

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

No securities regulatory authority has expressed an opinion about these securities offered under this prospectus or any information contained herein and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities in those jurisdictions.

The securities offered under this prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any state, and may not be offered in the United States except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities laws or pursuant to exemptions therefrom. See "Plan of Distribution". This prospectus does not constitute an offer to sell or a solicitation of an offer to buy these securities in the United States.

Initial Public Offering

September 27, 2018

PRELIMINARY PROSPECTUS



Lifted Innovations Inc.

\$●

● Common Shares

This prospectus qualifies the distribution of ● common shares (the "Common Shares") in the capital of Lifted Innovations Inc. (the "Company" or "Lifted"), at a price of \$● (the "Offering Price") per Common Share for aggregate gross proceeds of \$● (the "Offering"). The Common Shares will be issued pursuant to the terms of an underwriting agreement dated ●, 2018 (the "Underwriting Agreement") between the Company and Canaccord Genuity Corp. (the "Underwriter"). The Offering Price and the other terms of the Offering will be determined by arm's length negotiation between the Company and the Underwriter in the context of the market. See "Plan of Distribution".

\$● per Common Share

	Price to the Public	Underwriter's Fee ⁽¹⁾	Net Proceeds to Company ⁽²⁾⁽³⁾⁽⁴⁾
Per Common Share	\$●	\$●	\$●
Per Common Share (President's List)..	\$●	\$●	\$●
Total:	\$●	\$●	\$●

Notes:

- 1) The Underwriter will be paid a cash fee (the "Underwriter's Fee") of 7% of the gross proceeds from the Offering (including on any gross proceeds raised on exercise of the Over-Allotment Option (as defined herein)), other than on the gross proceeds from the sale of Common Shares to certain persons identified by the Company, up to a maximum of \$● (the "President's List Purchasers") for which the Underwriter will receive a cash fee of 3.5%. The Underwriter will also receive, as additional compensation, non-transferable compensation warrants (the "Compensation Warrants") to purchase that number of Common Shares that is equal to 7% of the Common Shares sold pursuant to the Offering (including any Over-Allotment Shares (as defined herein) sold pursuant to the exercise of the Over-Allotment Option), other than on the purchase of Common Shares by President's List Purchasers up to a maximum of \$●, for which the Underwriter will receive Compensation Warrants equal to 3.5%. Each Compensation Warrant is exercisable to purchase one Common Share at a price of \$● for a period of 24 months from the Closing Date (as defined herein). This prospectus also qualifies the distribution of the Compensation Warrants. See "Plan of Distribution".
- 2) The Underwriter has been granted an over-allotment option, exercisable, in whole or in part, at the sole discretion of the Underwriter, for a period of 30 days from and including the Closing Date, to purchase up to an additional ● Common Shares (the "Over-Allotment Shares") at the Offering Price to cover the Underwriter's over-allocation position, if any, and for market stabilization purposes (the "Over-Allotment Option"). If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriter's Fee" and

“Net Proceeds to the Company” will be \$●, \$● and \$●, respectively. This prospectus qualifies the distribution of the Over-Allotment Shares. A purchaser who acquires Over-Allotment Shares forming part of the Underwriter’s over-allocation position acquires those Over-Allotment Shares under this prospectus regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

- 3) After deducting the Underwriter’s Fee, but before deducting the expenses of the Offering, estimated to be \$●, and which will be paid by the Company out of the proceeds of the Offering.
- 4) Assumes maximum participation by the President’s List Purchasers.

The following table sets out the maximum number of securities that may be granted by the Company to the Underwriter (and which assumes maximum participation by the President’s List Purchasers):

Underwriter’s Position	Maximum Number of Securities	Exercise Period	Exercise Price
Over-Allotment Option	● Over-Allotment Shares	For a period of 30 days from and including the Closing Date	\$● per Over-Allotment Share
Compensation Warrants	● Common Shares	24 months from the Closing Date	\$● per Common Share
Total securities under option issuable to the Underwriter ⁽¹⁾	● Common Shares		

Note:

- 1) This prospectus qualifies the grant of the Over-Allotment Option and the grant of the Compensation Warrants. See “Plan of Distribution”.

Unless the context otherwise requires, when used herein, all references to the “Offering”, the “Common Shares” and “Compensation Warrants” assumes the exercise of the Over-Allotment Option.

Certain legal matters in connection with the Offering are being passed upon on behalf of the Company by Gowling WLG (Canada) LLP and on behalf of the Underwriter by Cassels Brock & Blackwell LLP.

