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AMENDED AND RESTATED OFFERING MEMORANDUM FOR EVERGREEN MEDICINAL SUPPLY INC.

Date: December 15, 2017 and amended and restated January 18, 2018

THE ISSUER

Name: **EVERGREEN MEDICINAL SUPPLY INC.** (“Evergreen”, the “Company”, “we” or “us”)

Head Office: 4899C Cordova Bay Road, Victoria, British Columbia V2Y 2K1

Telephone: (250) 213-9932

E-mail: evergreenmedicinalsupply@gmail.com

Fax: None

Currently listed or quoted? **No. These securities do not trade on any exchange or market.**

Reporting Issuer? No.

SEDAR filer? Yes.

THE OFFERING

Securities offered: The offering consists of common shares (the “Common Shares”) of Evergreen (the “Offering”).

Price per security: \$3.25 per Common Share (the “Subscription Price”). Unless otherwise indicated, all references to currency in this Offering Memorandum are to Canadian dollars.

Minimum/Maximum Offering: Up to \$8,000,000. **There is no minimum. You may be the only purchaser. Funds available from the Offering may not be sufficient to accomplish our proposed objectives. See Item 8 – Risk Factors.**

Minimum subscription amount: The minimum subscription amount is \$25,000.00 per investor.

Payment terms: Payment of the Subscription Price in full by certified cheque, bank draft or wire (or other manner of payment acceptable to the Company) must accompany the delivery of a duly executed and completed subscription agreement. See *Item 5.2 – Subscription Procedure*.

Proposed closing date(s): Closings will occur from time to time at the discretion of the Company.

Income tax consequences: There are important tax consequences relating to these securities. You should consult your own professional tax advisors to obtain advice relating to any tax consequences applicable to you. See *Item 6 – Income Tax Consequences*.

Selling agent? The Company reserves the right to retain agents and/or finders to help sell the Common Shares. If the Company does retain agents or finders, it will pay aggregate fees and commissions of up to 4% of the gross proceeds realized in the Common Shares sold by agents or finders, or such higher amount as the Board may approve. See *Item 7 – Compensation Paid to Sellers and Finders*.

RESALE RESTRICTIONS

You will be restricted from selling your securities for an indefinite period. See *Item 10 – Resale Restrictions*.

PURCHASERS’ RIGHTS

You have two business days to cancel your agreement to purchase these securities. 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*.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. Evergreen is an early stage company with a very limited operating history and substantial capital needs. See Item 8 – Risk Factors.

GENERAL

This Offering Memorandum constitutes an offering of the Common Shares only where they may be lawfully offered for sale. The Common Shares may be sold only by persons permitted to sell the Common Shares and only to those persons to whom they may be lawfully offered for sale. No securities commission or similar regulatory authority has passed on the merits of the Common Shares or reviewed this Offering Memorandum and any representation to the contrary is an offence. No prospectus has been filed with any such authority in connection with the Common Shares.

The information contained in this Offering Memorandum is intended only for the persons to whom it is transmitted for the purposes of evaluating the securities offered hereby. Prospective investors should rely only on the information in this Offering Memorandum. No persons are authorized to give any information or make any representation in respect of Evergreen or the securities offered herein and any such information or representation must not be relied upon.

The Common Shares offered hereunder will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, if ever, a holder of Common Shares will not be able to trade the Common Shares unless it complies with very limited exemptions from the prospectus and registration requirements under applicable securities laws. See *Item 10 - Resale Restrictions*.

FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Memorandum, such as views and predictions about possible or anticipated future events or conditions and the business, operations and strategy of the Company are “forward-looking statements” within the meaning given to that term under applicable Canadian securities laws. Any statement that expresses or involves discussion of predictions, expectations, beliefs, plans, projections, objectives or future events or performance (which often, but do not always, use phrases such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “continue”, or the negative of these) are not statements of historical fact and may be “forward-looking statements”. Forward-looking statements made in this Offering Memorandum include, by way of example and without limiting the generality of the foregoing, statements with respect to the completion of this Offering, the proceeds raised from this Offering and the uses thereof, selling commissions and expenses associated with this Offering, other sources of funding that may be available to the Company, the long and short term objectives of the Company and the timing, costs and activities required to achieve those objectives, the timing for completion of construction and other projects, the Company’s plans to secure and expand its medical marijuana production and sales, licensing, anticipated changes in the regulatory and competitive environments in which the Company operates, the Company’s marketing and sales strategies, levels of demand for marijuana products, the outcomes of legal disputes involving the Company and the manner in which the Company operates its business.

Certain of the forward-looking statements contained herein concerning the medical marijuana industry and the general expectations of the Company about the medical marijuana industry are based on internally generated estimates using data and information from publicly available governmental and other sources that the Company believes are reliable and reasonable. However, such data is inherently imprecise and subject to numerous risks and uncertainties.

Forward-looking statements are based on assumptions that reflect the current expectations, estimates, plans and projections of management of the Company, including assumptions with respect to the Company’s ability to secure necessary financing and licensing; the timing of securing financing and licensing; general economic, political and regulatory conditions; levels of taxation applied to marijuana products; consumer demand for marijuana products; the Company’s ability to hire and retain qualified personnel; and the competitive and regulatory environments in which the Company operates. These assumptions, expectations, estimates, plans and projections are subject to a number of known and unknown risks and uncertainties which would cause actual results or events to differ materially from those implied by forward-looking statements in this Offering Memorandum, including general economic, business, political and regulatory conditions, unanticipated acts of God and other events and all of those risks described under *Item 8 – Risk Factors*.

The forward-looking statements contained in this Offering Memorandum are made as of the date of this Offering Memorandum. Except as otherwise required by law, the Company does not intend, and assumes no obligation, to update or review any forward-looking statements, whether as a result of new information, plans, events or otherwise. Readers are cautioned not to place undue reliance on any forward-looking statements as there can be no assurance that the assumptions on which they are based will prove to be accurate or that conditions, events, plans and other factors related to such assumptions and statements will occur as currently anticipated or at all.

This Offering Memorandum amends and restates the Company's Offering Memorandum dated December 15, 2017. Please review this Offering Memorandum carefully before investing. Changes to the December 15, 2017 Offering Memorandum include the following:

- The addition of unaudited financial statements for the Company for the three month period ended October 31, 2017.
- Disclosure regarding the extension to January 31, 2018 of the scheduled closing date for the Company's proposed purchase of the site for the Proposed Second Facility. See *Item 2.7 – Material Agreements – Proposed Second Facility Purchase Agreement*.
- Disclosure regarding the termination of the conditional transaction whereby Cannabis Wheaton Income Corp. ("CBW") would have contributed \$25 million to the Company in exchange for an equity interest in the Company and an allocation of production from the Company's expanded facilities. See *Item 2.7 – Material Agreements – Interim Agreement with CBW*.
- Updating certain share capital data presented as at the date of the Offering Memorandum.

ITEM 1: USE OF AVAILABLE FUNDS

1.1 Funds

We have set a maximum offering of \$8,000,000. The following table describes the net funds that may be available to Evergreen as a result of the Offering:

		Assuming Minimum Offering	Assuming Maximum Offering
A.	Amount to be raised by this offering	\$0 ⁽¹⁾	\$8,000,000
B.	Selling commissions and fees ⁽²⁾	\$0	\$320,000
C.	Estimated offering costs (e.g., legal, accounting, audit.)	\$75,000	\$75,000
D.	Available funds: D = A - (B+C)	\$(75,000)	\$7,605,000
E.	Additional sources of funding required	\$0	\$0
F.	Working capital deficiency ⁽³⁾	\$0	\$0
G.	Total: G = (D+E+F)	\$(75,000)	\$7,605,000

Notes:

1 There is no minimum offering amount.

2 The Company may pay up to 4% of the gross proceeds of Common Shares sold pursuant to this Offering, or such higher amount as the Board may approve.

3 As of December 31, 2017.

1.2 Use of Available Funds

We plan to spend the available funds as follows:

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
General & Administrative Expenses (including lease payments, legal and accounting)	\$0	\$165,000
Purchase of Land for Proposed Second Facility (including closing costs)	\$0	\$2,400,000
Lump Sum Payments due to Vendors of Land for Proposed Second Facility in 2018	\$0	\$4,000,000
Construction-related Expenses (including consultants and permitting)	\$0	\$470,000
Salary, Benefits & Recruitment Expenses	\$0	\$410,000
Sales, Marketing & Distribution Expenses	\$0	\$75,000
Unallocated Working Capital	\$0	\$85,000
Total	\$0	\$7,605,000

1.3 Reallocation

We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons.

ITEM 2: BUSINESS OF EVERGREEN

2.1 Structure

The Company was incorporated under the *Business Corporations Act* (British Columbia) pursuant to a certificate of incorporation dated August 26, 2013. The Company was dissolved on February 8, 2016 and was then restored on September 2, 2016.

2.2 Our Business

Evergreen is a Victoria, British Columbia-based company formed to obtain required medical marijuana production licensing and cultivate, manufacture, process and sell marijuana for distribution to consumers who hold prescriptions for medical marijuana. The Company's goal is to develop a diverse range of high quality strains of medical marijuana for sale to eligible consumers. At present the Company intends to focus its production activities on cannabis in dried flower and oil extracts.

Licensing and Regulation

Producers

Manufacturing and distribution of medical marijuana is governed by federal legislation, currently called the *Access to Cannabis for Medical Purposes Regulations* (“**ACMPR**”), which is administered by Health Canada. The ACMPR came into force in August 2016, after previously enacted regulations governing medical marijuana were determined by Canadian appellate courts to not be fully compliant with the Canadian Charter of Rights and Freedoms.

The regulatory regime for medical marijuana producers contemplates the granting of cultivation and sales licenses to approved premises (municipal addresses). The licensing regime requires security apparatus (for example, access control and video surveillance) and protocols for the entire licensed facility, with more stringent security standards for areas where cannabis is grown or present. Upon installation of required security provisions, a Health Canada inspection (actual and/or virtual) is required to confirm compliance with the ACMPR.

Effective as of May 25, 2017, the application process for becoming a licensed producer of cannabis for medical purposes consists of the following six phases:

1. Intake and initial screening;
2. Detailed review and initiation of security clearance process;
3. Issuance of cultivation license;
4. Introductory inspection (as cultivation begins);
5. Pre-sales inspection; and
6. Issuance of license to sell.

Licenses are only issued once it has been determined that all information submitted demonstrates compliance with the ACMPR and the facility has been built.

The ACMPR regulates virtually all aspects of production and sale of dried marijuana, cannabis oil, marijuana plants and marijuana seeds, including sourcing of seeds, cultivation, production, quality assurance, storage, security, levels of concentration of tetrahydrocannabinol (or “THC”, a principal active ingredient in cannabis), warning and other labelling requirements, packaging (which must be child resistant), record keeping and notice requirements in the event of adverse reactions to marijuana products. The amount of product that may be stored at a producer’s facility depends on the security rating for the facility and the security rating is based on a range of criteria, some of which are specific to the facility and others of which take into account the surrounding area.

Evergreen received its marijuana cultivation license (a “**Cultivation License**”) for its manufacturing facility in Central Saanich near Victoria, British Columbia (the “**Existing Facility**”) from Health Canada under the ACMPR on March 16, 2017, as amended on November 3, 2017, becoming the 40th company in Canada to receive a Cultivation License (see *Evergreen’s Facilities* below). This license permits Evergreen to cultivate and store dried medical cannabis, bottled cannabis oil, marijuana plants and marijuana seeds. On November 3, 2017, Health Canada advised the Company that it is no longer applying production or sale limits for licensed producers and as such, the cultivation limits contained in the Company’s Cultivation License were removed, subject to a condition that inventory in the Company’s vault at the Existing Facility cannot exceed a maximum storage capacity value of

\$1,250,000.00. The Cultivation License is valid until March 16, 2020. In order to market and sell medical marijuana, Evergreen must obtain a sales license from Health Canada (a “**Sales License**”). A Sales License would be expected to permit Evergreen to cultivate and sell an unlimited quantity of dried marijuana, cannabis oil, marijuana plants and marijuana seeds.

Evergreen hopes to complete the final phase of licensing and obtain a Sales License for the Existing Facility by the end of February 2018, which would enable it to begin selling medical marijuana. There can be no assurance that the Company will secure a Sales License or other licensing required to produce and sell medical marijuana or to allow the Company to carry out planned expansion of its production capacity, or that any of the Company’s licenses will be renewed. See *Legal Disputes* below and *Item 8 – Risk Factors*.

On October 2, 2017, Evergreen submitted a cultivation license application to Health Canada for a proposed second manufacturing facility (the “**Proposed Second Facility**”), which application covers the 150,000 square foot Building A (as defined below), which would be built during the first phase of construction at the Proposed Second Facility. Evergreen has yet to purchase the site for the Proposed Second Facility. See *Evergreen’s Facilities* below. The application for the Proposed Second Facility also includes a commodity-based component, which if approved would allow Evergreen to produce dried flower and extracted products in bulk to sell to its future patients as well as a wholesale consumer base, such as co-packers and private labelling companies. See *Item 2.7 – Material Contracts – Proposed Second Facility Purchase Agreement*.

On November 20, 2017, Health Canada issued to the Company a Confirmation of Readiness to Inspect letter with respect to this first phase of construction (Building A) at the Proposed Second Facility (the “**Health Canada Confirmation Letter**”). The Health Canada Confirmation Letter is not a Cultivation License. The letter states that Health Canada has completed the paper-based review of the Company’s license application, and provides a basis for the Company to proceed with the first phase of construction. Prior to issuing a Cultivation License, Health Canada requires confirmation that a facility has been built that meets the requirements set out in the ACMPR, and that the Company has met the record-keeping requirements for the production of cannabis. As a result, the Health Canada Confirmation Letter requires the Company to, upon completion of the construction of Building A, provide documentation that clearly details facility completion and compliance with ACMPR. If acquired, financed, permitted and constructed, operating the Proposed Second Facility would remain subject to the Company securing a Cultivation License and a Sales License. Expansion of the Proposed Second Facility beyond Building A would remain subject to Health Canada construction approval and licensing of the expanded facilities. **Evergreen does not have the capital required to purchase the site for the Proposed Second Facility and there can be no assurance that the Company will raise sufficient capital soon enough to close the purchase or, if purchased, to service the financing proposed to be used to complete the purchase.** See *Item 8 – Risk Factors – Financial Position and Need for Substantial Capital to Accomplish Business Objectives*.

Consumer Level

The Canadian physician community has been cautious about authorizing the use of medical marijuana. Consequently, prospective patients may encounter considerable difficulty accessing product. As a result, a number of specialty clinics have opened in many centres across Canada providing medical cannabis authorization services. These clinics have become the primary access point for most patients seeking legal access to medical marijuana. Medical authorizations for cannabis generally authorize the use of dried flower (which is generally inhaled) or cannabis infused oil (which is generally used with a

dropper). These are not ideal dosage formats for medication. The Company expects that industry participants, with Health Canada authorization, will develop and bring to market cannabinoid based medication in standard pharmaceutical dosage formats (pills, gel caps, sub-lingual applications and measured dose nasal sprays). Health Canada approvals would be subject to demonstrating the potency, purity and stability of the various formulations. These developments may affect the Company's production and marketing strategies. Changes to the Company's product offerings may be subject to Health Canada approving amendments to the Company's licensing. See *Item 8 - Risk Factors*.

Evergreen's Facilities

Evergreen leases its Existing Facility, a 5,700 square foot manufacturing and processing facility located adjacent to the Patricia Bay Highway near Victoria, British Columbia. The Existing Facility is located on 2.9 acres of land zoned as Agricultural Land Reserve in the farming community of Central Saanich. The Existing Facility has approximately 3,200 square feet of production capacity, comprised of six grow rooms of approximately 600 square feet each. The remainder of the Existing Facility consists of rooms dedicated to cloning, vegetative growing, drying, processing, vaulting/storage, incineration, nutrient management and administration. The Company plans to harvest a crop from each grow room every nine weeks and produce up to an estimated 600 kilograms of dried cannabis bud per year.

Evergreen was recently engaged in a dispute with the landlord for the Existing Facility. The landlord petitioned the Supreme Court of British Columbia for a declaration that the Company is in breach of the lease for non-payment of rent. The petition was heard on August 16-19, 2017 and reasons for judgment were delivered to the parties on November 27, 2017 and December 4, 2017. The landlord's petition against the Company was dismissed with costs. The court held that because the Existing Facility was not completed until March 2017, shortly before the Cultivation licence was issued, rent was not due until March 2017. The Company has fully paid rent due to the landlord in accordance with the court ruling. The landlord may appeal the court ruling and there can be no assurance as to the outcome of an appeal, if granted. If an appeal is granted and the court decision is reversed, the Company may owe more rent or be evicted from the Existing Facility, the Company's only constructed and licensed facility. See *Item 2.3 – Development of Business – Legal Disputes* and *Item 8 – Risk Factors – Lease Dispute*.

The initial term of the Lease for the existing Facility expires within approximately 12-24 months of the date of this Offering Memorandum. While the lease contains a right in favour of the Company to renew for a further five year term if the Company performs its obligations under the lease, there can be no assurance that the lease will be renewed or, if it is, as to what rent would be payable during the renewal term. See *Item 2.7 – Material Contracts – Lease for Existing Facility* and *Item 8 – Risk Factors – Lease Expiry*.

On June 16, 2017, as amended, the Company entered into an agreement to purchase a 100 acre parcel of land in Central Saanich near Victoria, British Columbia from two vendors for a price of \$12 million, with a payment of \$2 million due upon closing on or before January 31, 2018, or such later date as may be agreed by the parties, and a vendor take-back mortgage in the amount of \$10 million. This parcel of land is located in Central Saanich, approximately 1.3 kilometers south from the Existing Facility, and is the proposed site for the Proposed Second Facility. Provided the Company raises sufficient funds to close the purchase and service the financing on the site, the Company proposes to use funds raised under this Offering to initiate permitting for the first phase of construction at the Proposed Second Facility. Proceeding with the first phase of construction of the Proposed Second Facility would remain subject to the Company raising substantial additional capital. The Company believes the site could

accommodate up to 2.1 million square feet of production space. **Evergreen does not have the capital required to purchase the site for the Proposed Second Facility and there can be no assurance that the Company will raise sufficient capital soon enough to close the purchase or, if purchased, to service the financing proposed to be used to complete the purchase.** See *Item 2.7 – Material Contracts – Proposed Second Facility Purchase Agreement* and *Item 8 – Risk Factors – Financial Position and Need for Substantial Capital to Accomplish Business Objectives*.

The first phase of construction at the Proposed Second Facility would consist of a 150,000 square foot building (“**Building A**”). If the Company secures required capital and necessary permitting, the Company believes that construction of Building A would take an estimated eight to ten months to complete from the time construction funding and permitting is in place. Building A would include 65,000 square feet of greenhouse production capacity on its upper level, as well as a head office and support functions, such as administration, human resources, processing, propagation, laboratory, oil production, mechanical and electrical services and laundry facilities.

Once constructed, the Company would apply for a Cultivation License for the Proposed Second Facility. The Company has formulated preliminary plans for six additional buildings for the Proposed Second Facility, comprising a total area of up to approximately 1.05 million square feet and production area of up to approximately 700,000 square feet. Building A would serve as support infrastructure for all seven buildings. If sufficient capital is in place and where efficiencies may be realized, construction work on Building A would include some foundational and other preparatory work for other buildings.

Construction of the Proposed Second Facility is subject to a number of conditions, including closing the land purchase for the Proposed Second Facility and obtaining construction permits and approvals and raising capital necessary to fund the purchase and construction. It is intended that proceeds raised under this Offering will be used to fund the up-front purchase price for the site, subsequent lump-sum payments on the vendor take-back mortgage and construction permitting. Substantial additional capital would be required to initiate construction of Building A. Initiating operations at the Proposed Second Facility would be subject to obtaining operating licensing, including Health Canada approvals. There can be no assurance that the Company will be successful in satisfying these conditions and commencing construction or operations at the Proposed Second Facility. See *Item 8 – Risk Factors*.

