on the Corporation's results of operations, financial condition and profitability.

#### *Reliance on Assumptions in Financial and Operational Forecasts*

The financial illustration contained in, or incorporated by reference in, this Offering Memorandum is intended to be an illustration only and is not intended to constitute a "financial outlook" or "future oriented financial information" for purposes of applicable securities laws. The financial illustration and operating highlights were prepared using assumptions that reflect management and the Board of Directors' estimate as to the most probable set of economic conditions. There can be no assurance that the assumptions reflected in the financial illustration or operating highlights will prove to be accurate. Actual results for the estimate period may vary from the estimates and those variations may be material. There is no representation by the Corporation, management or the Board of Directors that actual results achieved in the estimate period will be the same, in whole or in part, as those included in the financial illustration or operating highlights. See "Forward-Looking Statements".

#### *Reliance on Key Personnel*

The Corporation's future performance and development will depend to a significant extent on the efforts and abilities of its executive officers and key management personnel. The loss of the services of one or more of its management team could harm the Corporation. The Corporation's success will depend largely on its continuing ability to attract, develop and retain skilled employees in all areas of its business.

#### *Periodic Litigation*

The Corporation may from time to time become party to claims and litigation proceedings. Such matters are subject to many uncertainties and the Corporation cannot predict with assurances the outcome and ultimate financial impact from them. There can be no guarantee that actions that may be brought against the Corporation in the future will be resolved in the Corporation's favour or that the insurance that the Corporation carries will be available or paid to cover any litigation exposure. Any losses from settlements or adverse judgments arising out of these claims could be materially adverse to the Corporation.

The Corporation may be subject to legal actions alleging intellectual property infringement, unfair competition or similar claims. Companies may apply for or be awarded patents or have other intellectual property rights covering aspects of the Corporation's technologies or businesses. Such legal actions may be costly and could require the Corporation to defend unmeritorious claims without recourse for legal costs incurred, even if the Corporation is successful, change its business practices, or could potentially hinder or prevent the Corporation's ability to deliver its products and services and could divert management's attention.

#### *Additional Capital Requirements*

The Corporation intends to continue to make investments to support its business growth and may require additional funds to respond to business challenges, including the need to expand sales and marketing activities; develop new features and modules to enhance its existing solution; enhance its operating infrastructure; and acquire complementary businesses and technologies. Further, the Corporation has incurred annual losses over a number of years. Accordingly, it may need to engage in equity or debt financings to secure additional funds. If it raises additional funds through

further issuances of equity or convertible debt securities, its existing shareholders could suffer significant dilution, and any new equity securities it issues could have rights, preferences and privileges superior to those of holders of the Units. Any debt financing secured by the Corporation in the future could involve restrictive covenants relating to its capital raising activities and other financial and operational matters, which might make it more difficult for it to obtain additional capital and to pursue business opportunities. The Corporation can provide no assurance that sufficient debt or equity financing will be available for necessary or desirable expenditures or acquisitions or to cover losses, and accordingly, its ability to continue to support its business growth and to respond to business challenges could be significantly limited.

#### *Going Concern - Lack of Revenue and Additional Funds*

Historical and future forecasted levels of working capital and free cash flow may or may not indicate the existence of a material uncertainty that may cast significant doubt regarding the Corporation's ability to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to the financial statements could be required. There can be no assurance that it will be able to raise sufficient funds in the future.

#### *Rapid Growth*

The rapid growth the Corporation has experienced and hopes to experience going forward places significant demands on its operational infrastructure. Moreover, as the business grows, the Corporation will need to devote additional resources to improving its operational infrastructure and continuing to enhance its scalability in order to maintain the performance of its platform. The Corporation's growth has placed, and will likely continue to place, a significant strain on its managerial, administrative, operational, financial and other resources. The Corporation expected to expand its work force significantly in the coming years. As it grows, the Corporation will be required to continue to improve its operational and financial controls and reporting procedures and it may not be able to do so effectively. In addition, some members of the Corporation's management do not have significant experience managing a large global business operation, so its management may not be able to manage such growth effectively. As such, the Corporation may be unable to manage its expenses effectively in the future, which may negatively impact its gross profit or operating expenses.