Brandon Ward, the Chief Executive Officer and a director of the Company, as well as Bjarne Borg, a director of the Company, reside outside of Canada and have appointed Gowling WLG (Canada) LLP, 100 King St. West, Suite 1600, Toronto, Ontario M5X 1G5, as their agents for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

The Underwriter, as principal, conditionally offer the Common Shares, subject to prior sale, if, as and when issued by the Company and accepted in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution”.

Subscriptions for the Common Shares will be received subject to rejection or allotment, in whole or in part, and the Underwriter reserves the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about ●, or such other date as may be agreed upon by the Company and the Underwriter, but in any event not later than 42 days after the date of the receipt of the final prospectus (the “Closing Date”).

As of the date of this prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

There is currently no market through which the Common Shares may be sold. The Company intends to apply to list its Common Shares on the Canadian Securities Exchange (the “CSE”). The listing of the Common Shares will be subject to the Company fulfilling all the listing requirements of the CSE, which cannot be guaranteed.

The Underwriter proposes to offer the Common Shares to the public initially at the Offering Price. After the Underwriter has made a reasonable effort to sell all of the Common Shares at the Offering Price, the offering price for the Common Shares may be decreased and may be further changed from time to time to amounts not greater than the Offering Price, and the compensation realized by the Underwriter will be decreased by the amount that the aggregate price paid by the purchasers of the Common Shares is less than the amount paid by the Underwriter to the Company. Any such reduction will not affect the net proceeds received by the Company. See “*Plan of Distribution*”.

In connection with the Offering and subject to applicable laws, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. If these activities are commenced, they may be discontinued by the Underwriter at any time. See “*Plan of Distribution*”.

Due to the nature of the Company’s business, an investment in any securities of the Company is speculative and involves a high degree of risk that should be considered by potential investors. An investment in the Company’s securities should only be undertaken by those persons who can afford the total loss of their investment. In reviewing this prospectus you should carefully consider the matters described under the heading “Risk Factors” of this prospectus.

Prospective investors are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding, or disposing of the Company’s securities, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Company’s securities.

Prospective investors should rely only on the information contained in this prospectus. Neither the Underwriter nor the Company has authorized anyone to provide you with different information. Readers should assume that the information appearing in this prospectus is accurate only as of its date, regardless of its time of delivery. The Company’s business, financial condition, results of operations and prospects may have changed since that date.

This prospectus qualifies the distribution of securities of an entity that is expected to indirectly, and may in the future directly, derive a portion of its revenues from the cannabis industry in certain states of the U.S., which industry is illegal under U.S. federal law. Almost half of the states in the U.S. have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol (“THC”), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. On January 4, 2018, U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the United States, including the Cole Memorandum (as defined herein). With the Cole Memorandum rescinded, U.S. federal prosecutors no longer have guidance relating to the exercise of their discretion in determining whether to prosecute cannabis related violations of U.S. federal law. On January 12, 2018, the Canadian Securities Administrators issued a statement that they are considering whether the disclosure-based approach for issuers with U.S. cannabis-related activities remains appropriate in light of the rescission of the Cole Memorandum on February 8, 2018, the Canadian Securities Administrators issued a revision to *CSA Staff Notice 51-352 – Issuers with U.S. Marijuana-Related Activities* (“Staff Notice 51-352”), which outlines the CSA Staff’s expectations for issuers with U.S. cannabis-related activities.

While the Company does not currently produce, distribute or sell cannabis products, the Company is involved in the ancillary cannabis industry in the United States and may, in the future, produce, distribute or sell cannabis in accordance with, and as may be permitted under, local state law. Canada has regulated medical use and commercial activity involving cannabis and recently passed Bill C-45, which provides for the enactment of the Cannabis Act (as defined herein), to regulate the production, distribution and sale of cannabis for unqualified adult use.

Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance at the federal level under the U.S. Controlled Substances Act (the “CSA”) in the United States and as such, may be in violation of federal law in the United States. The Supremacy Clause of the United States Constitution establishes that the United States

Constitution and federal laws made pursuant to it are paramount and, in case of conflict between federal and state law, the federal law must be applied. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. Unless and until the United States Congress amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, which may adversely affect the current and future investments and operations of the Company in the United States. As such, there are a number of risks associated with the Company's operations in the United States. For the reasons set forth above, the Company's operations in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada.

It has been reported by certain publications in Canada that the Canadian Depository for Securities Limited was considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("CDS"), refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settlement hub settling trades in the Canadian equity, fixed income and money markets. On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("MOU") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with U.S. related cannabis activities. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make trades of their Common Shares. In particular, the Common Shares would become highly illiquid as investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange. See "*Risk Factors*".