If construction at the Proposed Second Facility is progressed, over time the Company may repurpose the Existing Facility to include a genetic storage facility with strain propagation and genetic development to serve the Proposed Second Facility.

Production

The cultivation of high quality cannabis at industrial scale requires sophisticated, on-site production management and detailed, repeatable standard operating procedures. While the Company may seek to establish production facilities in other provinces, at present the Company intends to focus its production activities in or near Victoria, British Columbia. The production team would include experienced on-site horticultural, quality assurance, quality control and other staff. The Company expects that product quality and consistency are key elements to create a successful brand, which in turn will require robust and consistent quality assurance and quality control protocols and standard operating procedures.

Marijuana cultivation is similar in nature to growing other agricultural products indoors. A range of variables affect yield, including temperature, humidity, lighting, air flow, watering and feeding cycles.

The Company will seek to optimize and control growing conditions to produce consistent product and avoid contamination. When ready for harvesting, the product is cut, sorted and dried, again under controlled conditions to achieve targeted purity and consistency. Once processed, each batch is subjected to quality assurance testing at lab facilities operated by the Company or a qualified third party contractor.

Differentiation of product lines is achieved by procuring a range of different seed types, including from other licensed producers. Seed procurement is regulated under the ACMPR. When the Company obtains a Sales License, a customer care and marketing team will be established. Growing and testing equipment used in producing medical marijuana is specialized but in most cases is not specific to the cultivation of medical marijuana. Subject to securing necessary funding, the Company does not anticipate any difficulty in obtaining cultivation, testing, storage and packaging equipment.

The Company will procure seeds and clones through other Health Canada licensed producers or selected international suppliers. During the initial stages of production, seeds or clones are placed in a vegetative state for approximately ten days. At this point, cuttings are taken to be grown-out as crops. The plants are then reduced to twelve hours of daily light to induce flowering for six to ten weeks, depending on the strain. Once grown, the crop is cut down to dry and cure. The flower is then packaged for sale or processed for oil extraction.

All products will be tested for quality assurance by authorized laboratories and labelled with percentages of Tetrahydrocannabinol (THC), Cannabidiol (CBD), Cannabigerol (CBG) and other constituent elements. Product grown for sale is packaged, labeled and stored for future sale. Orders are delivered by Canada Post or courier to subscribed patients or other licensed producers or distributors.

Evergreen plans to produce cannabis with levels of constituents such as THC and CBD that target specific medical conditions. This requires production expertise and planning in order to produce oil formulations that match specific dosage levels.

At present, Evergreen has seven full-time employees, all of whom work at the Existing Facility in Victoria, B.C.

Competition

As of the date of this Offering Memorandum, based on data published by Health Canada, a total of 82 Cultivation Licenses and 39 Sales Licenses have been granted, 10 of which Sales Licences are for facilities located in British Columbia. Of these license holders, the Company estimates that 36 are able to sell finished product to eligible consumers and 48 hold licenses that restrict the production of fresh marijuana and cannabis oil. In addition, under the ACMPR, licensed home growers may continue to produce medical marijuana. Individuals who have registered with a licensed producer and obtain the proper documentation from their doctors may also grow up to four marijuana plants at home. See *Item 8 – Risk Factors – Competition*.

If the movement towards decriminalizing recreational use of cannabis in Canada proceeds as anticipated, the Company expects that demand for cannabis products will outpace supply for several years. Published reports indicate a supply shortfall extending until 2020. Despite this, the Company will still face significant competition and must differentiate itself based on the quality, consistency and pricing of its product offerings.

Market

The current market for domestic production and sales within Canada is to consumers with a prescription for medical marijuana. According to Health Canada, as of December 31, 2016 there were 129,876 patients enrolled under the current regulations. Health Canada estimates that the number of patients using medical marijuana will grow to as many as 450,000 registered patients by 2024, with annual revenue of \$1.3 billion. Some Canadian licensed producers also export production to markets where medical cannabis is legal, including Brazil and some countries in the European Union (e.g. Croatia). The Company anticipates that its customers will be primarily resident in British Columbia, with a majority resident on Vancouver Island.

On April 13, 2017, the Canadian Federal Government introduced Bill C-45 to take initial steps towards decriminalizing the production and sale of cannabis for adult recreational use. The objectives of the Bill, titled "*An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*" (the "**Cannabis Act**"), are to protect public health and safety by establishing strict product safety and product quality requirements, prevent young persons from accessing cannabis, deter criminal activities by imposing serious criminal penalties for those operating outside of the legal framework and reduce the burden on the criminal justice system caused by the production and use of cannabis. For example, the Cannabis Act establishes criminal prohibitions on the sale or distribution of cannabis to persons under the age of 18.

If passed as introduced, the Cannabis Act and its proposed regulations would establish a licensing regime for the import, export, production, testing, packaging, labeling, sending, delivery, transportation, sale, possession and disposal of cannabis, including four categories of cultivation licenses: (i) standard, which would authorize the large-scale growing of cannabis plants and harvesting material, (ii) micro-cultivation, which would authorize the small-scale growing of cannabis plants and harvesting material, (iii) industrial hemp, and (iv) nursery production. The introduction of micro-cultivation licenses would open the door to craft marijuana producers, which would be able to participate in the market through provincial sellers. Individuals and corporations will be able to apply for such licenses when the Cannabis Act becomes law. If enacted as introduced, current licensees under the ACMPR, including the Company, would be automatically licensed under the Cannabis Act for the same activities in the recreational market.

The Cannabis Act also leaves significant regulatory discretion to each Provincial Government. Specifically, the Cannabis Act authorizes persons to possess, sell or distribute cannabis if they are authorized to sell cannabis under provincial legislation. As a result, each Provincial Government will license and oversee the distribution and sale of cannabis, including how and where cannabis can be sold, and where it can be consumed, subject to the minimum conditions set by the Federal Government.

In October 2017, Ontario became the first province to announce its detailed plan for regulating the distribution and sale of cannabis, which includes the sale of cannabis products in up to 150 stores operated by the Liquor Control Board of Ontario and a minimum age of 19 for persons using, growing, purchasing or possessing marijuana. In September 2017, the British Columbia Government launched a public and stakeholder engagement process on the regulation of cannabis for non-medical consumption, and on December 5, 2017, presented a preliminary plan, which sets a minimum age of 19 for persons purchasing and using recreational cannabis, and provides that the BC Liquor Distribution Branch of the Government will be the lone wholesaler in the province. The Government has yet to publish detailed draft regulations with respect to sales of cannabis products. See *Item 8 – Risk Factors –*

Reliance on Licences and Regulatory Compliance and Uncertainty Surrounding Recreational Market and Provincial Regulations.

On November 27, 2017, the Cannabis Act was passed by the House of Commons, however it remains subject to Senate approval and royal assent. The proposed regulations under the Cannabis Act are also open for public comment until January 20, 2018. Until the Cannabis Act is enacted, the production, distribution and sale of cannabis outside of the ACMPR remains illegal. The Federal Government has stated that it intends to provide regulated and restricted access to cannabis for recreational use by July 2018.

While it is expected that licensed cannabis producers will generally operate under the medical and recreational regimes, until the provinces release regulations governing retail sale and distribution, it is unclear what the legal framework for sales and distribution will look like.

Taxation

On November 10, 2017, the Federal Department of Finance issued legislative and regulatory proposals for the taxation of cannabis. The proposals include a new tax licensing regime for cannabis producers, stamping and marketing rules, reporting requirements and applicable excise duties payable by licensed cannabis producers on sales of both recreational and medical marijuana products, in addition to GST/HST.

The proposed legislation would require all Health Canada-licensed cultivators and manufacturers of cannabis and cannabis products to obtain an additional cannabis license from the Canada Revenue Agency (the “CRA”), and prohibits a purchaser from buying or receiving cannabis products from a non-CRA licensed producer. As proposed, the CRA criteria for a company to obtain a cannabis license would include that the applicant is not subject to a receivership, has not acted to defraud her Majesty in the prior five years and has sufficient financial resources to conduct its business in a responsible manner. Applicants must provide supporting documents to prove sufficient financial resources, including a business plan, and acceptable security to pay estimated taxes for one full reporting period, with a minimum of \$5,000.00 and a maximum of \$5,000,000.00. Cannabis licenses would be issued for a maximum of two years and would not be automatically renewed.

The taxation proposals were open to public comment until December 7, 2017. The legislation is expected to be enacted by or before the date that cannabis for non-medical purposes becomes accessible for retail sale, with certain elements of the framework, such as licensing and stamping requirements, coming into force sooner in order to facilitate the transition to legalized distribution and sales.

2.3 Development of Business

Evergreen commenced business in September 2013 upon securing a lease for the site of the Existing Facility. Evergreen completed the permitting, construction, licensing and inspections for the Existing Facility over the course of 36 months. Evergreen received its Cultivation License for the Existing Facility from Health Canada on March 16, 2017.

On June 16, 2017, as amended, the Company, entered into an agreement to purchase a 100 acre parcel of land in Central Saanich near Victoria, British Columbia for a price of \$12 million, which is scheduled to close on or before January 31, 2018 or such later date as may be agreed by the parties. This parcel

of land is proposed to be used as the site for the Proposed Second Facility. Provided the Company raises sufficient funds to close the purchase and service the financing on the site, the Company proposes to use funds raised under this Offering to initiate permitting for the first phase of construction at the Proposed Second Facility. Proceeding with the first phase of construction of the Proposed Second Facility would remain subject to the Company raising substantial additional capital. The Company believes the site could accommodate up to 2.1 million square feet of production space. See *Section 2.7 – Material Agreements – Proposed Second Facility Purchase Agreement*. **Evergreen does not have the capital required to purchase the site for the Proposed Second Facility and there can be no assurance that the Company will raise sufficient capital soon enough to close the purchase of the site for the Proposed Second Facility or to service the financing proposed to be used to purchase the site.** See *Item 8 – Risk Factors – Financial Position and Need for Substantial Capital to Accomplish Business Objectives*.

On October 2, 2017, Evergreen submitted a licensing application to Health Canada for the first phase of construction at the Proposed Second Facility, a 150,000 square foot building, namely Building A. On November 20, 2017, the Company received the Health Canada Confirmation Letter with respect to this first phase of construction. The Health Canada Confirmation Letter is not a Cultivation License. The letter states that Health Canada has completed the paper-based review of the Company's application, and provides a basis for the Company to proceed with the first phase of construction. Once constructed, the Company would apply for a Cultivation License for the Proposed Second Facility. The Company has formulated preliminary plans for six additional buildings for the Proposed Second Facility, comprising a total area of up to approximately 1.05 million square feet and production area of up to approximately 700,000 square feet. Construction at the Proposed Second Facility is subject to a number of conditions, including funding and closing the land purchase for the Proposed Second Facility, obtaining the construction, permitting and licensing required to operate the Proposed Second Facility and Health Canada approval, and procuring the necessary funding. There can be no assurance that the Company will be successful in satisfying these conditions and commencing construction at the Proposed Second Facility. See *Item 8 – Risk Factors*.

Legal Disputes

Lease Dispute

The Existing Facility is leased by the Company under the Lease (defined below), which commenced on January 1, 2014. In December 2016, the landlord under the Lease delivered a notice to the Company purporting to terminate the Lease, citing as grounds the Company's alleged failure to pay rent. The notice stated that the landlord would re-enter and take possession of the Facility, however it has not done so and the Company has not vacated the Existing Facility. The Company's position is that the Lease termination notice was not valid, and that the Lease remains in full force and effect.

The landlord petitioned the Supreme Court of British Columbia for a declaration that the Company is in breach of the lease for non-payment of rent. The petition was heard on August 16-19, 2017 and reasons for judgment were delivered to the parties on November 27, 2017 and December 4, 2017 (*Illingworth v. Evergreen Medicinal Supply Inc.* 2017 BCSC 2161). The landlord's petition against the Company was dismissed with costs. The court held that because the Existing Facility was not completed until March 2017, shortly before the Cultivation licence was issued, rent was not due until March 2017. The Company has fully paid rent due to the landlord in accordance with the court ruling. The landlord may appeal the court ruling and there can be no assurance as to the outcome of an appeal, if granted. If an appeal is granted and the court decision is reversed, the Company may owe more rent or be

evicted from the Existing Facility, the Company's only constructed and licensed facility. See *Item 2.3 – Development of Business – Legal Disputes* and *Item 8 – Risk Factors – Lease Dispute*.

Dispute with Hortican

In April 2017, Hortican Inc., a wholly-owned subsidiary of Cronos Group Inc., ("**Hortican**") filed a legal claim against the Company and current and former directors of the Company with the Supreme Court of British Columbia. The claim arises primarily out of an April 2014 Letter of Intent between the Company and Hortican whereby the Company and Hortican set out what are stated to be non-binding terms of a proposed equity investment by Hortican in the Company. The letter of intent contemplates the negotiation and execution of definitive investment documentation, which has not been executed. Hortican claims to be legally entitled to acquire up to 25% of the outstanding share capital of the Company (with an option on a further 5% of the outstanding share capital) in exchange for investing up to a total of \$1.2 million (in five tranches linked to development milestones and with an additional payment of \$5 million to exercise the option), all as set out in the letter of intent. Hortican did advance funding to the Company, which Hortican alleges was advanced on account of an equity investment under the letter of intent and on account of secured loans. The Company considers that the funds were advanced as loans and not on account of an equity investment as the conditions attached to the equity investment, including the execution of definitive investment documents, were not satisfied. The Company has attempted to repay all advances made by Hortican, with interest, by delivering a bank draft to Hortican, which has not been cashed.

There can be no assurance as to outcome of this claim or the impact of the claim on the Company's business, financial position and share capital. If Hortican is successful in claiming an entitlement to shares of the Company, the ownership percentage and value attributable to issued Common Shares of the Company, including Common Shares purchased under this Offering Memorandum, will be diluted. The Company currently has 42,894,115 Common Shares issued and outstanding. See *Item 8 - Risk Factors – Dispute with Hortican*.

2.4 Long Term Objectives

The Company's long-term objective is to construct and operate marijuana cultivation facilities with capacity for significant annual production of high quality, competitively priced dried flowers and derived products.

The expansion of the Company's cultivation capacity is subject to site acquisition and would occur over many years and several construction phases, each subject to financing, permitting, licensing and other conditions. If the Company raises sufficient funds under this Offering, the Company will close the purchase of the site for the Proposed Second Facility and initiate permitting for the first phase of construction at the Proposed Second Facility. Commencing construction of a 150,000 square foot cultivation and processing facility on that site, Building A, the first building at the Proposed Second Facility, would remain subject to the Company raising substantial additional capital. The Company believes the site could accommodate a total of up to 2.1 million square feet of production space. Building-out that capacity would require an estimated \$400 - \$500 million of additional financing, would take several years and remains subject to permitting, licensing and other conditions.

The Company has finalized plans for constructing Building A, which the Company estimates will cost approximately \$25 million and take eight to ten months (from the time that financing and permitting is

in place) to build. The Company has formulated preliminary plans for six additional buildings for the Proposed Second Facility, comprising a total area of up to approximately 1.05 million square feet and production area of up to approximately 700,000 square feet. Each building would be similar in design and house an estimated 95,000 square feet dedicated to cultivation. Each building would also contain dedicated space for processing, warehousing, vaulting, shipping and receiving, propagation, testing, oil production, mechanical/electric services and laundry. Some buildings would include both indoor production capacity on a lower level and greenhouse production capacity on an upper level.

Evergreen does not have the capital required to purchase the site for the Proposed Second Facility. It is intended that proceeds raised under this Offering will be used to fund the up-front purchase price for the site, subsequent lump-sum payments on the vendor take-back mortgage and construction permitting for Building A. Substantial additional capital would be required to initiate construction of Building A. If sufficient capital is in place and where efficiencies may be realized, construction work on Building A would include some foundational and other preparatory work for other buildings.

Significant Events Tied to Long Term Objectives	Estimated Time Frame	Estimated Cost
Acquire site for Proposed Second Facility	January 2018	\$12,400,000 ⁽¹⁾
Construct Building A at Proposed Second Facility	8-10 months (from when permitting and financing in place)	\$25,000,000
Secure Cultivation License for Building A	1-2 months from completion of construction	\$Nil
Secure Sales License for Proposed Second Facility	3 months from date of Cultivation License	\$550,000
Construct six additional buildings at Proposed Second Facility	6-8 months per building (from when permitting and financing in place)	\$18,000,000 per building
Secure Cultivation License for each additional building ⁽²⁾	1-2 months from completion of construction	\$Nil

Notes:

- 1 The estimated cost for the site for the Proposed Second Facility includes a \$2 million up-front payment, to be made in January 2018 or such later date as may be agreed by the parties, a \$10 million vendor take-back mortgage and \$400,000 in closing costs. Two lump-sum payments totalling \$4 million are payable by the Company by or before June 30, 2018. See *Item 2.7 – Material Contracts – Proposed Second Facility Purchase Agreement*.
- 2 The Sales License for the Proposed Second Facility, if and when acquired, will extend to each additional building upon receipt of a Cultivation License for the building.

These time frames and costs are estimates only, based on management's knowledge gained from constructing the Existing Facility, specifications of the site for the Proposed Second Facility and management's beliefs about future regulatory and market conditions. Actual time frames may be much longer than estimated and actual costs may be much higher than estimated. There can be no assurance that the Company will raise the financing or secure the permits and licensing required to purchase and service the mortgage on the site and construct Building A or any other buildings at the Proposed Second Facility or that market conditions will continue to support the ongoing expansion of capacity at the Proposed Second Facility.

If construction at the Proposed Second Facility progresses, over time the Company may repurpose the Existing Facility to include a genetic storage facility with strain propagation and genetic development to serve the Proposed Second Facility.

2.5 Short Term Objectives and How We Intend to Achieve Them

Evergreen's objectives over the next 12 months are to:

1. Complete the Offering;
2. Complete the purchase of the site for the Proposed Second Facility, and make all required payments under financing secured to purchase the site;
3. Secure a Sales Licence for the Existing Facility;
4. Secure permitting for construction of Building A at the Proposed Second Facility;
5. Complete an additional round of equity financing to fund construction at the Proposed Second Facility;
6. Initiate and complete construction of Building A at the Proposed Second Facility; and
7. Apply for a Cultivation License for the Proposed Second Facility (Building A).

Evergreen intends to pursue these objectives for the next 12 months as follows:

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
With or without selling agents, close subscriptions submitted under this Offering	Through Q1 2018	\$395,000 (maximum offering)
Use funds from this Offering to complete purchase of site for Proposed Second Facility	January 2018	\$2,400,000
Grow, harvest and test control crops at the Existing Facility and submit test results to Health Canada with application for Sales License	February 2018	\$Nil – Costs have already been incurred
Use funds from this Offering to make \$1,000,000 payment to vendors of Proposed Second Facility	February 2018	\$1,000,000
Secure permitting for construction of Building A at Proposed Second Facility	February 2018	\$470,000
Commence sales of product from Existing Facility	March 2018	\$200,000
Use funds from this Offering to make \$3,000,000 payment to vendors of Proposed Second Facility	June 2018	\$3,000,000
Complete construction of Building A at Proposed Second Facility	8 – 10 months from when permitting and financing in place	\$25,000,000
Submit application for Cultivation License for Proposed Second Facility (Building A)	As construction nears completion	\$Nil

2.6 Insufficient Funds

The available funds raised from this Offering will be used for the purposes set out in *Item 1.2 – Available Funds*. The funds available as a result of this Offering will not be sufficient to fund the Company's payment obligations for the purchase of the site for the Proposed Second Facility and otherwise accomplish all of the Company's proposed objectives and there is no assurance that alternative financing will be available. Management of the Company believes the Company will begin generating revenue from sales within 90 days of securing a Sales License for its Existing Facility.

There can be no assurance that the Company will raise the additional capital required to acquire the site for the Proposed Second Facility or otherwise finance the development and expansion of its business and the construction of one or more buildings at the Proposed Second Facility. See *Item 8 – Risk Factors*.

2.7 Material Agreements

Key terms of material agreements to which the Company is a party are summarized below.