#### *If the Corporation is unable to hire, retain and motivate qualified personnel, its business will suffer*

The Corporation's future success depends, in part, on its ability to continue to attract and retain highly skilled personnel. The inability to attract or retain qualified personnel or delays in hiring required personnel may seriously harm the Corporation's business, financial condition and operating results. Competition for highly skilled personnel in Toronto and globally can be critical to the Corporation's future success. Competition for highly skilled personnel can be intense due in part to the more limited pool of qualified personnel. Further, decreases in the Canadian dollar relative to the U.S. dollar and other currencies could make it more difficult for the Corporation to offer compensation packages to new employees that are competitive with packages in the United States or elsewhere and could increase the Corporation's costs of acquiring qualified personnel.

#### *Trends*

There are trends and factors that may be beyond the Corporation's control, which may affect its operations and business. Such trends and factors include adverse changes in the conditions in the specific markets for the Corporation's products and services, the conditions in the broader market and the conditions in the domestic or global economy generally. Although the Corporation's performance will be affected by the general condition of the economy, not all of its service areas are affected equally. It is not possible for management to accurately predict economic fluctuations and the impact of such fluctuations on its performance.

#### *Competition*

The cannabis markets are characterized by rapidly changing technologies, evolving industry standards, frequent new product and service introductions and changing customer demands. The introduction of new products and services embodying new technologies and the emergence of new industry standards and practices could render the

Corporation's existing products and services obsolete and unmarketable or require unanticipated technology or other investments. The Corporation's failure to adapt successfully to these changes could harm its business, results of operations and financial condition. The market for technology advertising and related products and services is highly competitive. The Corporation expects this competition to continue to increase. Increased competition may result in price reductions for advertising space, reduced margins and loss of market share.

#### *Environmental Regulations and Risks*

The Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations.

Government approvals and permits are currently, and may in the future be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained; the Corporation may be curtailed or prohibited from its proposed production of medical cannabis or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

#### *Change in Legislation:*

There can be no assurance that tax, securities and other laws, including with respect to the cannabis industry worldwide, or the interpretation and application of such laws by courts or government authorities will not be changed in a manner which adversely affects the Corporation or its subsidiaries or other entities in which it may acquire interest(s).

#### *Regulatory Risks; Failure to Comply with Regulatory Requirements*

The Corporation's past, current and proposed future operations are subject to a variety of laws, regulations and guidelines relating to the licensing, manufacture, management, transportation, storage, sale, health and safety and disposal of cannabis, including the Cannabis Act and Regulations. The Corporation currently incurs, and will continue to incur, ongoing costs and obligations related to regulatory compliance. Any past or future failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on our operations, and could adversely affect our reputation and prospects. In addition, there is no guarantee that a license will be granted to MVM or any other subsidiary or interest of the Corporation or, if issued, that it will be renewed in accordance with related laws, or if the Corporation or its subsidiaries or interests will be able to comply. Further, changes in regulations, more vigorous enforcement thereof or other unanticipated events, in particular as the cannabis industry is a new industry, could require extensive changes to the Corporation's (or its subsidiaries' or other interests') operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the Corporation's business, results of operations and financial condition.

#### *Agricultural Risks*

Risks Inherent in an agricultural business may result in the loss of entire crops which may severely affect the business viability of the Corporation's subsidiaries or other interests. The Corporation's business indirectly is intended to

involve the growing of cannabis, an agricultural product, in accordance with applicable laws. The applicable aspects of the business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. There can be no assurance that natural elements will not have a material adverse effect on any production.

#### *Investment in Startups*

Financial and operating risks confronting startups are significant. The startup market in which the Corporation competes is highly competitive and the percentage of companies that survive and prosper is small. Startups often experience unexpected problems in the areas of product development, marketing, financing, and general management, among others, which frequently cannot be solved. In addition, startups may require substantial amounts of financing, which may not be available through institutional private placements, the public markets or otherwise.