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GENERAL MATTERS

Readers should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with additional or different information. If anyone provides you with additional or different or inconsistent information, including information or statements in media articles about the Company, you should not rely on it. You should assume that the information appearing in this prospectus is accurate only as at its date. The Company's business, financial conditions, results of operations and prospects may have changed since that date.

Unless otherwise noted or the context indicates otherwise, "we", "us", "our", "Lifted" or the "Company" refers to Lifted Innovations Inc. and its direct and indirect subsidiaries. Certain capitalized terms and phrases used in this prospectus are defined in the "*Glossary of Terms*".

The Company presents its consolidated financial statements in U.S. dollars. All amounts in this prospectus are stated in Canadian dollars unless otherwise indicated.

FINANCIAL STATEMENT PRESENTATION IN THIS PROSPECTUS

The following financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards and are included in this prospectus. See "*Financial Statements*".

Audited financial statements of the Company as at April 30, 2018 and for the period from the date of incorporation on February 27, 2018 to April 30, 2018 (the "**Financial Statements**"); and

Audited carve-out financial statements of the Domains known as <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com>, & <LeafScience.com> for the financial years ended February 28, 2017 and February 28, 2018 (the "**Carve-out Financial Statements**").

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This prospectus contains "forward-looking information" within the meaning of applicable Canadian securities legislation, which is based on the Company's current internal expectations, estimates, projections, assumptions and beliefs. The forward-looking statements are contained principally in the sections entitled "*Prospectus Summary*", "*Our Business*", "*Use of Funds*", "*Management's Discussion and Analysis*" and "*Risk Factors*".

Often, but not always, forward-looking information can be identified by words or phrases such as "may", "might", "will", "expects", "is expected", "anticipates", "estimates", "intends", "plans", "indicates", "seek", "believe", "budget", "scheduled", "predict", "forecasts", or "likely", or other similar expressions or variations (including negative variations) of such words intended to identify forward-looking statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. The forward-looking information included in this prospectus is made only as of the date of this prospectus, based on the Company's current expectations and projections about future events and financial trends that it believes might affect the financial condition, results of operations, business strategy and financial needs of the Company and its subsidiaries and affiliates. These forward-looking statements include, among other things, statements relating to:

- the Company's intention to complete the listing of the Common Shares on the CSE and all transactions related thereto
- the completion of the Offering and the anticipated date of such completion and the proposed use of proceeds therefrom
- the Company's expectations regarding its revenue, expenses and operations
- the Company's anticipated cash needs and its needs for additional financing
- the Company's intention to grow the business and its operations
- the Company's expectations with respect to the approval of any required licenses
- the Company's competitive position and the regulatory risks associated with the environment in which the Company operates

- the future demand for and production costs of cannabis and cannabis related products and applicable government taxes thereto
- the Company's lack of control over the operations of certain entities with whom the Company currently has business arrangements and strategic partnerships
- the accuracy of the information and projects provided by entities with which the Company currently does business with
- the Company's ongoing investment strategy
- changes in laws, regulations and guidelines
- timing and development of current and future projects
- limitations of insurance coverage and of institutional financing
- timing and possible outcome of pending regulatory matters in Canada and the United States
- the Company's exploration of commercialization of innovative cannabis-related accessories and ancillary products in the Company's target marketplace,
- any commentary related to the legalization of medical or recreational cannabis and the timing related to such legalization
- the Company's belief that it can use the ruling in the McIntosh case (as defined below) as a defense against any U.S. federal prosecution related to cannabis laws
- the Company's expectation that revenues derived from its operations will be sufficient to cover its expenses during 2018 and over the next twelve months
- the Company's expected business objectives for the next twelve months
- the Company's expectations with respect to future growth including platform maintenance and expansion
- the Company's ability to acquire new users and maintain existing users on its platform
- the Company's ability to further develop its platform and expand into other U.S. states and other markets
- the Company's ability to engage medical professionals to provide services to new and existing patients on its platform
- the Company's ability to monetize its platform
- the Company's ability to obtain additional funds through the sale of equity or debt commitments