Health Canada Cultivation License for Existing Facility

Evergreen holds a Cultivation License whereby it may cultivate and store dried medical cannabis, bottled cannabis oil, marijuana plants and marijuana seeds, provided that inventory in the vault located at the Existing Facility does not exceed a maximum storage capacity value of \$1,250,000. The Cultivation License is valid for a three-year term, expiring on March 16, 2020. Evergreen hopes to complete the final phase of licensing and obtain a Sales License for the Existing Facility by the end of February 2018. See *Item 2.2 – Our Business – Licensing and Regulation*.

Lease for Existing Facility

On September 21, 2013, the Company, as tenant, entered into a triple net lease agreement for the site on which the Existing Facility was constructed (the "**Lease**"). The Lease commenced on January 1, 2014, and is stated to run for an initial term of five years; however the Lease also provides that such initial term expires on December 31, 2019. The Lease contains a right in favour of the Company to renew for a further five year term provided the Company performs its obligations under the Lease. There can be no assurance that the Lease will be renewed or, if it is, as to what rent would be payable during the renewal term. See *Item 8 – Risk Factors – Lease Expiry*.

Under the Lease, the Company must pay the landlord rent in an amount of \$90,000.00 per year during the first year of the Lease, \$102,000.00 per year during years two and three of the Lease, and \$114,000.00 per year during years four and five of the Lease, plus applicable taxes, utilities and its proportionate share of maintenance costs. Rent and operating costs are payable monthly from and after March 2017 (as determined by court judgment). In the event the Lease is renewed, rent would be adjusted to an amount agreed between the Company and the landlord or, if they are unable to agree, set by an arbitrator.

In December 2016, the landlord under the Lease delivered a notice to the Company purporting to terminate the Lease, citing as grounds the Company's alleged failure to pay rent. The landlord petitioned the Supreme Court of British Columbia for a declaration that Evergreen is in breach of the Lease. The petition was heard on August 16-19, 2017, and Reasons for Judgment delivered to the

parties on November 27, 2017 and December 4, 2017 (Illingworth v. Evergreen Medicinal Supply Inc. 2017 BCSC 2161). The landlord's petition against the Company was dismissed with costs. The court held that because the Existing Facility was not completed until March 2017, shortly before the Cultivation Licence was issued, the rent was not due until March 2017. The Company has paid the full rent due to the landlord in accordance with the court ruling. The landlord may appeal the court ruling and, if an appeal is granted, there can be no assurance as to the outcome of the appeal. See *Item 2.3 – Development of Business – Lease Dispute*.

Proposed Second Facility Purchase Agreement

Pursuant to a Contract of Purchase and Sale dated June 16, 2017, as amended, between the Company and two vendors (together, the “**Vendors**”), the Company agreed to purchase a 100 acre parcel of land in Central Saanich in Victoria, British Columbia (the “**Property**”) for use as the site of the Proposed Second Facility.

The purchase price for the Property is \$12 million, with a payment of \$2 million due upon closing and a vendor take-back first mortgage in the amount of \$10 million (the “**Mortgage**”). The Mortgage has a one-year term, with an option to extend for a further one-year term, and will bear interest at a rate of 5% per annum from closing to November 30, 2018 and 6% per annum from December 1, 2018 to November 30, 2019, calculated monthly. The Company must repay \$1 million of the Mortgage on or before February 1, 2018 and \$3 million on or before June 30, 2018, and must pay the Vendors \$35,000.00 per month, commencing as at the start of the first month following closing. The Company may prepay the Mortgage at any time, and must re-finance the Mortgage at the end of the term. There can be no assurance the Company will do so on terms favourable to Evergreen or at all.

Closing of the Company's purchase of the Property is currently scheduled for January 31, 2018 or such later date as may be agreed by the parties, with the Company taking possession on or about that date. **There can be no assurance that the Company will raise sufficient capital soon enough to close the purchase of the site for the Proposed Second Facility or to service the Mortgage.** See *Item 8 – Risk Factors – Financial Position and Need for Substantial Capital to Accomplish Business Objectives*.

The Company and the Vendors have discussed a possible lease-back of the Property to the Vendors for a period ending August 2018. The terms of the lease-back have not been formalized. If a lease-back arrangement is agreed, the Company anticipates that lease payments payable to the Company would reduce the Company's payment obligations under the Mortgage.

Investor Rights Agreement

On December 1, 2016, the Company entered into an Investor Rights Agreement among Shawn Galbraith, Denise Galbraith (together, the “**Key Holders**”) and those investors (“**Eligible Investors**”) who have agreed to be bound by the Investor Rights Agreement (the “**Investor Rights Agreement**”). Pursuant to the Investor Rights Agreement, subject to certain exceptions, if the Company wishes to issue any Common Shares, or securities convertible into Common Shares, at a price per Common Share that is less than the purchase price per Common Share paid by one or more Eligible Investors, then the Company will first offer to sell such additional securities to those Eligible Investors.

In addition, the Investor Rights Agreement contains drag-along and tag-along rights. In the event that the Company or a shareholder of the Company receives an offer to acquire the Company or all or substantially all of the assets of the Company, and the Key Holders plus those Eligible Investors holding

at least 60% of the Common Shares held by Eligible Investors, approve or consent to the transaction, then all of the Eligible Investors are deemed to consent to the transaction. In addition, subject to certain exceptions, in the event that the Key Holders propose to dispose of Common Shares with an aggregate value greater than \$1 million, in a single transaction or series of transactions, the Key Holders will give the Eligible Investors an opportunity to participate in the transaction as sellers.

Subscribers wishing to subscribe for Common Shares under this Offering Memorandum will be required to enter into a Subscription Agreement with the Company, which contains drag-along rights on the same terms as under the Investor Rights Agreement. **Subscribers under this Offering who are not already shareholders of the Company will not become party to, or obtain the benefit of, the Investor Rights Agreement.**

Interim Agreement with CBW

On April 15 2017, the Company entered into an Interim Agreement with PanCann Streaming Corp., which was later assigned by PanCann Streaming Corp. to CBW. The Interim Agreement contemplated a \$25 million contribution by CBW to the Company in exchange for an equity interest in the Company and an allocation of cannabis production from the Company's expanded facilities. The transaction contemplated by the Interim Agreement was subject to several conditions, including satisfactory completion of due diligence. The conditions to the transaction were not satisfied and on January 12, 2018, CBW informed the Company that it is unable to proceed with the transaction.

Agency Agreement

Pursuant to an Agency Agreement dated December 7, 2016 (the "**Agency Agreement**"), the Company engaged Robson Capital Partners Corp. ("**Robson**"), a registered exempt market dealer, as a non-exclusive placement agent to assist it in identifying accredited investors to subscribe for Common Shares. Specifically, the Agency Agreement contemplated: (i) an initial offering of Common Shares for gross proceeds of up to \$900,000.00 (subject to adjustment at the election of Evergreen) at a price of \$0.45 per Common Share; and (ii) a second offering of Common Shares for gross proceeds of up to \$1.1 million at a share price to be determined. See *Item 4.3 – Prior Sales*. Both of these rounds of financing have been completed.

As compensation for the services rendered by Robson, the Company paid Robson a cash commission equal to 9.4% of the gross proceeds from Common Shares placed with investors identified by Robson. Robson also received additional compensation in the form of broker warrants entitling the holder to purchase 235,000 Common Shares at a price of \$0.001 per Common Share. Theodore Snider, a dealing representative with Robson, provided corporate finance services to the Company in exchange for which the Company issued Mr. Snider warrants to purchase Common Shares.

ITEM 3: INTERESTS OF DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table provides specified information about each director, officer and promoter of the Company and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Company (the "**Principal Holders**").

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of minimum offering	Number, type and percentage of Common Shares of the issuer held after completion of maximum offering
Shawn Galbraith, Victoria, British Columbia	President, Director, Promoter and Principal Holder August 26, 2013	2017: \$52,000.00 ⁽¹⁾⁽³⁾ 2018: \$74,865.00	24,122,223 Common Shares ⁽³⁾ (56.24% ⁽⁵⁾)	24,122,223 Common Shares ⁽³⁾ (53.18% ⁽⁵⁾)
Denise Galbraith, Victoria, British Columbia	Promoter and Principal Holder (former Director) August 26, 2013	2017: \$146,153.00 ⁽²⁾⁽⁴⁾ 2018: \$78,672.00	12,340,000 Common Shares ⁽⁴⁾ (28.77% ⁽⁵⁾)	12,340,000 Common Shares ⁽⁴⁾ (27.21% ⁽⁵⁾)
Michael Galbraith, Victoria, British Columbia	Director and Promoter August 26, 2013	2017: \$44,250.00 2018: \$65,152.88	Nil ⁽⁶⁾	Nil

Notes:

- 1 Compensation was paid to 611387 B.C. Ltd., a company wholly-owned by Mr. Shawn Galbraith, through which Mr. Galbraith provides consulting services to the Company. 611387 B.C. Ltd. was also paid \$219,336.00 in the most recently completed financial year for construction costs relating to leasehold improvements at the Existing Facility.
- 2 Consists of a gross salary of \$51,333.00, plus \$84,820.00 in consulting fees paid to VI Primary Health, a sole proprietorship owned by Ms. Denise Galbraith, through which Ms. Galbraith provides consulting services to the Company.
- 3 Mr. Galbraith also currently holds 1,000,000 options under the Stock Option Plan (defined below), which were granted on September 11, 2017, are exercisable until September 11, 2024 at an exercise price of \$0.95 per share, and which, if fully exercised, would result in an issuance of 1,000,000 Common Shares to Mr. Galbraith.
- 4 Ms. Galbraith also currently holds 1,000,000 options under the Stock Option Plan, which were granted on September 11, 2017, are exercisable until September 11, 2024 at an exercise price of \$0.95 per share, and which, if fully exercised, would result in an issuance of 1,000,000 Common Shares to Ms. Galbraith.
- 5 Percentages calculated on a non-diluted basis.
- 6 Mr. Michael Galbraith currently holds 729,111 warrants exercisable until November 30, 2023 at a price of \$0.001 per share, which, if fully exercised, would result in an issuance of 729,111 Common Shares to Mr. Galbraith.

3.2 Management Experience

The principal occupations of the directors and executive officers of the Company over the past five (5) years, and their experience relevant to Evergreen's business are as follows:

Name	Principal occupation and related experience
Shawn Galbraith President and Director	Mr. Galbraith has been the President and a Director of Evergreen since 2013. Prior to founding Evergreen, Shawn gained over 30 years experience in the development and commercial construction field as a principal of Welton Construction. Over the past five years, Mr. Galbraith has studied the medical marijuana industry, including marijuana growing techniques, greenhouse methods and cultivation facility design.
Michael Galbraith Director	Michael Galbraith has been a Director of Evergreen since 2013 and is responsible for ensuring that Evergreen's facilities are in compliance with Health Canada's security requirements for medical marijuana cultivation and storage. Mr. Galbraith is a retired RCMP officer, with 22 years of service with the Royal Canadian Mounted Police.

3.3 Penalties, Sanctions and Bankruptcy

No penalty or sanction has been in effect during the last ten (10) years, no cease trade order has been in effect for a period of more than 30 consecutive days during the past ten (10) years, and no declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors, or appointment of a receiver, receiver manager or trustee to hold assets has been in effect during the last ten (10) years against or with regard to any:

1. director, executive officer or control person of the Company; or
2. any issuer of which any person referred to in sub-paragraph (1) above was a director, executive officer or control person of at that time.

3.4 Loans

There are no debentures or loans due to or from the directors, management, promoters or Principal Holders of the Company as at the date of this Offering Memorandum, other than the following:

1. A loan in the amount of \$177,035.00 due to the Company from 611387 B.C. Ltd., a company wholly-owned by Shawn Galbraith, pursuant to a promissory note dated December 14, 2017; and
2. A loan in the amount of \$53,180.00 due to the Company from Denise Galbraith, pursuant to a promissory note dated December 14, 2017.

The promissory notes bear interest at a rate of 6% per annum, payable on maturity, and must be repaid on or before December 14, 2018.

ITEM 4: CAPITAL STRUCTURE

4.1 Share Capital

Description of Security	Number Authorized to be Issued	Price Per Security	Number Outstanding as at December 31, 2017	Number Outstanding after Minimum Offering	Number Outstanding after Maximum Offering
Common Shares	70,000,000	N/A	42,864,115	42,864,115	45,325,653
Warrants to Acquire Common Shares	N/A	\$0.001 ⁽²⁾	3,130,612	3,130,612	3,130,612
Warrants to Acquire Common Shares	N/A	\$0.45 ⁽³⁾	133,000	133,000	133,000
Warrants to Acquire Common Shares	N/A	\$0.001 ⁽⁴⁾	224,903	224,903	224,903
Convertible Notes	N/A	\$0.95 ⁽⁵⁾	394,736	394,736	394,736
Options to Acquire Common Shares	Up to 10% of Issued and Outstanding Shares	\$0.95 ⁽⁶⁾	2,000,000	2,000,000	2,000,000

Notes:

- 1 There is no minimum offering amount. Assumes no additional Common Shares will be issued.
- 2 Exercisable at \$0.001 per Common Share until November 30, 2023, subject to adjustment and certain termination provisions contained in each warrant.
- 3 Exercisable at \$0.45 per Common Share until February 24, 2024, subject to adjustment and certain termination provisions contained in each warrant.
- 4 Exercisable at \$0.001 per Common Share until October 18, 2024, subject to adjustment and certain termination provisions contained in each warrant.
- 5 Convertible notes are unsecured, bear no interest and are repayable on demand in the event of the bankruptcy, receivership or liquidation of the Company. The notes are convertible at the election of the holder at \$0.95 per Common Share, with automatic conversion at the same price as at September 1, 2018. Convertible notes in the principal amount of \$375,000 were outstanding as at December 31, 2017.
- 6 Exercisable at \$0.95 per Common Share until September 11, 2024, subject to the terms and conditions of the Stock Option Plan.

On September 11, 2017, the board of directors of the Company adopted a “rolling” stock option plan that reserves 10% of the issued and outstanding Common Shares from time to time for issue under stock options granted to directors, officers, employees and consultants of the Company (the “**Stock Option Plan**”). As at the date of this Offering Memorandum, 2,000,000 Common Shares are issuable upon the exercise of outstanding options, and 2,283,779 Common Shares are available for issue under future option grants.

4.2 Long Term Debt Securities

None.

4.3 Prior Sales

The following table sets out, as at the date of this Offering Memorandum, Common Shares (and securities convertible or exchangeable into Common Shares) issued by the Company since January 1, 2017:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
January 13, 2017	Common Shares	153,557	\$0.45	\$69,100.65
January 13, 2017	Convertible Notes	633,749 ⁽¹⁾	\$0.45	\$285,187.05
January 17, 2017	Common Shares	50,000	\$0.45	\$22,500.00
January 17, 2017	Convertible Notes	704,637 ⁽¹⁾	\$0.45	\$317,086.65
January 27, 2017	Convertible Notes	311,124 ⁽¹⁾	\$0.45	\$140,005.80
February 2, 2017	Convertible Notes	355,561 ⁽¹⁾	\$0.45	\$160,002.45
February 24, 2017	Warrants	133,000 ⁽²⁾	\$0.45	N/A
March 7, 2017	Convertible Notes	355,561 ⁽¹⁾	\$0.45	\$160,002.45
March 7, 2017	Common Shares	67,517	\$0.45	\$30,382.65
March 21, 2017	Common Shares	2,282,306 ⁽³⁾	N/A	N/A
April 11, 2017	Common Shares	560,555	\$0.001 ⁽⁴⁾	\$560.56
April 18, 2017	Common Shares	115,550	\$0.001 ⁽⁴⁾	\$115.55
April 28, 2017	Common Shares	368,715	\$0.95	\$350,279.25
May 8, 2017	Common Shares	367,135	\$0.95	\$348,778.25
May 18, 2017	Common Shares	477,072	\$0.95	\$453,218.40
August 30, 2017	Common Shares	400,000	\$0.95	\$Nil ⁽⁵⁾
September 1, 2017	Convertible Notes	421,052 ⁽⁶⁾	\$0.95	\$400,000.00
October 12, 2017	Common Shares	179,999	\$1.50	\$269,998.50
October 18, 2017	Warrants	235,500 ⁽⁷⁾	\$0.001	N/A
November 10, 2017	Common Shares	136,666	\$1.50	\$204,999.00
December 5, 2017	Common Shares	10,597 ⁽⁸⁾	\$0.001	\$10.60

December 5, 2017	Common Shares	26,316 ⁽⁹⁾	\$0.95	\$25,000.20
December 5, 2017	Common Shares	30,000	\$1.50	\$45,000.00
December 14, 2017	Common Shares	64,200	\$1.50	\$96,300.00
December 27, 2017	Common Shares	26,315 ⁽³⁾	N/A	N/A
January 11, 2018	Common Shares	30,000	\$1.50	\$45,000.00

Notes:

- 1 The number of securities issued represents the number of Common Shares issuable on a full conversion of the Convertible Notes at a conversion price of \$0.45 per Common Share.
- 2 These warrants may be exercised until February 24, 2024, subject to acceleration in the event of a sale of all or substantially all of the Company's assets, a transaction or series of related transactions which results in a change of control of the Company or an initial public offering. Of these warrants, 75% have vested and a further 25% will vest on February 24, 2018, subject to accelerated vesting in the event of certain corporate transactions.
- 3 Issued upon conversion of previously issued convertible notes listed in this table.
- 4 Issued upon exercise of warrants issued to consultants to the Company. The warrants were exercised at a price of \$0.001 per Common Share.
- 5 These Common Shares were issued to two employees of the Company at a deemed issue price of \$0.95 per Common Share as consideration for past employment services rendered to the Company.
- 6 The number of securities issued represents the number of Common Shares issuable on a full conversion of the outstanding Convertible Notes at a conversion price of \$0.95 per Common Share.
- 7 These warrants were issued under the terms of the Agency Agreement with Robson. The warrants may be exercised until September 11, 2024, subject to acceleration in the event of a sale of all or substantially all of the Company's assets or a transaction or series of related transactions which results in a change of control of the Company.
- 8 Issued upon exercise of previously issued warrants listed in this table.
- 9 Issued to an arm's length subscriber under a subscription agreement executed, but mistakenly retained by the selling agent, in connection with the April 28, 2017 private placement of Common Shares at a price of \$0.95 per Common Share.

ITEM 5: SECURITIES OFFERED

5.1 Terms of Securities

The Company is offering Common Shares, the material terms of which are as set out below. The Common Shares are not redeemable or retractable.

Voting

The Common Shares are voting shares. The holders of Common Shares are entitled to one vote for each Common Share held on any poll taken at meetings of shareholders of the Company.

Dividends

Each Common Share entitles the holder thereof to receive dividends out of the profits of the Company as and when declared and authorized by the directors of the Company. No dividends have been declared or paid on the Common Shares to date.

Pre-Emptive Rights

Pursuant to the Investor Rights Agreement, in the event that the Company wishes to issue any Common Shares, or securities convertible into Common Shares, at a price per Common Share that is less than the purchase price per Common Share paid by an Eligible Investor, then the Company will first offer to sell such additional securities to those Eligible Investors upon the same terms and conditions as the Company is proposing to issue and sell such securities, subject to the exceptions set forth in the Investor Rights Agreement. See *Item 2.7 – Material Agreements – Investor Rights Agreement*. **Subscribers under this Offering who are not already shareholders of the Company will not become Eligible Investors, or obtain the benefit of the pre-emptive or other rights under the Investor Rights Agreement.**

Drag-Along Rights and Tag-Along Rights

The Common Shares are subject to drag-along rights under the Investor Rights Agreement. Further, Eligible Investors may be eligible to participate in certain sales of Common Shares proposed by the Key Holders. See *Item 2.7 – Material Agreements – Investor Rights Agreement*. Subscribers wishing to subscribe for Common Shares under this Offering Memorandum will be required to enter into a Subscription Agreement with the Company which contains drag-along rights on the same terms as under the Investor Rights Agreement. **Subscribers under this Offering who are not already shareholders of the Company will not become party to, or obtain the benefit of, the tag-along or other rights under the Investor Rights Agreement.**

5.2 Subscription Procedure

Subscribers wishing to subscribe for Common Shares (each, a “**Subscriber**”) will be required to enter into a Subscription Agreement with the Company which contains, among other provisions, representations, warranties and covenants by the Subscriber that it is duly authorized to purchase the Common Shares, that it is purchasing the Common Shares as principal and for investment and not with a view to resale, as to its corporate or other status to purchase the Common Shares and that the Company is relying on an exemption from the requirements to provide the Subscriber with a prospectus and as a consequence of acquiring the Common Shares pursuant to this exemption, certain protections, rights and remedies, provided by applicable securities laws, including statutory rights of rescission or damages, will not be available to the Subscriber.