#### *Construction of Facilities*

The construction of MVM's proposed facilities is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond our control, including the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment, shortages in materials or labor, defects in design or construction, diversion of management resources and insufficient funding or other resource constraints. Moreover, actual costs for construction may exceed our budgets. As a result of construction delays, cost overruns, changes in market circumstances or other factors, our projects may not be able to achieve the intended economic benefits, which in turn may materially and adversely affect our business, prospects, financial condition and results of operations.

*The Corporation may not be able to develop its products, which could prevent it from ever becoming profitable.*

If the Corporation cannot successfully develop, manufacture and distribute its products, or if the Corporation experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Corporation may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect the Corporation's ability to effectively enter the market. A failure by the Corporation to achieve a low-cost structure through economies of scale or improvements in cultivation and manufacturing processes would have a material adverse effect on the Corporation's commercialization plans and the Corporation's business, prospects, results of operations and financial condition.

## **8.2 Risks Related to the Units**

#### *Liquidity*

Units offered by this Offering Memorandum are speculative securities. **THERE IS NO MARKET FOR THE UNITS OR CLASS B SHARES OR WARRANTS COMPRISING THE UNITS** and it is not anticipated that any market for the Units (or Class B Shares or Warrants comprising the Units) will develop. It may be difficult or impossible to resell the Units (or Class B Shares or Warrants comprising the Units). This Offering is not qualified by way of a prospectus and consequently the resale of Units is subject to restrictions under applicable securities legislation. See "Item 10 - Securities Law Matters and Resale Restrictions". In addition, pursuant to the Articles of Incorporation, consent of the Board of Directors will be required in connection with any proposed transfer, subject to limited exceptions. An investment in Units should only be considered by those investors who are able to make and bear the economic risk of a long-term, illiquid investment and the possible loss of their investment. The transfer of a Unit (or Class B Shares or Warrants comprising the Units) may result in adverse tax consequences for the transferor].

#### *Structural Subordination of the Units*

In the event of a bankruptcy, liquidation or reorganization of the Corporation, holders of certain of the Corporation's indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the Corporation before any assets are made available for distribution to Investors.

### *Dilution*

The number of Class B Shares and Warrants comprising the Units, as well as any other common class of shares, the Corporation is authorized to issue is unlimited and the Board of Directors has the sole discretion to issue additional Units or common shares of any class, or any other securities. The proceeds of the Offering may not be sufficient to accomplish all of the Corporation's proposed objectives. In addition to alternate financing sources, the Corporation may conduct future offerings of Units in order to raise the funds required which will result in a dilution of the interests of the Investors in the Corporation.

### *Reliance on Board of Directors*

In assessing the risks and rewards of an investment in Units, prospective Investors should appreciate that they are relying on the good faith and judgment of the Board of Directors in administering and managing the Corporation. Investors have limited rights to take part in the management of the Corporation and will be bound by the decisions of the Board of Directors. It would be inappropriate for Investors who are unwilling to rely on the Board of Directors to this extent to subscribe for Units. There is no certainty that the persons who are currently sitting on the Board of Directors will continue to be available to the Corporation for the entire period during which it requires the provision of their services.

### *No Guaranteed Return*

There is no guarantee that the Corporation will be able to achieve its business objectives or that an investment in Units will earn any positive return in the short or long term. An investment in the Corporation is appropriate only for prospective Investors who have the capacity to absorb a loss on their investment and who can withstand the effect of distributions not being paid in any period or at all.

### *Conflicts of Interest*

There may be conflicts of interest that arise between the Corporation and its directors and officers as a result of other business activities undertaken by such individuals.

### *Tax Related Risks*

Tax and accounting requirements may change in ways that are unforeseen to the Corporation and the Corporation may face difficulty or be unable to implement and/or comply with any such changes.