Forward-looking statements are based on the reasonable assumptions, estimates, opinions and analyses of management made in light of its experience and perception of historical trends, current conditions, expected future developments and other factors management believes are appropriate, relevant and reasonable in the circumstances at the date that such statements are made. The Company has based the forward looking information in this prospectus on various material assumptions, including but not limited to (i) obtaining the timely receipt of any required regulatory approvals; (ii) that the general business, economic, financial market, regulatory and political conditions in which the Company operates will remain positive; (iii) the Company's ability to successfully execute its business strategy; (iv) the Company's ability to generate cash flow from operations and obtain necessary financing on reasonable and acceptable terms; (v) the Company's ability to manage anticipated and unanticipated costs; (vi) the Company's ability to retain skilled and qualified staff, equipment and services in a timely and cost efficient manner; (vii) the Company's ability to compete in the cannabis-related accessories and ancillary products industry and the cannabis industry generally and consumer interest in the Company's products; (viii) the products and technology offered by the Company's competitors; (ix) the Company's ability to maintain internal controls over financial reporting and disclosure, and procedures; (x) the Company's ability to conduct operations in a safe, efficient and effective manner; (xi) the Company's ability to complete the Offering and list its Common Shares on the CSE as contemplated herein; (xii) the Company using the net proceeds of the Offering as set out herein; and (xiii) that the Company's current relationships with its suppliers, service providers and other third parties will be maintained. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements. Accordingly, the Company's forward-looking information is expressly qualified in its

entirety by this cautionary statement. Given these risks, uncertainties and assumptions, prospective purchasers of Common Shares should not place undue reliance on forward-looking information contained herein. The purpose of forward-looking information is to provide the reader with a description of management's expectations, and such forward-looking information may not be appropriate for any other purpose. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors such as those listed under "Risk Factors", including:

- The Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability
- Uncertainty about the Company's ability to continue as a going concern
- The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management
- There is no assurance that the Company will turn a profit or generate immediate revenues
- There are factors which may prevent the Company from the realization of growth targets
- The Company is operating at a regulatory frontier. The cannabis industry is a new industry that may not succeed and is susceptible to constant changes in laws, regulations and guidelines
- The Company may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on the Company's reputation, business, results from operations, and financial condition
- Unfavorable publicity or consumer perception as a result of future medical research may lead to a material adverse effect on the business of the Company
- Results of future clinical research
- The Company may experience difficulties in promoting and maintaining brands it sells
- If the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the industry in which it operates
- The Company may be subject to product recalls for product defects self-imposed or imposed by regulators
- No guarantee the Company will receive product approvals
- The Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition
- The anticipated benefit of any future acquisitions or dispositions may not materialize as anticipated by the Company
- The Company's growing industry is experiencing intensified competition
- The Company will be reliant on information technology systems and may be subject to damaging cyber-attacks
- The Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest
- In certain circumstances, the Company's reputation could be damaged
- The size of the Company's target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data
- Cannabis continues to be a Controlled Substance at the federal level under the Controlled Substances Act
- There is uncertainty surrounding the Trump Administration and Attorney General Jeff Sessions and their influence and policies standing in opposition to the cannabis industry as a whole
- Federal and state forfeiture laws

- The Company's operations in the United States ancillary cannabis market may become the subject of heightened scrutiny
- Banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes and may cease to deal with, suspend or shut down the Company's accounts
- Re-classification of cannabis in the United States
- U.S. federal trademark protection may not be available for the intellectual property of the Company due to the current classification of cannabis as a Schedule I controlled substance
- The Company's contracts may not be legally enforceable in the U.S.
- The Company may be unable to adequately protect its proprietary and intellectual property rights, particularly in the U.S.
- The Company may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against the Company relating to intellectual property rights
- Some of the Company's planned business activities, while believed to be compliant with applicable U.S. state and local law, are illegal under federal law
- There is uncertainty of existing protection from federal prosecution
- The Company may have difficulty accessing the service of banks, processing credit card payments in the future, and difficulty accessing the service of third parties generally, which may make it difficult for the Company to operate and which may result in the suspension of accounts and services provided to the Company
- The Company may incur significant tax liabilities if the IRS continues to determine that certain expenses of cannabis businesses are not permitted tax deductions under section 280E of the Tax Code
- Lack of access to United States Bankruptcy Protections
- The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses and claims against the Company
- The Company may sell additional Common Shares for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders
- The Company cannot assure that a market will continue to develop or exist for its Common Shares or what the market price of our Common Shares will be
- The Company will be subject to additional regulatory burden resulting from its public listing on the CSE and status as a reporting issuer in Canada
- Volatility in the market price of the Common Shares
- Price volatility of publicly-traded securities
- The Company does not anticipate paying cash dividends
- Future sales of Common Shares by existing shareholders could reduce the market price of the Common Shares
- No guarantee on the use of available funds by the Company

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those anticipated in those forward-looking statements.