The Subscription Agreement is attached as Schedule A to this Offering Memorandum.

In order to subscribe for Common Shares, a Subscriber must complete, execute and deliver the following documentation to the Company’s counsel, Reed Pope Law Corporation, at Suite 202 – 1007 Fort Street, Victoria, British Columbia, V8V 3K5:

1. one (1) completed and signed copy of the Subscription Agreement attached as Schedule A to this Offering Memorandum;
2. a certified cheque, bank draft or wire payment in an amount equal to the Subscription Amount (as set forth on the face page of the Subscription Agreement), payable to “Reed Pope Law Corporation in Trust”;
3. completed and signed copies of the appropriate investor qualification and risk acknowledgement form(s), as applicable, attached as Exhibits 1, 2A, 2B and 3 to the Subscription Agreement; and

4. If you are NOT a resident of British Columbia, one (1) completed supplemental “Eligible Investor Questionnaire”, which will be provided to you by the Company upon request.

The funds representing the Subscription Amount will be held in trust until midnight of the second business day following the date that the Subscription Agreement is signed by the Subscriber, during which time the Subscriber may exercise its rights of rescission as set out in *Item 11 – Purchasers’ Rights* and after which the funds will be released to the Company. Subject to applicable securities laws and the Subscriber’s two-day cancellation right described above and in *Item 11 – Purchasers’ Rights*, a subscription for Common Shares, evidenced by a duly completed Subscription Agreement delivered to the Company, shall be irrevocable by the Subscriber.

Subscriptions for Common Shares will be received, subject to rejection and allotment, in whole or in part, and subject to the right of the Company to close the subscription books at any time, without notice. If a subscription for Common Shares is not accepted, all funds representing the Subscription Amount will be promptly returned to the Subscriber without interest or deduction.

Closings of the Offering will occur on a periodic basis as completed subscriptions are received from Subscribers and accepted by the Company.

Exemptions from Prospectus Requirements

Canada

The sale of Common Shares pursuant to this Offering Memorandum is being made in all provinces of Canada except Quebec under certain statutory exemptions from the prospectus requirements set out in National Instrument 45-106 – *Prospectus and Registration Exemptions* (“**NI 45-106**”). Specifically, the sale of Common Shares is being made pursuant to Section 2.9 of NI 45-106. **Please carefully review the accompanying Subscription Agreement to determine the prospectus exemption requirements that apply to you.**

Other Jurisdictions

The sale of Common Shares pursuant to this Offering Memorandum may also be made in other jurisdictions provided that the Subscriber provides to Evergreen the full particulars of the exemption from registration, prospectus and other requirements under applicable securities laws being relied on and evidence of the Subscriber's qualifications thereunder.

Each Subscriber is urged to consult with his or her own legal adviser as to the details of the statutory exemption being relied upon and the consequences of purchasing Common Shares pursuant to such exemption.

ITEM 6: INCOME TAX CONSEQUENCES

There are important tax consequences relating to the ownership of the Common Shares. You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you. Not all securities are eligible for investment in a registered retirement savings plan (RRSP) or a tax-free savings account (TFSA). You should consult your own professional advisers to obtain advice on the RRSP and/or TFSA eligibility of these securities.

ITEM 7: COMPENSATION PAID TO SELLERS AND FINDERS

The Company reserves the right, as allowed by applicable securities legislation, to retain agents and/or finders to help effect sales of the Common Shares offered. If an agent or finder is retained, the agent or finder will be paid aggregate fees and commissions of up to 4% of the gross proceeds realized on the Common Shares sold by such agent or finder, or such higher amount as the Board may approve.

ITEM 8: RISK FACTORS

Evergreen is a private, early-stage company with a brief operating history. Due to the nature of Evergreen's business, the highly regulated environment in which it operates and its present stage of development and proposed operations, an investment in Evergreen is highly speculative, subject to numerous risks and suitable only for investors who can hold their investment indefinitely and who have the ability to withstand the loss of their entire investment. Readers should carefully consider all such risks, which include but are not limited to the risks listed below. Any one or more of the following risks could have a material adverse effect on the Company and any reference to these risks having a material adverse effect on the Company includes the business, financial condition, results of operations and prospects of the Company.

8.1 Investment Risk – Risks Specific to the Common Shares

Arbitrarily Determined Price and Dilution - The Common Shares of the Company are not listed on a stock exchange so the Subscription Price of \$3.25 per Common Share under this Offering was determined at the discretion of management of the Company and not by reference to a trading price or an independent valuation of the Company. The issuance of Common Shares on the exercise of previously issued warrants and options will cause significant dilution. When considering the capitalization of the Company and the number of issued Common Shares, investors should consider the share capital information presented on a fully diluted basis.

Lack of Liquidity - There is no market for the Common Shares and the Company does not expect a market to develop. The Common Shares are subject to resale restrictions imposed under applicable Canadian securities legislation. Accordingly, subscribers may not be able to resell Common Shares purchased under this Offering Memorandum. See *Item 10 – Resale Restrictions*.

No Minimum Offering - The Offering may be completed through multiple closings and is not subject to a minimum offering level. With no minimum offering level, there is no assurance as to the amount of capital that the Company will raise or that the Company will raise sufficient capital to progress its development plans, including capital needed to acquire the site for, and initiate construction at, the Proposed Second Facility.

Dividends - Any decision to declare and pay dividends in the future will be made at the discretion of the Company's board of directors and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Company's board of directors may consider relevant. For the foreseeable future, it is expected that earnings generated by the Company, if any, will be retained for investment. As a result, investors may not receive any return on an investment in Common Shares unless they sell their shares for more than what they paid for them.

8.2 Issuer Risk – Risks Specific to Evergreen

Financial Position and Need for Substantial Capital to Accomplish Business Objectives – The Company has yet to generate revenue and as at December 31, 2017 had estimated monthly operating expenses of \$95,000.00. The Company estimates that it must raise more than \$30 million (including under this Offering) to fund the acquisition of the site for the Proposed Second Facility, the construction of the first building, Building A, on that site and operations through 2018. **There can be no assurance that the Company will raise sufficient capital soon enough to close the purchase of the site for the Proposed Second Facility or to service the Mortgage proposed to be granted to purchase the site.** Construction at the Proposed Second Facility, expansion or modification of the Existing Facility and further operations will require substantially more capital, including capital raised through potentially dilutive financings and/or debt or equity financings that rank ahead of the Common Shares. To date, cannabis producers have experienced limited access to conventional bank financing. Although the Company anticipates that it will begin generating revenue from sales within the first half of 2018, there can be no assurance as to whether the Company will raise the financing needed to pursue its business objectives or remain in business or as to the terms of future financings completed by the Company and whether those terms will be favourable for the Company. In addition, the Company expects to continue to increase operating expenses as it builds production capacity. If the Company's revenues do not increase to more than offset these expected increases in operating expenses, the Company will not become profitable and will continue to rely on external funding. There can be no assurance that the Company will secure such external funding.

Lease Expiry – The initial term of the Lease for the Existing Facility expires within approximately 12-24 months of the date of this Offering Memorandum. While the Lease contains a right in favour of the Company to renew the Lease for a further five year term provided the Company performs its obligations under the Lease, there can be no assurance that the Lease will be renewed or, if it is renewed, what rent will be payable during the renewal term. Should the Lease not be renewed, the Company will be required to vacate the Existing Facility, which is its only constructed and licensed facility at this time.

Lease Dispute – The Company was recently engaged in a dispute with the landlord for the Existing Facility. The landlord petitioned the Supreme Court of British Columbia for a declaration that the Company is in breach of the lease for non-payment of rent. The petition was heard on August 16-19, 2017 and reasons for judgment were delivered to the parties on November 27, 2017 and December 4, 2017. The landlord's petition against the Company was dismissed with costs. The court held that because the Existing Facility was not completed until March 2017, shortly before the Cultivation licence was issued, rent was not due until March 2017. The Company has fully paid rent due to the landlord in accordance with the court ruling. The landlord may appeal the court ruling and there can be no assurance as to the outcome of an appeal, if granted. If an appeal is granted and the court decision is reversed, the Company may owe more rent or be evicted from the Existing Facility, which would have a material adverse effect on the Company.

Reliance on Management and Key Personnel – The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. To pursue and achieve its business objectives in what is a new and rapidly changing industry, the Company must hire additional personnel with expertise in crop cultivation, processing, finance, accounting, marketing, supply chain management, regulatory affairs and other areas, and appoint additional directors to its board. There can be no assurance that the Company will be successful in attracting and retaining senior management, directors and personnel with the expertise required to pursue and

achieve its business objectives. The inability to attract and retain experienced senior managers, directors and key personnel will have material adverse effect on the Company.

Reliance on Licensed Facilities – The Company’s activities and resources are focused on Evergreen’s lone licensed facility, the Existing Facility, and the proposed acquisition of the yet-to-be licensed Proposed Second Facility. Adverse changes or developments affecting the Existing Facility, and if acquired, the Proposed Second Facility, including but not limited to termination of the Lease over the Existing Facility and any covenant breach that may cause a foreclosure on the Proposed Second Facility, if acquired, would have a material and adverse effect on the Company.

The Company’s expansion plans, including plans for constructing the Proposed Second Facility and otherwise expanding the Company’s cannabis production and processing capacity, will require Health Canada approval. There can be no assurance that that Health Canada will grant the approvals required to permit the contemplated expansion and/or future renovations. Failing to secure such approvals would have a material adverse effect on the Company.

Need for Permits and Licences - In addition to Cultivation Licenses and Sales Licences, the Company must obtain other permits, licences and authorizations from various government authorities to operate, including permits require to proceed with construction plans for the Proposed Second Facility. There can be no assurance that the Company will obtain all such additional permits, licences and authorizations on the terms needed to pursue its business objectives. In addition, there can be no assurance that any existing permits and licences will be maintained and renewed as and when required.

Dispute with Hortican – In April 2017, Hortican filed a legal claim against the Company and current and former directors of the Company with the Supreme Court of British Columbia. The claim arises primarily out of an April 2014 Letter of Intent between the Company and Hortican whereby the Company and Hortican set out what are stated to be non-binding terms of a proposed equity investment by Hortican in the Company. Hortican claims to be legally entitled to acquire up to 25% of the outstanding share capital of the Company (with an option on a further 5% of the outstanding share capital) in exchange for investing up to a total of \$1.2 million (in five tranches linked to development milestones and with an additional payment of \$5 million to exercise the option), all as set out in the letter of intent. There can be no assurance as to outcome of this claim or the impact of the claim on the Company’s business, financial position and share capital. If Hortican is successful in claiming an entitlement to shares of the Company, the ownership percentage and value attributable to issued Common Shares of the Company, including Common Shares purchased under this Offering Memorandum, will be diluted.

Reliance on Key Inputs – The Company’s business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its cultivation operations, as well as electricity, water and other utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the financial condition and operating results of the Company. The inability to secure required supplies and services or to do so on reasonable terms could have a material adverse effect on the Company.

Reliance on Commercial Partners - To be successful, the Company must establish supply, testing, manufacturing, marketing, shipping and other commercial relationships. The failure to establish and maintain cost-effective supply (for example, seed supply), testing, manufacturing, marketing, shipping and other relationships may severely impair the Company’s ability to achieve its business objectives, including the planned expansion of the Company’s cultivation capacity.

Managing Rapid Growth - The Company is currently in an early development stage and is subject to growth-related risks including pressure on limited internal human resources, capacity constraints and pressure on its internal systems and controls. To manage growth effectively, the Company must implement and improve its operational and financial systems and expand, train and manage its employee base in all areas of its operations. The inability of the Company to manage growth may have a material adverse effect on the Company. It is also possible that the actual construction costs and costs of equipment incurred to carry out the Company's expansion plans may be significantly greater than budgeted and may exceed funds available to the Company, in which case the Company may be forced to curtail, or extend the timeframes for completing, its expansion plans and suspend operations. This would have a material adverse effect on the Company.

Concentration of Ownership - At present, directors, officers and promoters of the Company directly or indirectly own or control approximately 85.0% of the outstanding voting Common Shares of the Company, or 80.4% assuming the conversion of all warrants, convertible notes and options issued as of December 31, 2017. These individuals, if they were to choose to act together, would have the ability to control the election of the board of directors of the Company, which in turn controls the appointment of senior management, and to exert significant influence over the outcome of most matters submitted to shareholder votes. Concentration of ownership among a small number of shareholders can also delay or prevent a change of control that could be beneficial to other shareholders.

Negative Public Perception and Negative Medical Findings - The Company believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products, including perceptions about links between the consumption of medical marijuana and illness or other negative effects or events. Research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate, that are perceived as negative or that call into question earlier positive or neutral findings or publicity could have a material adverse effect on the Company. Service providers and other third parties with which the Company does business, or wishes to do business, may perceive that they are exposed to reputational risk as a result of the Company's marijuana-related business activities. Failure to establish or maintain business relationships could have a material adverse effect on the Company.

Product Liability Claims - As a manufacturer and distributor of products designed for human consumption, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of marijuana products involve the risk of injury to consumers due to tampering or product contamination. Known and currently unknown adverse reactions resulting from human consumption of marijuana products alone or in combination with other medications or substances could occur and lead to product liability claims, including class actions. The Company may be subject to various product liability claims, including claims that the products produced by the Company caused injury or illness or damage to property, fail to provide adequate instructions for use or fail to provide adequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against the Company could result in significant legal costs and uninsured losses and could adversely affect the Company's reputation with suppliers and customers, which could have a material adverse effect on the Company. There can be no assurance that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with

adequate coverage against these potential liabilities. Product liability insurance is expensive and may not be available on acceptable terms or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the Company from commercializing its products and achieving its business objectives.

Product Recalls - Manufacturers and distributors of cannabis products are subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances such as pesticides, packaging safety or inadequate or inaccurate labeling disclosure. If any of the products produced by the Company are recalled due to an alleged product defect or for any other reason, the Company could be required to incur substantial expense to undertake the recall and defend any associated legal proceedings. A product recall may have a material adverse effect on the Company. Although the Company intends to maintain detailed procedures for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, product recalls may lead to increased scrutiny of the Company by Health Canada or other regulators, which may increase costs and divert resources from production activities.

Risk of Uninsured Losses - The Company maintains insurance coverage based on the Company's stage of development, the material risks affecting its business and the costs of coverage. Insurance coverage is subject to limits and exclusions and may not be available for all of the risks to which the Company is exposed. If coverage is not available or not economical, claimed coverage is denied or losses exceed the limits prescribed under the Company's policies of insurance, the Company may incur substantial uninsured losses, which would have a material adverse effect on the Company.

Conflicts of Interest – Officers and directors of the Company may be subject to conflicts of interest that arise due to their other business interests. In some cases, the Company's officers and directors may have responsibilities and fiduciary obligations associated with these other business interests that may interfere with their ability to devote time to the Company's business and affairs and that may give rise to conflicts of interest and may adversely affect the Company's operations. Conflicts of interest are subject to the procedures and remedies prescribed under the Company's governing legislation.

Environmental and Employee Health and Safety Regulations – The Company's operations are subject to strict environmental and health and safety laws and regulations concerning, among other things, emissions and discharges affecting water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur significant ongoing costs to manage compliance with environmental and employee health and safety regulations. Failure to comply with environmental and health and safety laws and regulations may result in additional costs and downtime for corrective measures, penalties or restrictions on the Company's operations. In addition, changes to environmental, employee health and safety or other laws governing the Company's business or more rigorous enforcement these laws could require extensive investments in and changes to the Company's operating procedures or give rise to material liabilities, which could have a material adverse effect on the Company.

8.3 Investment Risk – Risks Specific to the Industry in which Evergreen Operates

Reliance on Licences and Regulatory Compliance – The Company operates in a heavily regulated industry, including regulations governing the production, processing, storage, shipment and sale of cannabis products and environmental regulations. The Company's ability to grow, store and sell medical

marijuana in Canada is entirely dependent on obtaining and maintaining Cultivation Licences and Sales Licences. Without these licenses, the Company cannot operate. These licences are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the licences or any failure to maintain the licences would have a material adverse impact on the Company. The Company must meet the requirements of the ACMPR in order to secure extensions of its existing Cultivation License and renewals thereof and to secure new licenses, including for the Proposed Second Facility. There can be no assurance that Health Canada will grant any new licenses to the Company or extend or renew any licenses secured by the Company on the terms sought or at all. If Health Canada does not grant, extend or renew licences on the terms sought by the Company or at all, the business, prospects and results of the operations of the Company would be materially adversely affected.

The Company will incur significant ongoing costs and obligations related to regulatory compliance, including compliance with ACMPR, the Cannabis Act and environmental regulations. Failure to comply with regulations may result in additional costs and downtime for corrective measures, remediation costs, substantial penalties imposed on the Company and its directors and officers, seizure and forfeiture of product, land and buildings and restrictions on the Company's operations. In addition, changes to or more rigorous enforcement of laws and regulations governing the Company's business could require extensive investment in and changes to the Company's operations and give rise to material liabilities, which could have a material adverse effect on the Company.

New Market & No Assurance of Market Acceptance – The Company is subject to general business risks and to risks inherent in the nature of an early stage business in a new industry. To be successful, the Company must build positive brand awareness in a highly competitive market with what are expected to be rapidly changing consumer preferences, including through marketing and through rigorous quality assurance procedures. There can be no assurance that the Company will be successful with its efforts to build positive brand awareness. Failing to do so would have a material adverse effect on the Company.

Competition – The Company faces intense competition from a rapidly increasing number of cannabis producers, many of which have longer operating histories, more capital available and significantly more manufacturing and marketing resources and experience than the Company. Competition from other producers, in particular larger and better financed competitors, could have a material adverse effect the Company. To remain competitive, the Company must invest heavily in research and development, marketing, sales and client support and must price its products competitively, which will reduce margins. The Company may not have sufficient resources to invest at the levels required to be and remain competitive. High levels of federal, provincial and local taxes will affect the Company's ability to price its products competitively relative to other licensed producers, in particular those operating in other jurisdictions with lower taxes, and producers that continue to engage in illicit production and distribution. Further, regulations governing labelling of cannabis products may impair the Company's ability to differentiate its products other than on the basis of price. A failure to successfully respond to competitive pressures from regulated and unregulated producers would have a material adverse effect on the Company.

Uncertainty Surrounding Recreational Market and Provincial Regulations – In April 2017, the Canadian Federal Government announced proposed legislation, the Cannabis Act, which provides a legislative framework that would decriminalize adult recreational use of cannabis. Provincial governments are authorized to adopt regulations governing retail sales and distribution of cannabis products, including by setting the minimum age for purchase and consumption. While the Federal Government announced that the Cannabis Act is scheduled to come into effect no later than July 2018, there can be no

assurance that the legislation will be enacted by then, in the form announced or otherwise, or that provincial governments will pass sales and distribution legislation by then.

While it is expected that licensed cannabis producers will generally operate under the medical and recreational regimes, until the provinces release further details or draft regulations governing retail sale and distribution, it is unclear what the legal framework for sales and distribution will look like. Distributing cannabis products in several provinces will necessitate compliance with potentially vastly different provincial legislation, increasing compliance costs. The number of licensed producers is expected to increase to meet the demands of the recreational market. This will intensify competition in the marketplace in which the Company operates, both in terms of the number of competitors and the scale of larger competitors.

Risks Specific to Agricultural Businesses - The Company's business involves the growing of medical marijuana, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although Evergreen grows cannabis indoors under climate controlled conditions, there can be no assurance that these risks will not have a material adverse effect on the production of its products.