### *Confidentiality*

If the Corporation is unable to protect the confidentiality of its proprietary information and know-how, the value of its technology, products and services could be harmed significantly. The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of its future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Corporation's products and technology. Policing the unauthorized use of current or future trademarks, patents, trade secrets, or intellectual property rights may be difficult. It may be expensive, time-consuming, and unpredictable as may be the enforcement of these rights against the unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as we may be unable to effectively monitor and evaluate the products being distributed by our competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of our trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for our benefit may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of our trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect the business, financial condition and our results of operations. In addition, other parties may claim that the Corporation's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees,

resulting in injunctions, temporary restraining orders and/or requiring the payment of damages. As well, the Corporation may need to obtain licenses from third parties who allege that the Corporation has infringed on their lawful rights. However, such licenses may not be available on terms the Corporation accepts. In addition, the Corporation may not be able to obtain or utilize on terms that are favorable to it, or at all, licenses or other rights with respect to intellectual property that the Corporation does not own.

## **ITEM 9– REPORTING OBLIGATIONS**

The Corporation is not a reporting issuer in any of the provinces or territories of Canada. Investors will receive, within 120 days of the end of each fiscal year, audited annual financial statements of the Corporation, as well as quarterly updates summarizing recent developments in the Corporation's business and, within the time periods prescribed under applicable law, all income tax reporting information necessary to enable each Investor to file an income tax return with respect to its participation in the Corporation in such fiscal year.

## **ITEM 10 – SECURITIES LAW MATTERS AND RESALE RESTRICTIONS**

### **10.1 General Statement**

The Units will be subject to resale restrictions, including a restriction on trading the Units and the Class B Shares and Warrants comprising the Units. Until the restriction on trading expires, if ever, an Investor will not be able to trade the Units or the Class B Shares and Warrants comprising the Units unless it complies with very limited exemptions from the prospectus requirements under applicable securities legislation. The Units (and the Class B Shares and Warrants comprising the Units) cannot be transferred, assigned, disposed of or encumbered without the consent of the Board of Directors, subject to limited exceptions. Consequently, Investors may not be able to sell their Units in a timely manner, if at all, or pledge their Units as collateral for a loan.

**Escrow Conditions - In addition, the Corporation intends to impose escrow conditions in the event of a Going Public Liquidity Event, whereby the Investors will not be able to trade the Units (nor the Class B Shares and Warrants comprising the Units) except as follows: 1/3 no earlier than 60 days following the Going Public Liquidity Event, an additional 1/3 no earlier than 120 days following the Going Public Liquidity Event, an additional/the final 1/3 no earlier than 180 days following the Going Public Liquidity Event.**

### **10.2 Investor Qualification**

The Units will be offered for sale, if, as and when issued by the Corporation pursuant to exemptions from the prospectus requirements contained in applicable securities legislation in the applicable province. Such statutory exemptions relieve the Corporation from provisions under applicable securities legislation requiring the Corporation to file a prospectus and, accordingly, a prospective Investor does not receive the benefits associated with a subscription for securities issued pursuant to a prospectus including, without limitation, the review of offering materials by the Ontario Securities Commission or any other securities regulatory authority.

### **10.3 Restricted Period**

Unless permitted under securities legislation, Investors cannot trade the Units before the date that is four months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada.

**In addition, the Corporation intends to impose escrow conditions in the event of a Going Public Liquidity Event, whereby the Investors will not be able to trade the Units (nor the Class B Shares and Warrants comprising the Units) except as follows: 1/3 no earlier than 60 days following the Going Public Liquidity Event, an additional 1/3 no earlier than 120 days following the Going Public Liquidity Event, an additional/the final 1/3 no earlier than 180 days following the Going Public Liquidity Event.**



#### 10.4 Manitoba Resale Restrictions

For subscribers resident in Manitoba, unless permitted under securities legislation, you must not trade the Units without the prior written consent of the regulator in Manitoba unless

- (a) the Corporation has filed a prospectus with the regulator in Manitoba with respect to the Units you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the Units for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

#### ITEM 11– PURCHASERS’ RIGHTS

If you purchase the Units you will have certain rights, some of which are described below. **For information about your rights you should consult a lawyer.**

##### Two Day Cancellation Right

You can cancel your Subscription Agreement. To do so, you must send a notice to the Corporation by midnight on the 2<sup>nd</sup> Business Day after you sign the Subscription Agreement.

##### Rights in the Event of a Misrepresentation

In certain circumstances, subscribers resident in certain provinces and territories of Canada are provided with a remedy for rescission or damages, or both, in addition to any other right they may have at law, where an offering memorandum and any amendment to it contains a misrepresentation. A “misrepresentation” is generally defined in the applicable securities legislation as an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the subscriber within the time limits prescribed by the applicable securities legislation.

The following is a summary of rights of rescission or damages, or both, available to subscribers. The following summary is subject to the express provisions of the applicable securities laws, regulations and rules, and reference is made thereto for the complete text of such provisions. Such provisions may contain limitations and statutory defences not described here on which the Corporation and other applicable parties may rely. **Subscribers should refer to the applicable securities legislation for particulars of these provisions or consult their legal advisors.**

The rights of action described below are in addition to and without derogation from any other right or remedy available at law to the purchaser and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein. The enforceability of these rights may be limited. The rights of action discussed below will be granted to the subscribers to whom such rights are conferred upon acceptance by the Corporation of the subscription price for the Units.

##### ***Ontario***

In accordance with Section 130.1 of the *Securities Act* (Ontario) (the “**Ontario Act**”), in the event that this Offering Memorandum or any amendment hereto contains a misrepresentation (as defined in the Ontario Act) the subscriber who purchases Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the subscriber relied upon the misrepresentation, a right of action against the Corporation, and a selling security holder on whose behalf the distribution is made, for damages, or, while the subscriber is still the owner of the Units purchased by that subscriber, for rescission, in which case, if the subscriber elects to exercise the right of rescission, the subscriber will have no right of action for damages against the Corporation, provided that:

- (a) no person or company will be liable if it proves that the subscriber purchased the **Units** with knowledge of the misrepresentation;
- (b) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the **Units** as a result of the misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the **Units** were sold to the subscriber.

The foregoing rights provided in accordance with Section 130.1 of the Ontario Act do not apply to the following subscribers relying upon the accredited investor exemption in Ontario:

- (a) a Canadian financial institution, meaning either:
  - (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or
  - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction in Canada;
- (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada),
- (c) The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada), or
- (d) a subsidiary of any person referred to in paragraphs (a), (b) or (c) if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

In accordance with Section 138 of the Ontario Act, no action shall be commenced to enforce these statutory rights more than:

- (a) in an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action; or
- (b) in an action for damages, the earlier of:
  - (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date of the transaction that gave rise to the cause of action.

### ***Manitoba***

In accordance with Section 141.1 of the *Securities Act* (Manitoba), if this Offering Memorandum contains a misrepresentation, a subscriber who purchases Units offered by this Offering Memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and the subscriber has:

- (a) a right of action for damages against

- (i) the Corporation;
- (ii) every director of the Corporation at the date of this Offering Memorandum; and
- (iii) every person or company who signed this Offering Memorandum; and
- (b) a right of rescission against the Corporation.

If the subscriber chooses to exercise a right of rescission against the Corporation, the subscriber has no right of action for damages against a person or company referred to above.

If a misrepresentation is contained in a record that is incorporated by reference in, or that is deemed to be incorporated into, this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

If a misrepresentation is contained in this Offering Memorandum, no person or company is liable

- (a) if the person or company proves that the subscriber had knowledge of the misrepresentation;
- (b) other than with respect to the Corporation, if the person or company proves
  - (i) that the Offering Memorandum was sent to the subscriber without the person's or company's knowledge or consent, and
  - (ii) that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Corporation that it was sent without the person's or company's knowledge and consent;
- (c) other than with respect to the Corporation, if the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to the Offering Memorandum and gave reasonable notice to the Corporation of the withdrawal and the reason for it;
- (d) other than with respect to the Corporation, if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of the Offering Memorandum
    - (a) did not fairly represent the expert's report, opinion or statement, or
    - (b) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
- (e) other than with respect to the Corporation, with respect to any part of the Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company:
  - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or
  - (ii) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the Units were offered under this Offering Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the Units as a result of the misrepresentation.

No action may be commenced to enforce a right

- (a) in the case of an action for rescission, more than 180 days after the day of the transaction that gave rise to the cause of action; or
- (b) in any other case, more than the earlier of
  - (i) 180 days after the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or
  - (ii) two years after the day of the transaction that gave rise to the cause of action.