ITEM 9: REPORTING OBLIGATIONS

The Company is not a "reporting issuer" as such term is defined in applicable securities legislation in any jurisdiction. It is therefore not required as such to disclose material changes which occur in its business and affairs, nor is it required to file with any securities regulatory authorities or to provide its shareholders interim financial statements.

The Company is required to place its annual financial statements before the shareholders of the Company at or before every annual general meeting. The Company will, before each annual general meeting or before the signing of a resolution in lieu of an annual general meeting, provide a copy of the financial statements to each shareholder. Financial statements will be audited, unless all shareholders of the Company unanimously vote to waive the requirement to appoint an auditor.

Other than as expressly stated above, **we are not required to send you any documents on an annual or ongoing basis.**

ITEM 10: RESALE RESTRICTIONS

10.1 General Statement

The Common Shares will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the Common Shares unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

10.2 Restricted Period

Unless permitted under securities legislation, you cannot trade the Common Shares before the date that is 4 months and a day after the date the Company becomes a reporting issuer in any province or territory of Canada.

10.3 Manitoba Resale Restriction

For trades in Manitoba, unless permitted under securities legislation, you must not trade the Common Shares without the prior written consent of the regulator in Manitoba unless:

1. the Company has filed a prospectus with the regulator in Manitoba with respect to the Common Shares you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or
2. you have held the Common Shares 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 these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

THE FOLLOWING IS A SUMMARY ONLY AND SUBJECT TO INTERPRETATION. REFER TO APPLICABLE SECURITIES LEGISLATION, REGULATIONS AND RULES FOR THE COMPLETE TEXT OF THE PROVISIONS UNDER WHICH THE FOREGOING RIGHTS ARE CONFERRED. THE FOLLOWING SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS OF THE APPLICABLE SECURITIES LEGISLATION, REGULATIONS AND RULES.

11.1 Two-Day Cancellation Right

You can cancel your agreement to purchase the Common Shares. To do so, you must send a notice to the Company by midnight on the second business day after you sign the Subscription Agreement to buy the Common Shares.

11.2 Statutory Rights of Action in the Event of a Misrepresentation

11.2.1 Purchasers in British Columbia, Alberta, Manitoba, Nova Scotia and Yukon

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

1. the Company to cancel your agreement to buy these Common Shares; or
2. for damages against the Company, every person who was a director of the Company at the date of this Offering Memorandum and any other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Common Shares as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Common Shares were offered. There are various defences available to the persons or companies that

you have a right to sue. For example, they have a defence if you knew of the misrepresentation when you purchased the securities.

In Alberta or Yukon, the defendant will not be liable for a misrepresentation in forward-looking information if the Company proves that:

1. this Offering Memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
2. the Company has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

However, in Yukon the above defence does not relieve a person of liability respecting forward-looking information in a financial statement required to be filed under Yukon securities laws.

Time Limitations

If you intend to rely on the statutory right to cancel the agreement or sue for damages as described above, you must do so within strict time limitations.

In British Columbia and Alberta, you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) three years after the transaction.

In Manitoba, you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) two years after the day of the transaction.

In Nova Scotia, you must commence your action to cancel the agreement or commence your action to seek damages within 120 days after the date on which you paid for your Common Shares.

In Yukon, you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) three years after the transaction.

Statutory Rights for Failure to Deliver the Offering Memorandum in Yukon

If you reside in Yukon and you do not receive a copy of this Offering Memorandum before you sign your Subscription Agreement, you have a right to sue for damages, or if you still own your Common Shares, you can choose to cancel your agreement instead of suing for damages.

11.2.2 Purchasers in Saskatchewan

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum together with any amendments to the Offering Memorandum, you have a statutory right in Saskatchewan to sue:

1. the Company to cancel your agreement to buy these Common Shares; or
2. for damages against the Company, any “promoter” of the Company, any director of the Company (who was a director at the time the Offering Memorandum was delivered to you), any person who signed the Offering Memorandum, any person or company that sold Common Shares to you under this Offering Memorandum on behalf of the Company or any selling security holder on whose behalf the distribution is made.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Common Shares as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Common Shares were offered.

If there is a misrepresentation in any “advertising” or “sales literature” (as defined in *The Securities Act, 1988* (Saskatchewan)) that is disseminated in connection with your purchase of securities and it was a misrepresentation at the time you purchased your Common Shares, you will be deemed to have relied on that misrepresentation and you will have a right to sue the Company (or any other “promoter” of the Company), any director of the Company (who was a director at the time the advertisement or sales literature was disseminated) and any person who, at the time the advertisement or sales literature was disseminated, was selling securities on behalf of the Company, or, if you still own your Common Shares, and you purchased your Common Shares directly from the Company, you can elect to cancel your agreement instead of suing for damages.

If there is a misrepresentation in an oral statement made to you about Common Shares of the Company either before or at the time that you purchased your Common Shares and it was a misrepresentation at the time you purchased your Common Shares, you will be deemed to have relied on the misrepresentation and you will have a right to sue the person who made the statement to you for damages.

There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if you knew of the misrepresentation when you purchased the Common Shares.

Statutory Rights for Failure to Deliver the Offering Memorandum

If you reside in Saskatchewan and you do not receive a copy of this Offering Memorandum before you sign your Subscription Agreement, you have a right to sue for damages, or if you still own your Common Shares, you can choose to cancel your agreement instead of suing for damages.

Statutory Rights if Vendor Not Entitled to Trade

If you reside in Saskatchewan and the person or company who sells you your Common Shares is selling in contravention of securities laws of Saskatchewan or in contravention of an order of the Saskatchewan Financial Services Commission, you may choose to void your contract or to recover all the money paid by you for your Common Shares.

Time Limitations

If you intend to rely on the rights described above, you must do so within strict time limitations. In Saskatchewan, you must commence an action to cancel your agreement not more than 180 days after the day you purchased your Common Shares or commence your action for damages within the earlier of: (i) one year from the date that you had knowledge of the facts giving rise to the cause of action; and (ii) six years after the transaction.

11.2.3 Purchasers in Ontario and New Brunswick

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a statutory right in Ontario or New Brunswick to sue:

1. the Company to cancel your agreement to buy these Common Shares; or
2. for damages against the Company and any selling security holder on whose behalf the distribution is made.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Common Shares as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Common Shares were offered. There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if they prove that you knew of the misrepresentation when you purchased the Common Shares.

In Ontario, the defendant will not be liable for a misrepresentation in forward-looking information if the Company proves that:

1. this Offering Memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
2. the Company has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

Time Limitations

If you intend to rely on the statutory rights to sue described above, you must do so within strict time limitations.

In Ontario, you must commence your action to cancel the agreement to purchase Common Shares within 180 days after you signed the agreement to purchase the Common Shares or commence your action for damages within the earlier of: (1) 180 days after learning of the misrepresentation, or (2) three years after you signed the agreement to purchase the Common Shares.

In New Brunswick, you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) one year after you knew of the misrepresentation, or (ii) six years after the transaction.

11.3 Contractual Rights in the Event of a Misrepresentation

11.3.1 Purchasers in Newfoundland and Labrador, Prince Edward Island, the Northwest Territories and Nunavut

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a contractual right to sue:

1. to cancel your agreement to buy the Common Shares; or
2. for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your Common Shares and will not include any part of the damages that the Company proves does not represent the depreciation in value of the Common Shares resulting from the misrepresentation. The Company has a defence if it proves that you knew of the misrepresentation when you purchased the Common Shares. If you choose to cancel your agreement, you cannot then sue for damages.

Time Limitations

If you intend to rely on the rights described above, you must do so within strict time limitations.

In Newfoundland and Labrador, you must commence your action to rescind your agreement to purchase Common Shares within 180 days after you signed the agreement to purchase the Common Shares or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, and (ii) three years after you signed the agreement to purchase the Common Shares.

ITEM 12: FINANCIAL STATEMENTS

Included in this Offering Memorandum are the following financial statements of the Company (i) unaudited financial statements for the financial year ended July 31, 2015, (ii) unaudited financial statements for the financial year ended July 31, 2016 and audited financial statements for the financial year ended July 31, 2017, together with the Auditors' Report thereon, and (iii) unaudited financial statements for the three month period ended October 31, 2017.

Notice

These unaudited interim financial statements have not been reviewed by the Company's independent auditors.

Evergreen Medicinal Supply Inc.

BALANCE SHEET

As At July 31, 2015

(unaudited)

ASSETS	
Current	
Prepaid Expenses	38,000.00
Shareholder Loan	478.81
Total Current	38,478.81
Long Term	
Due from 611387 BC Ltd.	93,600.00
Due from Evergreen Medicinal Operations Inc.	20,700.00
Capital Assets - Schedule 1	193,550.19
Total Long Term	307,850.19
Total Assets	346,329.00
LIABILITIES	
Current	
Bank Balance	54.94
Accounts Payable and Accrued Liabilities	147,949.54
Loan Payable - Hortican Inc.	253,000.00
Total Current	401,004.48
EQUITY	
Capital Stock	
Common Shares	100.00
Total Capital Stock	100.00
Retained Earnings - Beginning	-178,107.52
Net Income(Loss)	123,332.04
Retained Earnings - Ending	-54,775.48
Total Equity	-54,675.48
Total Liabilities & Equity	346,329.00

CAPITAL ASSETS - SCHEDULE 1	
Equipment	25,000.00
Furniture & Fixtures	1,959.00
Leasehold Improvements	166,591.19
Net Book Value	193,550.19

APPROVED BY THE DIRECTORS:

Shawn Galbraith Director

Michael Galbraith Director

Evergreen Medicinal Supply Inc.**INCOME STATEMENT****For the Period Ended July 31, 2015****(unaudited)**

<hr/>	
Revenue	
Sales	<u>300,000.00</u>
Total Revenue	<u>300,000.00</u>
Expenses	
Automobile	1,200.31
Interest and Bank Charges	7,408.54
Meals and Entertainment	1,205.21
Office	1,241.20
Professional Fees	2,000.00
Property Taxes	6,994.04
Rent	96,552.00
Repairs and Maintenance	0.00
Subcontractors	433.33
Security	3,178.35
Supplies	1,631.93
Telephone and Utilities	3,139.24
Travel	524.76
Wages and Benefits	<u>51,159.05</u>
Total Expenses	<u>176,667.96</u>
Net Income (Loss)	<u><u>123,332.04</u></u>

EVERGREEN MEDICINAL SUPPLY INC.

FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)

JULY 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Evergreen Medicinal Supply Inc.

We have audited the accompanying financial statements of Evergreen Medicinal Supply Inc. which comprise the statement of financial position as at July 31, 2017 and the statements of comprehensive loss, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

... 2

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Evergreen Medicinal Supply Inc. as at July 31, 2017, and financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which indicates the existence of material uncertainties that may cast significant doubt about the company's ability to continue as a going concern.

The comparative figures were compiled by another accountant and, as such, were not audited.

Collins Barrow Vancouver

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
December 14, 2017

EVERGREEN MEDICINAL SUPPLY INC.
(Incorporated under the laws of British Columbia)

STATEMENT OF FINANCIAL POSITION

JULY 31, 2017

(In Canadian Dollars)

	<u>ASSETS</u>	<u>2017</u>	<u>2016</u> (Unaudited)
Current assets			
Cash		\$ 34,936	\$ ---
Accounts receivable		133,824	8,290
Prepaid expenses		4,693	38,000
Due from shareholders and related parties (note 6)		<u>154,619</u>	<u>---</u>
		328,072	46,290
Property and equipment (note 7)		<u>744,832</u>	<u>255,727</u>
		<u>\$ 1,072,904</u>	<u>\$ 302,017</u>

	<u>LIABILITIES</u>		
Current liabilities			
Accounts payable and accrued liabilities		\$ 853,141	\$ 322,429
Due to shareholders (note 6)		---	33,858
Loan payable to Hortican Inc.		<u>---</u>	<u>253,000</u>
		<u>853,141</u>	<u>609,287</u>

SHAREHOLDERS' EQUITY (DEFICIENCY)

Share capital (note 8)	2,409,859	100
Contributed surplus (note 8)	1,867,387	---
Deficit	<u>(4,057,483)</u>	<u>(307,370)</u>
	<u>219,763</u>	<u>(307,270)</u>
	<u>\$ 1,072,904</u>	<u>\$ 302,017</u>

Approved by the Directors

"Shawn Galbraith", Director

"Michael Galbraith", Director

See accompanying notes to the financial statements.

EVERGREEN MEDICINAL SUPPLY INC.
STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED JULY 31, 2017
(In Canadian Dollars)

	<u>2017</u>	<u>2016</u> (Unaudited)
Expenses		
Advertising and promotion	\$ 6,820	\$ ---
Depreciation of property and equipment	187,061	---
Consulting and subcontractor fees	701,606	79,180
Insurance	12,866	---
Interest and bank charges	119,632	13,481
Meals and entertainment	6,140	---
Office	32,419	27
Professional fees	33,504	1,000
Property taxes	4,187	6,994
Rent	109,000	102,000
Repairs and maintenance	3,984	1,706
Research and development	38,000	48,178
Salaries and wages	293,799	---
Share-based compensation (note 8)	2,182,464	---
Travel	8,682	---
Vehicle	<u>9,949</u>	<u>29</u>
Net loss and comprehensive loss for the year	<u>\$ (3,750,113)</u>	<u>\$ (252,595)</u>

See accompanying notes to the financial statements.

EVERGREEN MEDICINAL SUPPLY INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JULY 31, 2017
(In Canadian Dollars)

	Share Capital (Note 8)				
	Number of Shares	Amount	Contributed Surplus (Note 8)	Deficit	Total Equity
Balance, July 31, 2015 (Unaudited)	100	\$ 100	\$ ---	\$ (54,775)	(54,675)
Net loss and comprehensive loss for the year	---	---	---	(252,595)	(252,595)
Balance, July 31, 2016 (Unaudited)	100	100	---	(307,370)	(307,270)
Share subdivision	36,399,900	---	---	---	---
Shares issued for cash	3,795,251	2,370,898	---	---	2,370,898
Share based payments	---	---	2,182,464	---	2,182,464
Share warrants exercised for cash	701,105	701	---	---	701
Contributed surplus credited to share capital upon exercise of share warrants	---	315,077	(315,077)	---	---
Issuance costs	---	(276,917)	---	---	(276,917)
Net loss and comprehensive loss for the year	---	---	---	(3,750,113)	(3,750,113)
Balance at July 31, 2017	<u>40,896,356</u>	<u>\$ 2,409,859</u>	<u>1,867,387</u>	<u>\$ (4,057,483)</u>	<u>\$ 219,763</u>

See accompanying notes to the financial statements.

EVERGREEN MEDICINAL SUPPLY INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JULY 31, 2017

(In Canadian Dollars)

	<u>2017</u>	<u>2016</u> (Unaudited)
Cash from (used in) operating activities		
Net loss and comprehensive loss for the year	\$ (3,750,113)	\$ (252,595)
Items not requiring cash		
Amortization of property and equipment	187,061	---
Share-based compensation	<u>2,182,464</u>	<u>---</u>
	(1,380,588)	(252,595)
Net changes in non-cash working capital balances		
Increase in accounts receivable	(125,534)	---
Decrease in prepaid expenses	33,307	---
(Increase) decrease in due from shareholders and related parties	(154,619)	479
Increase in accounts payable and accrued liabilities	<u>530,712</u>	<u>166,190</u>
	<u>(1,096,722)</u>	<u>(85,926)</u>
Cash used in investing activities		
Purchase of property and equipment	<u>(676,166)</u>	<u>(62,177)</u>
Cash from financing activities		
Decrease in bank indebtedness	---	(55)
Increase in due to related parties	---	148,027
Decrease in due to shareholders	(33,858)	131
Decrease in loan payable to Hortican Inc.	(253,000)	---
Issuance of share capital	2,371,599	---
Issuance costs	<u>(276,917)</u>	<u>---</u>
	<u>1,807,824</u>	<u>148,103</u>
Increase in cash during the year	34,936	---
Cash, beginning of the year	<u>---</u>	<u>---</u>
Cash, end of the year	<u>\$ 34,936</u>	<u>\$ ---</u>

See accompanying notes to the financial statements.

EVERGREEN MEDICINAL SUPPLY INC.
NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2017

(In Canadian Dollars)

1. Nature of Operations and Going Concern Assumption

Nature of Operations

Evergreen Medicinal Supply Inc., the “Company”, is a Canadian company incorporated in British Columbia on August 26, 2013.

The Company is a licensed production and cultivation provider of medical cannabis in Canada pursuant to the provisions of the Access to Cannabis for Medical Purposes Regulations (“ACMPR”) and the Controlled Drugs and Substances Act and its Regulations. The Company commenced production in May 2017 at its leased facility in Victoria, British Columbia.

The registered and records office of the Company is 202-1007 Fort Street, Victoria, British Columbia.

Going Concern Assumption

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

During the year ended July 31, 2017, the Company did not generate revenues and incurred a net loss of \$3,750,113 (2016 - \$252,595). Cash flows used in operating activities during the year ended July 31, 2017 were \$1,096,722 (2016 – \$85,926). These conditions indicate the existence of uncertainties that may cast doubt on the Company’s ability to continue as a going concern.

The Company is in the start-up phase and its ability to continue operations are dependant on its ability to generate future cash flows or obtain additional financing.

The financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the reported revenues and expense and the balance sheet classifications used. Such adjustments, if required, could be material.

2. Statement of compliance

These financial statements have been prepared in accordance and compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretation of the International Financial Reporting Interpretations Committee (“IFRIC”).

The policies in these financial statements are based on IFRS issued and outstanding as of December 14, 2017.

The financial statements for the year ended July 31, 2017 were approved and authorized for issue by the board of directors on December 14, 2017. These are the company’s first financial statements prepared in accordance with IFRS.

EVERGREEN MEDICINAL SUPPLY INC.
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2017
(In Canadian Dollars)

3. First-time adoption of IFRS

The financial statements have been prepared using accounting policies specified by those IFRSs that are in effect at July 31, 2017. The basis of accounting and significant accounting policies that have been applied in the preparation of these financial statements are summarized in notes 4 and 5.

These accounting policies have been used throughout the period presented in the financial statements in accordance with the provisions of IFRS 1 First-time adoption of International Financial Reporting Standards.

4. Basis of accounting

a) Basis of measurement and functional currency

The financial statements are presented in Canadian dollars, which is the company's functional currency. The financial statements have been prepared on the historical cost basis except for certain assets, liabilities and financial instruments which are measured at their fair values, as explained in the relevant accounting policies.

b) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of revenue and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

The estimates and judgements that are critical to the determination of the amounts reported in the financial statements relate to the following:

i) Financial instruments

The company estimates and discloses the fair value of financial instruments. When fair value cannot be derived from an active market, it is determined using valuation techniques, namely the discounted cash flow method.

ii) Valuation of non-financial assets

The valuation of non-financial assets such as property and equipment and intangible assets requires estimates relating to the future cash flows and the useful lives of the assets.

EVERGREEN MEDICINAL SUPPLY INC.
NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2017

(In Canadian Dollars)

4. Basis of accounting - continued

b) Use of estimates and judgements - continued

iii) Share-based payments

Share-based payments arising from the company's stock option plan and the issuance of share purchase warrants are measured at grant date fair value. For share options granted, market prices are not available and therefore the value of the options and warrants granted is estimated by applying an option pricing model. Option pricing models need input data such as expected volatility of the share price, expected objective is to approximate the expectations that would be reflected in a current market or negotiated exchange price for the option. Such assumptions are subject to judgements and may turn out to be significantly different than expected.

5. Significant accounting policies

The following is a summary of the significant accounting policies applied in the preparation of these financial statements. These policies have been consistently applied to the period presented, unless otherwise stated:

a) Financial instruments

At initial recognition, financial instruments are classified in the following categories depending on the purpose for which the instruments were acquired.

Fair value through profit and loss

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term or if designated to be in this category at inception. Financial instruments in this category are measured at fair value upon initial recognition, with changes in fair value recognized in the statement of comprehensive loss. Cash is classified as "fair value through profit and loss".