### ***Saskatchewan***

Section 138 of the *Securities Act, 1988* (Saskatchewan) (the “**Saskatchewan Act**”) provides, subject to certain limitations, that if this Offering Memorandum or any amendment hereto sent or delivered to a subscriber contains a misrepresentation, a subscriber who purchases Units covered by this Offering Memorandum or an amendment hereto has, without regard to whether the subscriber relied on the misrepresentation, a right of action for damages against:

- (a) the Corporation or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the Corporation or the selling security holder, as the case may be, at the time this Offering Memorandum or any amendment hereto was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering of Units, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that signed this Offering Memorandum or any amendment hereto; and
- (e) every person who or company that sells Units on behalf of the Corporation or selling security holder under this Offering Memorandum or any amendment hereto.

Alternatively, the subscriber may elect to exercise a right of rescission against the Corporation (or a selling security holder on whose behalf the distribution is made), in which case the subscriber shall have no right of action for damages against the above persons or companies.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the subscriber elects to exercise its right of rescission against the Corporation, it will have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;
- (c) no person or company, other than the issuer or a selling security holder, will be liable for any part of this Offering Memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to

provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

- (d) in no case will the amount recoverable exceed the price at which Units were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the subscriber purchased the Units with knowledge of the misrepresentation.

In addition, no person or company, other than the Corporation, will be liable if the person or company proves that:

- (a) this Offering Memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or
- (b) with respect to any part of this Offering Memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of this Offering Memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Section 138.1 of the Saskatchewan Act also provides that, where any advertising or sales literature (as defined in the Saskatchewan Act) disseminated in connection with the Offering contains a misrepresentation, a subscriber who purchases Units referred to in that advertising or sales literature, has, without regard to whether the subscriber relied on the misrepresentation, a right of action against the Corporation or a selling security holder on whose behalf the trade is made, every promoter or director of the Corporation or selling security holder, as the case may be, at the time the advertising or sales literature was disseminated, and every person who, or company that, at the time the advertising or sales literature was disseminated, sells Units on behalf of the Corporation in the Offering with respect to which the advertising or sales literature was disseminated.

Section 138.2 of the Saskatchewan Act provides that, where an individual makes a verbal statement to a prospective subscriber of Units that contains a misrepresentation relating to the Units purchased, and the verbal statement is made either before or contemporaneously with the purchase of the Units, the subscriber has, without regard to whether the subscriber relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

No action to enforce the foregoing rights may be commenced:

- (a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action, other than an action for rescission, more than the earlier of:
  - (i) one year after the subscriber first had knowledge of the facts giving rise to the cause of action; or
  - (ii) six years after the date of the transaction that gave rise to the cause of action.

### ***New Brunswick***

Section 150 of the *Securities Act* (New Brunswick) (the “**New Brunswick Act**”) provides that if this Offering Memorandum contains a misrepresentation and is provided to the subscriber, a subscriber who purchases the **Units**

shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages against the Corporation and a selling security holder on whose behalf the distribution is made or a right of rescission, in which case the subscriber shall have no right of action for damages, provided:

- (a) no person is liable if the person proves that the subscriber purchased the Units with knowledge of the misrepresentation;
- (b) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- (c) in no case shall the amount recoverable exceed the price at which the Units were offered.

Section 152 of the New Brunswick Act provides that where a person makes a verbal statement to a subscriber of Units that contains a misrepresentation relating to the Units, and the verbal statement is made either before or contemporaneously with the purchase of the Units, the subscriber shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase, and the subscriber has a right of action for damages against the person who made the verbal statement. No person is liable if the person proves the subscriber purchased the Units with knowledge of the misrepresentation. In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in the value of the Units as a result of the misrepresentation relied on. The amount recoverable will not exceed the price at which the Units were offered.

No action may be commenced to enforce the above rights: (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, or (b) in the case of any action, other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action.