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at fair value upon initial recognition plus transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment, if necessary. Accounts receivable is classified as "loans and receivables".

Other liabilities

Other liabilities are measured at fair value upon initial recognition, net of any transaction costs incurred. Subsequently, other liabilities are measured at amortized cost using the effective interest method. Other liabilities include accounts payable.

EVERGREEN MEDICINAL SUPPLY INC.
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2017

(In Canadian Dollars)

5. Significant accounting policies - continued

a) Financial instruments - continued

Share capital

The common shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity, net of any tax effects.

b) Property and equipment

Property and equipment are stated at cost less any accumulated depreciation and impairment losses. Cost includes the acquisition cost as well as any costs directly attributable to bringing the asset to the location and condition necessary for its use in operations.

Depreciation is recognized in profit or loss using the following methods and terms:

Leasehold improvements	- straight-line over the term of the lease ending December 31, 2019
Equipment	- 20% declining balance
Furniture and equipment	- 20% declining balance
Computer software	- 50% declining balance
Vehicles	- 30% declining balance

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

c) Impairment

The carrying amount of the company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized in previous years.

EVERGREEN MEDICINAL SUPPLY INC.
NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2017

(In Canadian Dollars)

5. Significant accounting policies - continued

d) Income tax

Income tax expense comprises current and deferred tax and is recognized in profit or loss. Current tax is the tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates enacted or substantially enacted. A deferred tax asset is recognized for unused tax losses, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

e) Share issuance costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received.

f) Share-based payments

The grant of stock options by the company under its stock option incentive plan constitutes additional compensation borne by the company. In addition, the granting of share warrants exercisable for shares also constitutes additional compensation borne by the company. These are valued at fair value, equal to the value at granting, measured using the Black Scholes pricing model. The expense is recorded in the current year as all warrants issued vested immediately.

g) Foreign currency translation

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At each reporting date, monetary assets denominated in a foreign currency are translated in the functional currency at the closing date exchange rate. All foreign currency adjustments are expensed.

h) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions are measured at the exchange amounts being the amounts agreed to by the parties.

EVERGREEN MEDICINAL SUPPLY INC.
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2017
(In Canadian Dollars)

5. Significant accounting policies - continued

i) Future accounting pronouncements - continued

IFRS 9 – Financial Instruments was issued in final form in July 2014 by the IASB and will replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. A detailed review will be completed in order to determine if this standard will have a significant impact to the company's financial statements.

IFRS 15 – “Revenue from Contracts with Customers” was issued by the IASB in June 2014. The objective of IFRS 15 is to provide a single, comprehensive revenue recognition model for all contracts with customers. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It also contains new disclosure requirements. IFRS 15 will be effective for the company on January 1, 2018 with early adoption permitted. Management has not yet considered the potential impact of the adoption of IFRS 15.

IFRS 16 “Leases” was issued by the IASB in January 2016 and specifies the requirements to recognize, measure, present and disclose leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Management has not yet considered the potential impact of the adoption of IFRS 16.

6. Due to/from shareholders and related parties

The amounts due to/from shareholders and related parties do not bear interest and have no fixed terms of repayment and consists of amounts due from individual shareholders and entities owned by the majority shareholder of the company.

EVERGREEN MEDICINAL SUPPLY INC.
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2017
(In Canadian Dollars)

7. Property and equipment

	<u>Leasehold</u>	<u>Equipment</u>	<u>Furniture and</u>	<u>Vehicles</u>	<u>Computer</u>	
<u>Cost</u>	<u>Improvements</u>		<u>Fixtures</u>		<u>Software</u>	<u>Total</u>
Balance at						
July 31, 2016	\$ 228,768	\$ 25,000	\$ 1,959	\$ ---	\$ ---	255,727
Acquisitions	<u>503,689</u>	<u>5,221</u>	<u>114,112</u>	<u>28,094</u>	<u>25,050</u>	<u>676,166</u>
Balance at						
July 31, 2017	<u>\$ 732,457</u>	<u>\$ 30,221</u>	<u>\$ 116,071</u>	<u>\$ 28,094</u>	<u>\$ 25,050</u>	<u>\$ 931,893</u>
<u>Accumulated</u>						
<u>Amortization</u>						
Balance at						
July 31, 2016	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	---
Amortization						
for the year	<u>160,499</u>	<u>4,478</u>	<u>11,607</u>	<u>4,214</u>	<u>6,263</u>	<u>187,061</u>
Balance at						
July 31, 2017	<u>\$ 160,499</u>	<u>\$ 4,478</u>	<u>\$ 11,607</u>	<u>\$ 4,214</u>	<u>\$ 6,263</u>	<u>\$ 187,071</u>
Carrying amounts						
July 31, 2016	<u>\$ 228,768</u>	<u>\$ 25,000</u>	<u>\$ 1,959</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 255,727</u>
July 31, 2017	<u>\$ 571,958</u>	<u>\$ 25,743</u>	<u>\$ 104,464</u>	<u>\$ 23,880</u>	<u>\$ 18,787</u>	<u>\$ 744,832</u>

Included in leasehold improvements is \$219,336 (2016 - \$228,768) paid to the majority shareholder and a company owned by the majority shareholder for construction services.

8. Share capital and contributed surplus

The authorized share capital consists of 60,000,000 common, voting, participating shares without par value.

	<u>July 31,</u>	<u>July 31,</u>
	<u>2017</u>	<u>2016</u>
Issued and outstanding		
40,896,356 (2016 – 100) common shares	<u>\$ 2,409,859</u>	<u>\$ 100</u>

During the year the company increased the maximum number of authorized common shares from 200 to 60,000,000.

EVERGREEN MEDICINAL SUPPLY INC.
NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2017

(In Canadian Dollars)

8. Share capital and contributed surplus - continued

On November 14, 2016 the company subdivided its issued common shares on a 1 for 364,000 basis, exchanging the 100 issued shares for 36,400,000.

During the year, the company received \$2,370,898 from investors for the issuance of 3,795,251 common shares.

During the year the company issued to employees, directors, officers and consultants of the company, 4,792,382 share warrants entitling the holder to purchase shares at an exercise price of \$0.001 per share. As of December 12, 2017, 4,662,382 share warrants had vested. The issuance of the warrants was recorded to contributed surplus as a share based payment in the aggregate amount of \$2,153,696. The related expense was recognized in profit and loss. Warrants for 701,105 shares were exercised during the year for proceeds of \$701.

During the year the company issued to a consultant of the company, 133,000 share warrants entitling the holder to purchase shares at an exercise price of \$0.45 per share. The warrants vest based on certain milestones and achievements. On February 24, 2018, the remaining 33,250 share warrants will vest. The issuance of the warrants was recorded to contributed surplus as a share based payment in the aggregate amount of \$28,768. The related expense was recognized in profit and loss.

Subsequent to the year-end, the company issued 372,981 common shares for cash proceeds of \$544,996.

Subsequent to the year-end, the company issued to consultants of the company, 235,500 share warrants entitling the holder to purchase shares at an exercise price of \$0.001 purchase. The warrants vested immediately and were issued as compensation under an agency agreement.

Subsequent to the year-end, the company adopted a stock option plan, reserving 10% of the issued and outstanding shares in the capital of the company for issuance under the plan. In September 2017, the company awarded 2,000,000 common share purchase options to management at an exercise price of \$0.95 per share.

The contributed surplus arose as a result of the share-based payments on the issuance of warrants to employees, directors, officers and consultants. Upon the exercise of warrants the amount reflected in contributed surplus is credited to share capital.

See note 13.

9. Capital management

The company's objectives when managing its capital are to:

- a) maintain financial flexibility in order to preserve its ability to meet financial obligations;
- b) maintain a capital structure that provides financing options to the company when the need arises to access capital;
- c) deploy capital to provide an adequate return to its shareholders; and
- d) ensure it has sufficient cash to pay declared dividends to shareholders.

EVERGREEN MEDICINAL SUPPLY INC.
NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2017

(In Canadian Dollars)

9. Capital management - continued

The company manages its capital structure and makes adjustments to it in accordance with the objectives stated above. The company also responds to changes in economic conditions and the risk characteristics of the underlying assets and its working capital requirements. In order to maintain or adjust its capital structure, the company may issue shares, repurchase shares, pay dividends or undertake other activities as deemed appropriate under the specific circumstances.

10. Financial risk management

The company, through its financial assets and liabilities, is exposed to various risks. The following provides an analysis of risks as at July 31, 2017.

a) Credit risk

Credit risk is the risk of loss resulting from the failure of a customer or counterparty to meet its contractual obligations to the company. The carrying amount of financial assets represents the company's estimate of maximum credit exposure. The company's credit risk is primarily attributable to its cash, accounts receivable and amounts due from shareholder and related parties. The company places its cash with institutions of high creditworthiness. Based on experiences, management believes its credit risk exposure is limited with respect to its accounts receivable and due from shareholders.

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's financial liabilities consist of accounts payable. The company is dependant on its ability to raise funds in order to finance its activities.

11. Other information

a) Related party transactions

In addition to transactions described elsewhere in the financial statements, the company incurred consulting expenses of \$302,010 (2016 - \$Nil) to shareholders, officers and directors of the company and parties related thereto.

All transactions with related parties are in the normal course of operations and are measured at fair value.

EVERGREEN MEDICINAL SUPPLY INC.
NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2017

(In Canadian Dollars)

11. Other information - continued

b) Income taxes

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rates to the income for the year as the company has non-capital loss carry-forwards that begin to expire in 2036 for which no tax benefit has been recognized.

12. Commitments and contingencies

Lease obligations

The company's premises lease extends to December 31, 2019 at a rate of \$9,500 per month. In addition, the company is required to pay its share of operating costs.

During the year, the company was sued by its premises landlord for breach of the lease agreement and failure to pay rent. The landlord also sought to have the company evicted by terminating the lease. Subsequent to the year-end, a judgement was issued dismissing the landlord's petition. As a result, the lease continues in effect under its original terms. The rent owing to the landlord has been recorded as rent expense and the related interest charges under the terms of the lease agreement have been recorded as interest expense.

Other

During the year, Hortican Inc. filed a legal claim against the company and current and former directors of the company with the Supreme Court of British Columbia. The claim arises primarily out of an April 2014 non-binding letter of intent between the company and Hortican Inc. The claim relates to funds provided by Hortican Inc. to the company, that the company characterized as a loan. Hortican Inc. claims, however, to be legally entitled to acquire up to 25% of the outstanding share capital of the company, linked to certain development milestones, in exchange for \$1,200,000, plus additional payments for options to purchase further shares. The company issued a bank draft in repayment of the loan during the year, although Hortican Inc. has not yet cashed it. The company cannot provide any assurance as to the outcome or impact of Hortican Inc.'s claim on the company's continued operations.

13. Subsequent events

Subsequent to the year-end, investors subscribed for redeemable, non-interest bearing convertible notes in the aggregate amount of \$380,000. The notes are subject to specific redemption terms and convertible to common shares in accordance with the agreements.

Subsequent to the year-end, the company entered into a purchase agreement to purchase a property in the Victoria, British Columbia area for \$12,000,000 partially financed by a vendor take-back loan of \$10,000,000. The purchase is to close on or before December 22, 2017.

EVERGREEN MEDICINAL SUPPLY INC.

Financial Statements

Quarter Ended October 31, 2017

(unaudited)

Notice

These unaudited interim financial statements have not been reviewed by the Company's independent auditors.

EVERGREEN MEDICINAL SUPPLY INC.
Statement of Financial Position
October 31, 2017
(unaudited)

	2018 <i>1st Quarter</i>	2017
ASSETS		
CURRENT		
Cash	\$ 36,264	\$ 34,936
Accounts receivable	269,705	133,824
Prepaid expenses	15,521	4,693
Deposit (Note 2)	75,000	-
Due from shareholders and related parties (Note 3)	167,895	154,619
	564,385	328,072
PROPERTY AND EQUIPMENT (Note 4)	733,212	744,832
	\$ 1,297,597	\$ 1,072,904
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	\$ 135,673	\$ 853,141
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	3,657,588	2,409,859
Contributed surplus (Note 6)	3,108,294	1,867,387
Convertible notes payable (Note 7)	300,000	-
Deficit	(5,903,958)	(4,057,483)
	1,161,924	219,763
	\$ 1,297,597	\$ 1,072,904
LEASE COMMITMENTS (Note 8)		
CONTINGENT LIABILITY (Note 9)		

APPROVED BY THE DIRECTORS

"Shawn Galbraith" Director

"Michael Galbraith" Director

See notes to financial statements

EVERGREEN MEDICINAL SUPPLY INC.
Statement of Comprehensive Loss and Deficit
Quarter Ended October 31, 2017
(unaudited)

	2018 <i>(3 months)</i> 1st Quarter	2017 <i>(12 months)</i>
EXPENSES		
Advertising and promotion	\$ 2,664	\$ 6,820
Consulting and subcontractor fees	74,784	701,606
Depreciation of property and equipment	97,000	187,061
Insurance	10,260	12,866
Interest and bank charges	48	119,632
Meals and entertainment	1,158	6,140
Office	24,861	32,419
Professional fees	26,458	33,504
Property taxes	2,768	4,187
Rent (Note 8)	(302,726)	109,000
Repairs and maintenance	1,517	3,984
Research and development	-	38,000
Salaries and wages	172,339	293,799
Share-based compensation (Note 5)	1,732,400	2,182,464
Travel	1,538	8,682
Vehicle	1,406	9,949
	<u>1,846,475</u>	<u>3,750,113</u>
NET LOSS AND COMPREHENSIVE LOSS	(1,846,475)	(3,750,113)
DEFICIT - BEGINNING OF PERIOD	(4,057,483)	(307,370)
DEFICIT - END OF PERIOD	\$ (5,903,958)	\$ (4,057,483)

See notes to financial statements

EVERGREEN MEDICINAL SUPPLY INC.

Statement of Changes in Equity

Quarter Ended October 31, 2017

(unaudited)

	Number of Shares	Amount	Convertible Notes (Note 6)	Contributed Surplus (Note 5)	Deficit	Total Equity
Balance, August 1, 2016	100	100	-	-	(307,370)	(307,270)
Share subdivision	36,399,900	-	-	-	-	-
Shares issued for cash	3,795,251	2,370,898	-	-	-	2,370,898
Share-based payments	-	-	-	2,182,464	-	2,182,464
Share warrants exercised for cash	701,105	701	-	-	-	701
Contributed surplus credited to share capital upon exercise of share warrants	-	315,077	-	(315,077)	-	-
Issuance costs	-	(276,917)	-	-	-	(276,917)
Net loss and comprehensive loss for the year	-	-	-	-	(3,750,113)	(3,750,113)
Balance, July 31, 2017	40,896,356	2,409,859	-	1,867,387	(4,057,483)	219,763
Balance, August 1, 2017	40,896,356	2,409,859	-	1,867,387	(4,057,483)	219,763
Shares issued for cash	269,999	405,000	-	-	-	405,000
Shares issued for services rendered	400,000	380,000	-	-	-	380,000
Share warrants exercised for cash	1,093,665	1,094	-	-	-	1,094
Contributed surplus credited to share capital upon exercise of share warrants	-	491,493	-	(491,493)	-	-
Convertible notes issued	-	-	300,000	-	-	300,000
Stock options issued	-	-	-	1,732,400	-	1,732,400
Issuance costs	-	(29,858)	-	-	-	(29,858)
Net loss and comprehensive loss for the year	-	-	-	-	(1,846,475)	(1,846,475)
Balance, October 31, 2017	42,660,020	3,657,588	300,000	3,108,294	(5,903,958)	1,161,924

EVERGREEN MEDICINAL SUPPLY INC.
Statement of Cash Flow
Quarter Ended October 31, 2017
(unaudited)

	2018 <i>(3 months)</i> 1st Quarter	2016 <i>(12 months)</i>
OPERATING ACTIVITIES		
Net loss	\$ (1,846,475)	\$ (3,750,113)
Items not affecting cash:		
Depreciation of property and equipment	97,000	187,061
Share-based compensation	1,732,400	2,182,464
	<u>(17,075)</u>	<u>(1,380,588)</u>
Changes in non-cash working capital:		
Accounts receivable	(135,881)	(125,534)
Accounts payable and accrued liabilities	(717,469)	530,712
Advances to shareholders and related parties	(13,276)	(154,619)
Prepaid expenses	(10,828)	33,307
Deposit	(75,000)	-
	<u>(952,454)</u>	<u>283,866</u>
Cash flow used by operating activities	<u>(969,529)</u>	<u>(1,096,722)</u>
INVESTING ACTIVITY		
Purchase of property and equipment	<u>(85,379)</u>	<u>(676,166)</u>
FINANCING ACTIVITIES		
Advances to shareholders	-	(33,858)
Repayment of loan to Hortican Inc.	-	(253,000)
Issuance of share capital	786,094	2,371,599
Issuance costs	(29,858)	(276,917)
Issuance of convertible notes	300,000	-
	<u>1,056,236</u>	<u>1,807,824</u>
Cash flow from financing activities	<u>1,056,236</u>	<u>1,807,824</u>
INCREASE IN CASH FLOW	1,328	34,936
Cash - beginning of period	<u>34,936</u>	<u>-</u>
CASH - END OF PERIOD	<u>\$ 36,264</u>	<u>\$ 34,936</u>

See notes to financial statements

EVERGREEN MEDICINAL SUPPLY INC.
Notes to Financial Statements
Quarter Ended October 31, 2017
(unaudited)

1. SIGNIFICANT ACCOUNTING POLICY

Incorporation and operations

Evergreen Medicinal Supply Inc., "the company", was incorporated under the British Columbia Corporations act on August 26, 2013.

The company is a licensed production and cultivation provider of medical cannabis in Canada pursuant to the provisions of the Access to Cannabis for Medical Purposes Regulations ("ACMPR") and the Controlled Drugs and Substances Act and its Regulations. The Company has yet to commence production at its leased facility in Victoria, British Columbia.

The registered head office of the Company is 202-1007 Fort Street, Victoria, British Columbia.

Going concern

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The company's ability to continue as a going concern is dependent upon its ability to obtain financing from third parties sufficient to meet current and future obligations, attain profitable operations and generate funds therefrom. These financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the company were unable to continue its operations.

Property and equipment

Property and equipment are recorded at cost and are depreciated using the declining balance method at rates calculated to depreciate the costs of the assets over their estimated useful lives as follows:

Computers	50%	
Equipment	20%	
Furniture and fixtures	20%	
Leasehold improvements	5 years	straight-line method
Vehicles	30%	

2. DEPOSIT

The deposit is for the purchase of a property in the Victoria, British Columbia area. The purchase agreement is for \$12,000,000 which will be partially financed by a vendor take-back loan of \$10,000,000.

EVERGREEN MEDICINAL SUPPLY INC.
Notes to Financial Statements
Quarter Ended October 31, 2017
(unaudited)

3. DUE FROM SHAREHOLDERS AND RELATED PARTIES

In addition to transactions described elsewhere in the financial statements, the company incurred consulting expenses of \$73,391 (2017 - \$302,010) to shareholders, officers and directors of the company and parties related thereto.

The amounts due from shareholders and related parties do not bear interest and have no fixed terms of repayment.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Bearer plants	\$ 12,370	\$ -	\$ 12,370	\$ -
Computers	33,641	17,804	15,837	18,787
Equipment	48,486	10,745	37,741	25,743
Furniture and fixtures	98,920	27,612	71,308	104,464
Leasehold improvements	795,761	216,521	579,240	571,958
Vehicles	28,094	11,378	16,716	23,880
	\$ 1,017,272	\$ 284,060	\$ 733,212	\$ 744,832

Included in leasehold improvements is \$NIL (2017 - \$219,336) paid to the majority shareholder and a company owned by the majority shareholder for construction services.

5. SHARE CAPITAL

Authorized:

60,000,000 common, voting, participating shares without par value

	2018 1st Quarter	2017
Issued:		
42,660,020 Common shares	\$ 3,657,588	\$ 2,409,859

During the quarter, the company received \$405,000 from investors for the issuance of 269,999 common shares.