### ***Nova Scotia***

Section 138 of the *Securities Act* (Nova Scotia) (the “**Nova Scotia Act**”) provides that, subject to certain limitations, where this Offering Memorandum, or any amendment hereto sent or delivered to a subscriber, or any advertising or sales literature (as such terms are defined in the Nova Scotia Act) contains a misrepresentation, a subscriber who purchased **Units** is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Corporation, every director of the Corporation at the date of this Offering Memorandum and every person who signed this Offering Memorandum.

Alternatively, the subscriber may elect to exercise a right of rescission against the Corporation. If the subscriber exercises its right of rescission against the Corporation, the subscriber will not have a right of action for damages against the Corporation or any of the aforementioned persons or companies.

The foregoing rights are subject to, the following limitations, among others:

- (a) no person or company will be liable if the person or company proves that the subscriber purchased the Units with knowledge of the misrepresentation;
- (b) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation; and
- (c) the amount recoverable in any action may not exceed the price at which the Units were offered to the subscriber under this Offering Memorandum or amendment hereto.

No action may be commenced to enforce any of the foregoing rights more than 120 days after the date on which the initial payment was made for the Units.

In addition no person or company other than the Corporation is liable if the person or company proves that:

- (a) this Offering Memorandum or an amendment hereto was sent or delivered to the subscriber without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent; or
- (b) after delivery of this Offering Memorandum or an amendment hereto and before the purchase of the **Units** by the subscriber, on becoming aware of any misrepresentation in this Offering Memorandum or amendment hereto, the person or company withdrew the person's or company's consent to this Offering Memorandum or amendment hereto, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of this Offering Memorandum or amendment hereto purporting: (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (1) there had been a misrepresentation, or (2) the relevant part of this Offering Memorandum or amendment hereto (A) did not fairly represent the report, opinion or statement of the expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

No person or company other than the Corporation is liable with respect to any part of this Offering Memorandum or amendment hereto not purporting (a) to be made on the authority of an expert; or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, this Offering Memorandum or amendment hereto, the misrepresentation is deemed to be contained in this Offering Memorandum or amendment hereto.

### ***Prince Edward Island***

Section 112 of the *Securities Act* (Prince Edward Island) provides, subject to certain limitations, that if this Offering Memorandum contains a misrepresentation, a subscriber who purchases Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the subscriber relied on the misrepresentation, a right of action for damages against:

- (a) the Corporation;
- (b) the selling security holder on whose behalf the distribution is made;
- (c) every director of the Corporation at the date of this Offering Memorandum; and
- (d) every person who signed this Offering Memorandum.

Alternatively, the subscriber may elect to exercise a right of rescission against the Corporation or the selling security holder. If the subscriber exercises its right of rescission, the subscriber will not have a right of action for damages against any person or company referred to above.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

A person, other than the Corporation and selling security holder, is not liable in an action for damages if the person proves that:

- (a) this Offering Memorandum was sent to the subscriber without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Corporation that it had been sent without the person's knowledge and consent;
- (b) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to this Offering Memorandum and had given reasonable notice to the Corporation of the withdrawal and the reason for it; or
- (c) with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of this Offering Memorandum
    - (a) did not fairly represent the report, opinion or statement of the expert, or
    - (b) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person, other than the Corporation and selling security holder, is not liable in an action for damages with respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person

- (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or
- (b) believed there had been a misrepresentation.

No person is liable if the person proves that the subscriber purchased the Units with knowledge of the misrepresentation.

The amount recoverable must not exceed the price at which the Units purchased by the plaintiff were offered. In an action for damages, the defendant is not liable for any damages that the defendant proves do not represent the depreciation in value of the Units resulting from the misrepresentation.

No action may be commenced to enforce a right

- (a) in the case of an action for rescission, more than 180 days after the day of the transaction that gave rise to the cause of action; or
- in any other case, more than the earlier of,
- (b) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or
  - (c) three years after the date of the transaction that gave rise to the cause of action.

### ***Newfoundland and Labrador***

Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides that if this Offering Memorandum contains a misrepresentation when a subscriber purchases **Units** offered by this Offering Memorandum, the subscriber has, without regard to whether the subscriber relied on the misrepresentation:

- (a) a right of action for damages against:



- (i) the Corporation;
- (ii) every director of the Corporation at the date of this Offering Memorandum; and
- (iii) every person or company who signed this Offering Memorandum; and
- (b) a right of action for rescission against the Corporation.