During the quarter, warrants for 1,093,665 were exercised for proceeds of \$1,094.

During the quarter, the company issued 400,000 shares to consultants of the company for services rendered which are reflected in July 31, 2017 consulting and subcontractor fees.

During the quarter, the company adopted a stock option plan, reserving 10% of the issued and outstanding shares in the capital of the company for issuance under the plan. The company awarded 2,000,000 common share purchase options to management at an exercise price of \$0.95 per share. The options vest immediately and expire on September 11, 2024.

EVERGREEN MEDICINAL SUPPLY INC.
Notes to Financial Statements
Quarter Ended October 31, 2017
(unaudited)

6. CONTRIBUTED SURPLUS

The contributed surplus arose as a result of share-based payments on the issuance of warrants and stock options to employees, directors, officers and consultants. Upon the exercise of warrants or stock options the amount reflected in contributed surplus is credited to share capital.

7. CONVERTIBLE NOTES PAYABLE

Notes payable to various shareholders of the company are exercisable at the discretion of the holder for \$0.95 per share. The notes bear no interest and automatically convert to shares on September 30, 2018.

These amounts are classified as equity as the conversion rights are expected to be exercised.

8. LEASE COMMITMENTS

The company's premises lease extends to December 31, 2019 at a rate of \$9,500 per month. In addition, the company is required to pay its share of operating costs.

In the July 31, 2017 fiscal period the company was sued by its premises landlord for breach of the lease agreement and failure to pay rent, resulting in a rent accrual of \$367,726 as at July 31, 2017. During the quarter, a judgement was issued dismissing the landlord's petition. As a result, the lease continues in effect under its original terms and the related accrual has been reversed to rent expense.

9. CONTINGENT LIABILITY

Hortican Inc. filed a legal claim against the company and its current and former directors with the Supreme Court of British Columbia in 2017. The claim relates to funds provided by Hortican Inc. to the company, that the company characterized as a loan. Hortican Inc. claims to be legally entitled to acquire up to 25% of the outstanding share capital of the company, linked to certain development milestones, in exchange for \$1,200,000, plus additional payments for options to purchase further shares. The company issued a bank draft in repayment of the loan.

The company cannot provide any assurance as to the outcome or impact of Hortican Inc.'s claim on the company's continued operations.

ITEM 13: DATE AND CERTIFICATE

Dated: January 18, 2018

This Offering Memorandum does not contain a misrepresentation.

ON BEHALF OF THE BOARD OF DIRECTORS OF EVERGREEN MEDICINAL SUPPLY INC.

"Shawn Galbraith"
SHAWN GALBRAITH
PRESIDENT AND DIRECTOR

"Michael Galbraith"
MICHAEL GALBRAITH
DIRECTOR

PROMOTERS

"Denise Galbraith"
DENISE GALBRAITH

SCHEDULE A
SUBSCRIPTION AGREEMENT

[See Attached]

**OFFERING MEMORANDUM SUBSCRIPTION AGREEMENT
FOR COMMON SHARES OF EVERGREEN MEDICINAL SUPPLY INC.**

THIS DOCUMENT INCLUDES A NUMBER OF FORMS REQUIRED BY SECURITIES LEGISLATION, SOME OF WHICH YOU MUST COMPLETE. PLEASE READ THE FOLLOWING GUIDE CAREFULLY AS IT WILL ASSIST YOU IN COMPLETING THIS SUBSCRIPTION AGREEMENT CORRECTLY.

- STEP 1** **On the following page (the “Face Page”), all subscribers must complete the requested information including registration and delivery instructions and the number of Shares you are subscribing for.**
- STEP 2** **All subscribers must complete the “Qualification to Invest” appearing on page 3 of this Subscription Agreement.**
- STEP 3** **All subscribers must complete Exhibit 1 attached to this Subscription Agreement.**
- STEP 4** **All subscribers must complete either Exhibit 2A and 2B or Exhibit 3, as follows:**
- (a) **If the person selling the Shares to you IS NOT registered with a securities regulatory authority or regulator, you must complete Exhibit 2A and Exhibit 2B.**
- (b) **If the person selling the Shares to you IS registered with a securities regulatory authority or regulator, you must complete Exhibit 3.**
- STEP 5** **If you are a resident of any Province or Territory other than British Columbia, you must complete and return an “Eligible Investor Questionnaire”, which will be provided to you by the Company upon request.**

Please deliver the completed Subscription Agreement and forms, along with subscription funds to:

Evergreen Medicinal Supply Inc.
c/o Reed Pope Law Corporation
202 – 1007 Fort Street
Victoria, BC V8V 3K5
Attn: John McLeod

Subscription funds may be attached to the forms by certified cheque or bank draft payable to “Reed Pope Law Corporation in trust”. Alternatively, the funds may be delivered by wire transfer as follows:

Bank of Montreal
Main Branch, 1225 Douglas Street, Victoria, BC V8W 2E6
Transit 32170, Bank 001, Account 1008 951

SWIFT CODE: BOFMCAM2

Please include reference in all wire transfers to Evergreen Medicinal Supply Inc. and include the Subscriber’s name.

SUBSCRIPTION AGREEMENT FOR SHARES
For Canadian Subscribers (Outside of Quebec)

To: Evergreen Medicinal Supply Inc. (the “Company”)

The undersigned (the “**Subscriber**”, “**you**” or “**your**”) irrevocably subscribes for and agrees to purchase the number of common shares in the capital of the Company (the “**Shares**”) set out below, for a subscription price of \$3.25 per Share (the “**Subscription Price**”), upon and subject to the terms and conditions set out in the “Terms and Conditions of Subscription for Shares” attached hereto (the “**Terms and Conditions**”) and the provisions of the Amended and Restated Offering Memorandum dated January 18, 2018 to which this Subscription Agreement is attached (the “**Offering Memorandum**”). This page, page 3 which follows, the Terms and Conditions, the Exhibits attached hereto and, if applicable, the Eligible Investor Questionnaire are collectively referred to as the “**Subscription Agreement**” or this “**Agreement**”.

The Subscriber understands that the Company is offering up to 2,461,538 Shares at \$3.25 per Share on a private placement basis in accordance with National Instrument 45-106 – *Prospectus Exemptions* (“**NI 45-106**”). This offering is made pursuant to the Offering Memorandum, all as more particularly described and set forth in the Offering Memorandum.

Subscriber Information

Signature of Subscriber

Full Legal Name of Subscriber (please print)

Name of Authorized Signatory (if not an individual)

Title of Authorized Signatory (if not an individual)

Date of Signature

Subscriber’s Address, including postal code

Subscriber’s email address

Share Subscription

Number of Shares

\$ _____
Aggregate Subscription Amount

Register the Shares as follows:

Name

Account reference, if applicable

Contact name, if registered holder is not an individual

Tax Information

Social Insurance Number (if an individual)

Business Identification Number (if not an individual)

If your subscription is accepted and completed, you will be sent a copy of the certificate evidencing your Shares. The original certificate will be maintained in the Company’s corporate record book.

By executing this Subscription Agreement, the Subscriber consents to the collection, use and disclosure of personal information in the manner described in the Privacy Notice in Section 10 on pages 9-10 of this Subscription Agreement and to the Company using email to communicate with the Subscriber about the Company and the Subscriber’s investment in the Company.

Initial **Qualification to Invest:** Please initial beside the exemption category that applies to you. By executing this Subscription Agreement, you represent and warrant that you fall within the initialled category.

Offering Memorandum

- a. _____ A resident of British Columbia or Newfoundland and Labrador who has received a copy of the Offering Memorandum.
- b. _____ A resident of Manitoba, Northwest Territories, Nunavut, Prince Edward Island or Yukon who:
- (i) has received a copy of the Offering Memorandum, and
 - (ii) is an “eligible investor” as that term is defined in Section 1.1 of NI 45-106.
- c. _____ A resident of Alberta, New Brunswick, Nova Scotia, Ontario or Saskatchewan, who:
- (i) has received a copy of the Offering Memorandum,
 - (ii) is an “eligible investor” as that term is defined in Section 1.1 of NI 45-106, and
 - (iii) within the preceding 12 months, taking into account the investment in Shares under this Subscription Agreement, has not acquired securities under the offering memorandum exemption set out in Section 2.9 of NI 45-106 with an acquisition cost to the Subscriber of more than \$30,000.
- d. _____ A resident of Alberta, New Brunswick, Nova Scotia, Ontario or Saskatchewan, who:
- (i) has received a copy of the Offering Memorandum,
 - (ii) is an “eligible investor” as that term is defined in Section 1.1 of NI 45-106,
 - (iii) received advice from a portfolio manager, investment dealer or exempt market dealer that the investment in Shares is a suitable investment, and
 - (iv) within the preceding 12 months, taking into account the investment in Shares under this Subscription Agreement, has not acquired securities under the offering memorandum exemption set out in Section 2.9 of NI 45-106 with an acquisition cost to the Subscriber of more than \$100,000.

FOR OFFICE USE ONLY

ACCEPTANCE: The Company accepts the subscription for Shares set out above on the terms and conditions contained in this Subscription Agreement

Evergreen Medicinal Supply Inc.

Per: _____

_____ Date

No.: _____

PLEASE MAKE SURE THAT YOUR SUBSCRIPTION INCLUDES:

1. A completed and signed copy of the Subscription Agreement;
2. A certified cheque or bank draft in an amount equal to the Aggregate Subscription Amount, payable to “Reed Pope Law Corporation in trust”;
3. The certificate attached to this Subscription Agreement as Exhibit 1;
4. If the person selling the Shares to you:
 - (a) IS NOT registered with a securities regulatory authority or regulator:
 - i. the Risk Acknowledgement Form attached to this Subscription Agreement as Exhibit 2A; and
 - ii. the Risk Acknowledgement Form attached to this Subscription Agreement as Exhibit 2B;
 - (b) IS registered with a securities regulatory authority or regulator, the Risk Acknowledgement Form attached to this Subscription Agreement as Exhibit 3; and
5. If you are NOT a resident of British Columbia, a completed supplemental “Eligible Investor Questionnaire”, which will be provided to you by the Company upon request.

**Sign two copies of each applicable Risk Acknowledgment Form
and keep one copy for your records.**

TERMS AND CONDITIONS OF SUBSCRIPTION FOR SHARES

1. Definitions

- (a) **"Aggregate Subscription Amount"** means the aggregate subscription amount set forth on the top right hand corner of the face page of this Agreement under "Share Subscription";
- (b) **"Business Day"** means a day on which Canadian chartered banks are open for the transaction of regular business in the City of Vancouver, British Columbia;
- (c) **"Closing"** means the completion of the Subscription for Shares pursuant to this Subscription Agreement;
- (d) **"Closing Date"** has the meaning set out in Section 7 of this Subscription Agreement;
- (e) **"Company"** means Evergreen Medicinal Supply Inc.;
- (f) **"NI 45-106"** means National Instrument 45-106 *Prospectus Exemptions* of the Canadian Securities Administrators;
- (g) **"Offering Jurisdictions"** means the Provinces and Territories of Canada, other than Quebec, in which the Company sells the Shares pursuant to available exemptions from the prospectus requirement as set out in NI 45-106;
- (h) **"Offering Memorandum"** means the Company's amended and restated offering memorandum dated January 18, 2018, as amended from time to time;
- (i) **"Person"** means an individual, a firm, a limited partnership, a syndicate, a partnership, a trust, an association, an unincorporated organization, a joint venture, an investment club, a government or an agency or political subdivision thereof and every other form of legal or business entity of whatsoever nature of kind;
- (j) **"Securities Laws"** means the securities legislation and regulations of, and the instruments, policies, rules, orders, codes, notices and interpretation notes of the applicable securities regulatory authority or applicable securities regulatory authorities of, the Offering Jurisdictions;
- (k) **"Shares"** means the common shares in the capital of the Company;
- (l) **"Subscriber"** means the person subscribing for the Shares as set out on the face page of this Subscription Agreement;
- (m) **"Subscription Agreement"** or **"Agreement"** means this Subscription Agreement;
- (n) **"Subscription Price"** means the subscription price as set out on the face page of this Subscription Agreement; and
- (o) **"Tax Act"** means the *Income Tax Act* (Canada), as amended, re-enacted or replaced from time to time.

2. Acknowledgements of Subscriber

The Subscriber acknowledges and agrees that:

- (a) the Subscriber has received a copy of, and carefully reviewed, the Offering Memorandum;
- (b) the offering of Shares is subject to a minimum subscription amount of \$25,000 per Subscriber;
- (c) this subscription for Shares is subject to compliance with Securities Laws;
- (d) subject to the 2-day rescission right of the Subscriber as described in the Offering Memorandum, this Subscription Agreement is irrevocable on the part of the Subscriber but requires acceptance by the

Company and will not become an agreement between the Subscriber and the Company until accepted by the Company and approved by the Board of Directors of the Company;

- (e) the Shares subscribed for hereunder form part of a larger issuance and sale of Shares, with a maximum offering level of \$8,000,000 (unless amended) and no minimum offering level;
- (f) the Shares are subject to, and the Subscriber is bound by, the terms and conditions set out in the Offering Memorandum, including but not limited to, the drag-along provision as set forth in Section 11 of this Agreement;
- (g) the Subscriber is making the investment entirely at its own risk and without any advice from the Company on the merits and/or suitability of the investment;
- (h) no securities commission or similar regulatory authority has evaluated or endorsed the merits of the Shares or reviewed the Offering Memorandum;
- (i) there is no government or other insurance covering the Shares;
- (j) there are severe restrictions on the ability of the Subscriber to resell the Shares and it is the Subscriber's responsibility to find out what those restrictions are and to comply with them before selling the Shares;
- (k) no prospectus has been filed with any securities commission or similar regulatory authority in any jurisdiction in connection with the issuance of the Shares and the issuance is exempt from the prospectus requirements available under the provisions of Securities Laws and as a result:
 - (i) the Subscriber is restricted from using most of the civil remedies available under Securities Laws;
 - (ii) the Subscriber may not receive information that would otherwise be required to be provided to it under Securities Laws; and
 - (iii) the Company is relieved from certain obligations that would otherwise apply under Securities Laws; and
- (l) the Company may appoint selling agents to offer the Shares for sale and, in connection therewith, may pay to the agents a commission of up to 4% of the gross proceeds raised in respect of Shares sold by that selling agent.

3. **Representations and Warranties of the Subscriber**

By executing this Agreement, the Subscriber represents, warrants and covenants to the Company (and acknowledges that the Company and its counsel are relying thereon) that:

- (a) the Subscriber is purchasing the Shares as principal for his/her/its own account, not for the benefit of any other person, for investment purposes only and not with a view to resale or distribution, is resident in the jurisdiction set out as the "Subscriber's Address" on the face page of this Agreement and qualifies for the exemption from the prospectus requirement pursuant to NI 45-106 as indicated on page 3 of this Agreement;
- (b) the Subscriber, if an individual, has attained the age of majority and is legally competent to execute this Agreement and to take all actions required of the Subscriber hereunder;
- (c) the Subscriber, if not an individual, (i) is duly incorporated, formed or created and is valid and subsisting under the laws of the jurisdiction of its incorporation, formation or creation, (ii) has the right, power and authority to execute and deliver this Agreement and all other agreements, instruments and documents contemplated hereby and to perform all of its obligations hereunder and to take or cause to be taken all

actions required of the Subscriber hereunder, and (iii) has been given or obtained all necessary approvals of its directors, partners, shareholders, trustees or otherwise with respect to such matters;

- (d) this Agreement has been duly and validly authorized, executed and delivered by, and constitutes a legal, binding and enforceable obligation of, the Subscriber;
- (e) the execution, delivery and performance by the Subscriber of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any law, regulation, order or ruling applicable to the Subscriber, and do not and will not constitute a breach or default under any of the Subscriber's constituting documents (if the Subscriber is not an individual) or any agreement to which the Subscriber is a party or by which the Subscriber is bound;
- (f) the Subscriber:
 - (i) is aware of the terms, merits and risks of its proposed investment in the Shares, including the risks outlined in the Offering Memorandum, and the rights and restrictions attached to the Shares as a result of its own knowledge of financial and business affairs or as a result of advice received from a person registered under Securities Laws;
 - (ii) is aware of the characteristics of the Shares and the risks relating to an investment in the Shares; and
 - (iii) is able to bear the economic risk of loss of its entire investment in the Shares;
- (g) no person has made to the Subscriber any written or oral representation:
 - (i) that any person will resell or repurchase any of the Shares;
 - (ii) that any person will refund the purchase price of the Shares;
 - (iii) as to the future price or value of any of the Shares; or
 - (iv) that any of the Shares will be listed and posted for trading on a stock exchange or that application has been made to list and post any of the Shares for trading on a stock exchange;
- (h) **the Subscriber has had the opportunity to consult his/her/its own independent tax, legal and other professional advisors with respect to the legal and income tax consequences of purchasing the Shares;**
- (i) the Subscriber has already received and reviewed a copy of, and fully understands, the Offering Memorandum, and in particular, the disclosure set out under the heading "*Item 8 – Risk Factors*" in the Offering Memorandum;
- (j) the Subscriber is not relying on (and will not at any time rely on) any communication (written or oral) of the Company, as investment advice or as a recommendation to purchase the Shares, it being understood that information and explanations related to the terms and conditions of the Shares that are described in the Offering Memorandum shall not be considered investment advice or a recommendation to purchase the Shares;
- (k) other than information set out in the Offering Memorandum, the Subscriber's decision to subscribe for Shares has not been made as a result of any verbal or written representation as to fact or otherwise made by or on behalf of the Company. The Subscriber's decision to subscribe for Shares was based solely upon the Offering Memorandum;
- (l) the Subscriber has had opportunity to ask and have answered all questions which it wished to raise with respect to the business and affairs of the Company, the nature of its activities, the proposed use of proceeds, the Shares and this Subscription Agreement;

- (m) the Subscriber understands and acknowledges that there is no market for the Shares and no assurance can be made that a market will develop in the future;
- (n) the Subscriber understands that it will not be able to resell the Shares except in accordance with the limited exceptions under Securities Laws and the Subscriber is solely responsible for compliance with applicable resale restrictions. The Subscriber has been advised to consult with its own legal advisors with respect to resale restrictions applicable to the Shares. **The Subscriber is aware that these resale restrictions may never expire;**
- (o) the Subscriber is aware that the Shares have not been and will not be registered under the *United States Securities Act of 1933* (the “**U.S. Securities Act**”) or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act or compliance with the requirements of an exemption from registration and the applicable laws of all applicable states or an exemption from such registration requirement is available and the Subscriber acknowledges that the Company has no present intention of filing a registration statement under the U.S. Securities Act in respect of the Shares;
- (p) the Subscriber is not a “U.S. Person” (as that term is defined in Regulation S promulgated under the U.S. Securities Act), which definition includes, but is not limited to, an individual resident in the United States, a trust or estate of which any executor or administrator or trustee is a U.S. Person and any partnership or Company organized or incorporated under the laws of any state of the United States, and is not acquiring the Shares for the account or benefit of any U.S. Person or a person otherwise in the United States; and
- (q) the Shares have not been offered to the Subscriber in the United States, and the Subscriber (or the individual(s) making the subscription to purchase Shares and executing and delivering this Subscription Agreement on behalf of the Subscriber) was not physically present in the United States when the subscription was placed and the Subscription Agreement was executed and delivered.

4. **Legends**

The Subscriber understands and acknowledges that the certificates representing the Shares may bear legends indicating that the resale of such Shares is restricted as set out under Securities Laws or as referred to in the terms of this Subscription Agreement and the Offering Memorandum or any other agreement that the Subscriber may become party to in connection with his/her/its subscription for Shares.

5. **Representations and Warranties of the Company**

The Company represents and warrants to and for the benefit of the Subscriber (and acknowledges that the Subscriber is relying thereon) that:

- (a) the Company is duly incorporated, and is a valid and subsisting company, under the laws of British Columbia;
- (b) subject to the right of the Company, as described in this Agreement and the Offering Memorandum, to delay or refuse its acceptance of this Agreement, all necessary corporate and contractual action will have been taken by the relevant Closing Date to authorize the execution and delivery of this Agreement and the issue and sale of the Shares and, upon payment of the Subscription Price for such Shares, the Shares will be validly issued as fully paid and non-assessable; and
- (c) this Agreement, upon acceptance by the Company and approval by the Board of Directors of the Company, constitutes a binding obligation of the Company enforceable in accordance with its terms.

6. **Indemnity**

The Subscriber acknowledges that the Company is relying on the representations, warranties and covenants of the Subscriber set forth in this Agreement in determining the eligibility (from a securities law perspective) of the

Subscriber to purchase the Shares. The Subscriber hereby agrees to indemnify the Company against all losses, claims, costs, expenses, damages or liabilities that it may suffer or incur as a result of or in connection with its reliance on those representations, warranties and covenants. The Subscriber undertakes to immediately notify the Company, c/o Reed Pope Law Corporation, 202-107 Fort Street, Victoria, BC, V8V 3K5, at the email address: jmcleod@reedpope.ca, attention: John McLeod, of any change in any statement or other information relating to the Subscriber that occurs prior to the Closing Date and of any representation or warranty of the Subscriber that is not, or is no longer, accurate.

7. **Closing**

The closing of the sale of the Shares to the Subscriber will be completed at the offices of Reed Pope Law Corporation in Victoria, British Columbia at such time and on such date as may be determined by the Company following receipt of a duly completed Subscription Agreement (each such time and date referred to as the “**Closing Date**”). The offering of Shares under the Offering Memorandum may be completed through multiple closings.

8. **Required Documents and Deliverables of the Subscriber**

The Subscriber agrees to deliver to the Company, or as the Company may direct, no later than 2:00 p.m. (Victoria time) on the Business Day preceding the applicable Closing Date, the documents and other deliverables listed on the face page and page 4 of this Subscription Agreement and such other documents as may be reasonably requested or required by the Company.

9. **Partial Acceptance or Rejection of Subscription.**

The Company may, in its absolute discretion, accept or reject the Subscriber’s subscription for Shares as set out in this Subscription Agreement, in whole or in part, and the Company reserves the right to sell to the Subscriber an amount of Shares that is less than the amount subscribed for under this Subscription Agreement. If this Subscription Agreement is rejected in whole, any proceeds delivered by the Subscriber to the Company on account of the Aggregate Subscription Amount for the Shares subscribed for will be promptly returned to the Subscriber without interest. If this Subscription Agreement is accepted only in part, a cheque representing the amount by which the payment delivered by the Subscriber to the Company exceeds the subscription amount for the number of Shares ultimately sold to the Subscriber pursuant to a partial acceptance of this Subscription Agreement, will be promptly delivered to the Subscriber without interest. The Subscriber acknowledges and agrees that the acceptance of this Agreement will be conditional upon, among other things, the sale of the Shares to the Subscriber being exempt from any prospectus requirements of applicable Securities Laws.

10. **Privacy Notice**

- (a) The Subscriber hereby consents to the collection, use and disclosure by the Company and its authorized agents and representatives of the Subscriber’s personal information set forth herein (“**Personal Information**”) to enable the Company to fulfil its regulatory and reporting requirements. The Subscriber recognizes that this may result in some or all of the Personal Information becoming public information. The Company is collecting this Personal Information for the purposes of processing this subscription for Shares which includes, but is not limited to, determining the eligibility of the Subscriber (from a securities law perspective) to purchase the Shares, preparing and registering certificates representing the Shares to be issued to the Subscriber, and completing filings required under Securities Laws or by any stock exchange or securities regulatory authority or taxation authority.
- (b) In order to permit the Company to comply with the requirements of the *Personal Information Protection Act* (British Columbia), the *Personal Information Protection and Electronic Documents Act* (Canada) and similar legislation in any other Province or Territory of Canada, as applicable, the Subscriber expressly consents to the disclosure by the Company of any Personal Information in any submission or filing that the Company may be required to make with any applicable regulatory authority.

- (c) The Subscriber acknowledges that the Personal Information may be used or disclosed by the Company for the purpose of administering the Company's relationship with the Subscriber. For example, the Personal Information may be used by the Company to communicate with the Subscriber or to comply with its obligations under applicable laws (such as maintaining a list of holders of the Shares).
- (d) the Subscriber, by executing this Subscription Agreement, hereby acknowledges that it has been notified by the Company (a) of the delivery to the applicable securities regulatory authorities or regulators of the full name, residential address and telephone number of the Subscriber, the number and type of securities purchased, the total purchase price, the exemption relied upon and the date of distribution (b) that this information is being collected indirectly by applicable securities regulatory authority or regulatory under the authority granted to it in securities legislation and that the Subscriber has authorized the indirect collection of the information by the securities regulatory authority or regulator, (c) that this information is being collected for the purpose of the administration and enforcement of the securities legislation of the local jurisdiction, and (d) that the title, business address and business telephone number of the public official in the local jurisdiction who can answer questions about the security regulatory authority's or regulator's indirect collection of the information is as set out in Exhibit 4 hereto.
- (e) In connection with, but without limiting, the foregoing, the Personal Information may be disclosed by the Company to (i) stock exchanges or securities regulatory or taxation authorities, (ii) any registrar and transfer agent appointed by the Company, (iii) the Canada Revenue Agency, and (iv) any of the other persons involved in the offering of the Shares, including legal counsel to the Company.

11. Drag-Along Provision

- (a) In the event at any time that (i) the Company or a shareholder of the Company receives a bona fide offer from an arm's length (as that term is defined in the *Income Tax Act* (Canada)) third party to acquire the Company through an Acquisition (as defined below) or a sale of all or substantially all of the assets of the Company (each, a **"Transaction"**) and (ii) all Key Holders (as defined below) plus those Investors (as defined below) holding at least sixty percent (60%) of Investor Shares (as defined below) (collectively, the **"Approving Shareholders"**) approve or consent to such Transaction (an **"Approved Transaction"**), then the Company will deliver notice (the **"Drag Notice"**) of the Approved Transaction to all of the shareholders of the Company and the Subscriber will consent to and raise no objections against the Approved Transaction. The Drag Notice will include the terms and conditions upon which the Approved Transaction is to occur and the date or dates by which the Subscriber must respond or participate in accordance with Section 11(b) below.
- (b) If the Approved Transaction referred to in Section 11(a) is structured as a merger, consolidation or amalgamation of the Company, a compulsory share exchange or a sale of all or substantially all of the assets of the Company, then the Subscriber will, within the time specified in the Drag Notice, vote in favour of such transaction and will waive any dissenter's rights, appraisal rights or similar rights in connection with such transaction. If the Approved Transaction referred to in Section 11(a) is structured as a sale of shares of the Company, then the Subscriber will, within the time specified in the Drag Notice, sell all of his/her/its shares in the capital of the Company then outstanding on the terms and conditions approved by the Approving Shareholders. Subject to applicable laws, the Subscriber will take all necessary and desirable actions approved and agreed to by the Approving Shareholders in connection with the consummation of the Approved Transaction, including but not limited the execution of such agreements and such instruments and other actions reasonably necessary to give effect to the Approved Transaction and to effect the allocation and distribution of the aggregate consideration upon consummation of the Approved Sale.
- (c) The person authorized to negotiate the conditions of any Approved Transaction with an offeror under this Section 11 (the **"Negotiator"**) shall be determined by a resolution passed by majority resolution of the Approving Shareholders. The Subscriber hereby irrevocably constitutes and appoints the Negotiator, a true and lawful attorney in fact and agent for, in the name of and on behalf of the Subscriber, to negotiate all

terms and conditions with the prospective offeror and conclude the agreements with the offeror on behalf of the Subscriber, provided that the Negotiator does not accept any liability on behalf of the Subscriber (i) other than the liabilities which are consistent with his/her/its then existing economic ownership in the Company and (ii) that would force the Subscriber to pay an amount or incur any liability in excess of 100% of the consideration received by the Subscriber as a consequence of participating in the Approved Transaction. Such appointment and power of attorney, being coupled with an interest, shall not be revoked by the insolvency or bankruptcy of the Subscriber or otherwise, and the Subscriber hereby ratifies and confirms and agrees to ratify and confirm all that the Negotiator, as attorney, may lawfully do or cause to be done by virtue of the provisions hereof.

(d) For the purposes of this Section 11, the following terms have the meanings assigned below:

- (i) **"Acquisition"** means (i) any sale, transfer or disposition of shares in the capital of the Company, any consolidation, merger or arrangement of the Company with or into any other person or entity, compulsory share exchange or any other corporate reorganization or transaction (or series of such transactions) in which the shareholders of the Company, immediately prior to such transaction or series of transactions, own less than fifty percent (50%) of the Company's voting shares outstanding immediately following such transaction or series of transactions or (ii) any transaction or series of related transactions to which the Company is a party by which in excess of fifty percent (50%) of the Company's voting shares are transferred, excluding any consolidation or merger or other transaction effected exclusively to change the domicile of the Company or to complete a bona fide and duly approved reorganization of the Company.
- (ii) **"Investor Rights Agreement"** means the Investor Rights Agreement made as of December 1, 2016 among the Company, the Key Holders and the Investors, as amended from time to time.
- (iii) **"Investors"** means the persons who, prior to the offering of shares under the Offering Memorandum, purchased shares of the Company and agreed to become parties to the Investor Rights Agreement and **"Investor"** means any one of them.
- (iv) **"Investor Shares"** means the Common shares of the Company held by Investors.
- (v) **"Key Holders"** means Shawn Galbraith and Denise Galbraith and **"Key Holder"** means any one of them.

(e) The Subscriber acknowledges that he/she/it will not become a party to, or entitled to any rights or benefits under, the Investor Rights Agreement as a result of purchasing Shares under this Subscription Agreement.

12. General Terms

- (a) This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein without regard to any conflicts of laws principals.
- (b) The funds representing the Aggregate Subscription Amount advanced by, or to be advanced by, the Subscriber to the Company hereunder do not and will not represent proceeds of crime for the purposes of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) (the **"PCMLTFA"**) and the Subscriber, acknowledges that the Company may in the future be required by law to disclose the name of the Subscriber and other information relating to this Subscription Agreement and the Subscriber's subscription for Shares hereunder pursuant to the PCMLTFA. The Subscriber represents and warrants that (i) to the best of the Subscriber's knowledge none of the funds representing the Aggregate Subscription Amount to be provided by the Subscriber: (A) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other jurisdiction; or (B) are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and

- (ii) it shall promptly notify the Company if the Subscriber discovers that any of such representations cease to be true, and provide the Company with appropriate information in connection therewith.
- (c) Should the Subscriber's subscription payment be submitted to Reed Pope Law Corporation, the Company's lawyers, in trust or otherwise, then the Subscriber agrees that the lawyers shall have no accountability to the Subscriber whatsoever, and acknowledges that the lawyers are merely recipients for the Company and have no lawyer's obligations of any nature to the Subscriber. The Subscriber agrees that submission of the payment to the lawyers in trust shall be, subject to applicable cancellation or rescission periods described in the Offering Memorandum, the property of the Company at that point. The only duty the lawyers shall have to the Subscriber is to deliver the Subscription Agreement (as delivered) and the subscription monies to the Company, all solely at the Company's instruction, and the lawyers shall require no further instruction from the Subscriber in order to deliver the same to the Company. Under no circumstances shall the Company's lawyers be considered to be giving legal or other advice or services to the Subscriber and no communication between the Subscriber and such lawyers shall be considered advice.
- (d) Time is of the essence hereof.
- (e) This Subscription Agreement, including exhibits and, if applicable, the Eligible Investor Questionnaire you submit to the Company, represents the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.
- (f) The covenants, representations and warranties contained herein shall survive the Closing of the transactions contemplated hereby and shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.
- (g) Except as otherwise provided herein, this Subscription Agreement may only be amended by the agreement of the parties hereto in writing.
- (h) Neither party may assign any or all of its interest in or to this Subscription Agreement without the prior written consent of the other party.
- (i) In this Subscription Agreement (with attachments), references to dollars or "\$" are to Canadian dollars.
- (j) Unless the Subscriber notifies the Company otherwise, the Subscriber is deemed to have consented to the delivery by the Company of certain documents, including this Subscription Agreement, the Offering Memorandum and any updates or amendments thereto, by way of facsimile or email transmission and that delivery of such documents by facsimile or email transmission shall constitute valid and effective delivery of such documents unless the Company received actual notice that such electronic delivery failed. Unless the Company receives actual notice that such electronic delivery failed, the Company is entitled to assume, and will assume, that the facsimile or electronic transmission (including any enclosures or attachments thereto) was actually received by the Subscriber and the Company will have no obligations to verify actual receipt of such electronic delivery by the Subscriber.
- (k) This Agreement may be executed in several counterparts each of which when so executed shall be deemed to be an original, and such counterparts shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to be effective and binding upon the parties hereto as of the date of acceptance by the Company.
- (l) The Company shall be entitled to rely on delivery of a facsimile or electronic copy of executed subscriptions, and the acceptance by the Company of such facsimile or electronic copy of executed subscriptions and approval of this subscription by the Board of Directors of the Company shall be legally effective to create a valid and binding agreement between the Subscriber and Company, in accordance with the terms hereof.

EXHIBIT 1

CERTIFICATE

TO: Evergreen Medicinal Supply Inc. (the “Company”)

In connection with the purchase by the Subscriber of Shares in the capital of the Company, the undersigned hereby represents, warrants, covenants to and certifies to the Company and its counsel that:

1. the Subscriber is resident in the jurisdiction set forth on the face page of the Subscription Agreement to which this Certificate is attached;
2. the Subscriber is purchasing the Shares as principal for its own account, for investment purposes only and not with a view to resale or distribution of the Shares;
3. the Subscriber falls within the exemption category initialled on page 3 of the Subscription Agreement to which this Certificate is attached;
4. the Subscriber has received a copy of the Offering Memorandum;
5. the Subscriber was not created and is not used solely to purchase or hold securities in reliance on the Offering Memorandum exemptions set out in Section 2.9(2) or 2.9(2.1) of National Instrument 45-106 *Prospectus Exemptions*;
6. the above representations, warranties and covenants will be true and correct both as of the execution of this certificate and as of the closing time of the purchase and sale of the Shares and will survive the completion of the issue of the Shares; and
7. the foregoing representations, warranties and covenants are made by the undersigned with the intent that they be relied upon in determining the eligibility (from a securities law perspective) of the undersigned as a Subscriber for the Shares and the undersigned undertakes to immediately notify the Company of any change in any statement or other information relating to the Subscriber set forth herein which takes place prior to the Closing of the purchase and sale of the Shares.

DATED at _____, in the Province of _____ this ____ day of _____, 2018.

Print Name of Subscriber

Authorized Signature (and title, if applicable)

EXHIBIT 2A

FORM 45-106F4 - RISK ACKNOWLEDGEMENT

To be completed if the person selling the Shares **IS NOT** registered
with a securities regulatory authority

Risk Acknowledgement

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.

I am investing \$ _____ [total consideration] in total; this includes any amount I am obliged to pay in future. Evergreen Medicinal Supply Inc. will pay \$ _____ [amount of fee or commission] of this to _____ [name of person selling the securities] as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

WARNING

You have 2 business days to cancel your purchase

To do so, send a notice to Evergreen Medicinal Supply Inc. stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by email or deliver it in person to Evergreen Medicinal Supply Inc. at its business address. Keep a copy of the notice for your records.

Evergreen Medicinal Supply Inc.
Suite 201 – 612 View Street
Victoria, British Columbia V8W 1J5
Telephone: (250) 213-9932;
Fax: N/A
E-mail: evergreenmedicinalsupply@gmail.com

You are buying Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an offering memorandum

Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or registered dealer. In Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon to qualify as an eligible investor, you may be required to obtain that advice.

The securities you are buying are not listed

The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, call your local securities regulatory authority or regulator. The names, telephone numbers and website addresses of the securities regulatory authorities in each jurisdiction are set out in Exhibit 4 to this Subscription Agreement.

[Instruction: The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.]

EXHIBIT 2B - RISK ACKNOWLEDGEMENT

**To be completed if the person selling the Shares IS NOT
registered with a securities regulatory authority**

<p>Risk Acknowledgement under BCI 32-513</p> <p><i>Registration Exemption for Trades in Connection with Certain Prospectus-Exempt Distributions</i></p>	
Name of Issuer:	Evergreen Medicinal Supply Inc.
Name of Seller:	_____ [print]
<p>I acknowledge that:</p> <ul style="list-style-type: none">· the person selling me these securities is not registered with a securities regulatory authority and is prohibited from telling me that this investment is suitable for me;· the person selling me these securities does not act for me;· this is a risky investment and I could lose all of my money; and· I am investing entirely at my own risk.	
_____	_____
Date	Signature of Purchaser

	Print name of Purchaser

Name of salesperson acting on behalf of Seller	
<p>Sign 2 copies of this document. Keep one copy for your records.</p>	

National Instrument 45-106 *Prospectus and Registration Exemptions* may require you to sign an additional risk acknowledgement form.

If you want advice about the merits of this investment and whether these securities are a suitable investment for you, contact a registered dealer or adviser.

EXHIBIT 3
RISK ACKNOWLEDGEMENT
FORM 45-106F4

To be completed if the person selling the Shares IS registered with a securities regulatory authority

Risk Acknowledgement

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.

I am investing \$ _____ [total consideration] in total; this includes any amount I am obliged to pay in future. Evergreen Medicinal Supply Inc. will pay \$ _____ [amount of fee or commission] of this to _____ [name of person selling the securities] as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

WARNING

You have 2 business days to cancel your purchase

To do so, send a notice to Evergreen Medicinal Supply Inc. stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by email or deliver it in person to Evergreen Medicinal Supply Inc. at its business address. Keep a copy of the notice for your records.

Evergreen Medicinal Supply Inc.
Suite 201 – 612 View Street, Victoria, British Columbia V8W 1J5
Telephone: (250) 213-9932; Fax: None
E-mail: evergreenmedicinalsupply@gmail.com

You are buying Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an offering memorandum

Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or registered dealer. In Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon to qualify as an eligible investor, you may be required to obtain that advice.

The securities you are buying are not listed

The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, call your local securities regulatory authority or regulator. The names, telephone numbers and website addresses of the securities regulatory authorities in each jurisdiction are set out in Exhibit 4 to this Subscription Agreement.

[Instruction: The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.]

EXHIBIT 4

CONTACT INFORMATION OF PUBLIC OFFICIALS REGARDING INDIRECT COLLECTION OF PERSONAL INFORMATION

British Columbia Securities Commission

FOI Inquiries
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: inquiries@bcsc.bc.ca

Ontario Securities Commission

Inquiries Officer
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca

Financial and Consumer Services Commission (New Brunswick)

85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca

Government of the Northwest Territories Office of the Superintendent of Securities

Deputy Superintendent, Legal &
Enforcement
P.O. Box 1320
Yellowknife, Northwest Territories X1A 2L9
Telephone: (867) 920-8984
Facsimile: (867) 873-0243

Government of Nunavut Department of Justice

Legal Registries Division
P.O. Box 1000, Station 570
1st Floor, Brown Building
Iqaluit, Nunavut X0A 0H0
Telephone: (867) 975-6590
Facsimile: (867) 975-6594

Alberta Securities Commission

FOIP Coordinator
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082

The Manitoba Securities Commission

500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2548
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330

Financial and Consumer Affairs Authority of Saskatchewan

Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5879
Facsimile: (306) 787-5899

Nova Scotia Securities Commission

Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625

Prince Edward Island Securities Office

95 Rochford Street, 4th Floor Shaw
Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A
7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283

Autorité des marchés financiers

800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email:
financementdassocies@lautorite.qc.ca
(For corporate finance issuers);
fonds_dinvestissement@lautorite.qc.ca
(For investment fund issuers)

Government of Yukon**Department of Community Services**

Law Centre, 3rd Floor
2130 Second Avenue
Whitehorse, Yukon Y1A 5H6
Telephone: (867) 667-5314
Facsimile: (867) 393-6251

Government of Newfoundland and Labrador**Financial Services Regulation Division**

Director of Securities
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador
A1B 4J6
Telephone: (709) 729-4189
Facsimile: (709) 729-6187