If the subscriber chooses to exercise a right of rescission against the Corporation, the subscriber has no right of action for damages against a person or company referred to above.

If a misrepresentation is contained in a record incorporated by reference in, or is considered to be incorporated into, this Offering Memorandum, the misrepresentation is considered to be contained in this Offering Memorandum.

When a misrepresentation is contained in this Offering Memorandum, no person or company is liable

- (a) if the person or company proves that the subscriber had knowledge of the misrepresentation;
- (b) other than the Corporation, if the person or company proves that:
  - (i) this Offering Memorandum was sent to the subscriber without the person's or company's knowledge or consent, and
  - (ii) after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Corporation that it was sent without the person's or company's knowledge and consent;
- (c) other than the Corporation, if the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to this Offering Memorandum and gave reasonable notice to the Corporation of the withdrawal and the reason for it;
- (d) other than the Corporation, if, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of this Offering Memorandum
    - (a) did not fairly represent the expert's report, opinion or statement, or
    - (b) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
- (e) other than the Corporation, with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company
  - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or
  - (ii) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the Units were offered under this Offering Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the Units as a result of the misrepresentation.

No action may be commenced to enforce these contractual rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action, other than an action for rescission, the earlier of:
  - (i) 180 days after the subscriber first has knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date of the transaction that gave rise to the cause of action.

### ***Alberta***

Pursuant to section 204 of the *Securities Act* (Alberta) (the “**Alberta Act**”), if this Offering Memorandum contains a misrepresentation, a subscriber who purchases Units offered by the offering memorandum has, without regard to whether the subscriber relied upon the misrepresentation, a statutory right of action:

- (a) for damages against:
  - (i) the Corporation;
  - (ii) every director of the Corporation at the date of this Offering Memorandum; and
  - (iii) every person who signed this Offering Memorandum; and
- (b) for rescission against the Corporation.

Sections 204 and 211 of the *Alberta Act* provide that, among other things:

- (a) no action shall be commenced to enforce any of the foregoing rights more than, in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or, in the case of an action for damages, the earlier of: (i) 180 days after the date that the subscriber first had knowledge of the facts giving rise to the cause of action; or (ii) three years after the date of the transaction that gave rise to the cause of action;
- (b) if the subscriber elects to exercise the right of rescission against the Corporation, the subscriber will have no right of action for damages against the Corporation, directors of the Corporation or persons who have signed this Offering Memorandum;
- (c) in an action for rescission or damages, the defendant will not be liable if it proves that the subscriber purchased the **Units** with knowledge of the misrepresentation;
- (d) in no case shall the amount recoverable under the right of action described herein exceed the price at which the **Units** were offered; and
- (e) in an action for damages, the defendant is not liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the **Units** as a result of the misrepresentation.

***British Columbia***

Notwithstanding that the *Securities Act* (British Columbia) does not provide, or require the Corporation to provide, to subscribers resident in the province of British Columbia any rights of action in circumstances where this Offering Memorandum or an amendment hereto contains a misrepresentation, the Corporation hereby grants to such subscribers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to subscribers resident in Ontario.

## **ITEM 12 – FINANCIAL STATEMENTS**

The following financial statements appear as part of this Item 12.

Audited Financial Statements for the Corporation for the year ended October 31, 2018.

Unaudited consolidated Financial Statements for MVM for the year ended October 31, 2018.

### ITEM 13 – DATE AND CERTIFICATE

Dated this 15<sup>th</sup> day of January, 2019

The foregoing contains no misrepresentation or untrue statement of a material fact, as such terms are defined under applicable securities laws, and does not omit to state a material fact that is necessary to make a statement not misleading in light of the circumstances in which it was made.

#### MOUNTAIN VALLEY MD INC.

*“Michael Monaco”*

Michael Monaco  
President and Chief Executive Officer

*“Christopher Crupi”*

Christopher Crupi  
Chief Financial Officer

On behalf of the Board of Directors

*“Evan Clifford”*

Evan Clifford  
Director

*“Michael Monaco”*

Michael Monaco  
Director