INFORMATION CONTAINED IN FORWARD-LOOKING STATEMENTS IN THIS PROSPECTUS IS PROVIDED AS OF THE DATE OF THIS PROSPECTUS, AND THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE OR REVISE ANY FORWARD-LOOKING INFORMATION, WHETHER AS A RESULT OF NEW INFORMATION OR FUTURE EVENTS OR RESULTS, EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAWS. ACCORDINGLY, POTENTIAL INVESTORS SHOULD NOT PLACE UNDUE RELIANCE ON FORWARD-LOOKING STATEMENTS OR THE INFORMATION CONTAINED IN THOSE STATEMENTS.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunities and market share, is based on information from independent industry organizations, other third-party sources (including industry publications, surveys and forecasts) and management studies and estimates.

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

TRADEMARKS AND TRADE NAMES

This prospectus includes trademarks and trade names that are protected under applicable intellectual property laws. See “*Our Business*”. Solely for convenience, our trademarks and trade names referred to in this prospectus may appear without the ® or TM symbol, as applicable, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names. Specifically, the following two trademark applications and one registration are owned by the Company:

Mark	Jurisdiction	Owner	Status
LIFTED.COM	USA	Lifted Cannabis Inc.	Pending (not yet examined)
LIFTED CANNABIS	USA	Lifted Cannabis Inc.	Pending (not yet examined)
EVERYONEDOESIT.COM	USA	Lifted Cannabis Inc.	Registered

The above trademarks and other trademarks and trade names owned and used by the Company are subject to common law protections in the United States under state and/or federal trademark law, and Canada under provincial and federal laws, as applicable. All other trademarks used in this prospectus are the property of their respective owners.

MARKETING MATERIALS

The marketing materials relating to the Offering, if any, are not part of this prospectus to the extent that the contents of the marketing materials have been modified or superseded by a statement contained in this prospectus or any amendment. Any template version of “marketing materials” (as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed after the date of this prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the marketing materials) is deemed to be incorporated in this prospectus.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Certain capitalized terms and phrases used in this prospectus are defined in the "Glossary of Terms".

Statements regarding the gross proceeds and estimated net proceeds of the Offering assume maximum participation by the President's List Purchasers.

The Company The Company is a Canadian based, B2C e-commerce company providing cannabis-related accessories and ancillary products in the United States and Canada. The Company currently operates a drop-shipping platform through four domain names (being <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com> and <LeafScience.com>) and intends to leverage its market share to expand into additional business segments including a customer review and rating platform for cannabis-related accessories and ancillary products. See "Our Business – Overview of the Company" and "Our Business – Narrative Description of the Business".

The Offering: ● Common Shares at a price of \$● per Common Share for aggregate gross proceeds of \$●. See "Plan of Distribution".

Over-Allotment Option The Underwriter has been granted the Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Underwriter, for a period of 30 days from and including the Closing Date, to purchase up to an additional ● Common Shares at \$● per Common Share to cover the Underwriter's over-allocation position, if any, and for market stabilization purposes.

Securities Outstanding: As at the date hereof, the following securities of the Company were outstanding:

Common Shares	61,300,000
Options	3,400,000
Total (Fully Diluted)	64,700,000

See "Description of Share Capital" and "Consolidated Capitalization".

History: The Company was incorporated on February 27, 2018. On March 16, 2018, the Company acquired a collection of domain names, trademarks, and customer lists and related assets from ESC Hughes Holdings Ltd. (now BKN Calla Investments Limited), which are the Company's principal operations and revenue generating assets. See "Our Business – History"

Listing: **There is currently no market through which the Common Shares may be sold. Lifted intends to apply to have its Common Shares listed on the CSE. The CSE has not yet approved the listing of the Common Shares. Listing will be subject to the Company fulfilling all the requirements of the CSE.**

Use of Proceeds: The estimated net proceeds received by the Company from the Offering (after deducting the Underwriter's Fee of \$● and the estimated expenses of the Offering of \$●) will be approximately \$●. The Company intends to use the net proceeds from the Offering, principally as follows: (a) marketing (\$●); (b) technology and platform

development (\$●); (c) general and administrative (\$●); and (d) general working capital (\$●).

For a more detailed discussion on the Company's available funds, see "Use of Proceeds" and "Management's Discussion and Analysis".

Directors: The board of directors of the Company (the "**Board**") is comprised of, Bjarne Borg (Chair), Michael Galloro, Alan Ritter, Brandon Ward and Gary Shnier. See "Directors and Executive Officers".

Executive Officers: The executive officers of the Company are as follows: Brandon Ward (Chief Executive Officer) and Brian Ma (Chief Financial Officer); See "Directors and Executive Officers".

Risk Factors An investment in the Common Shares involves a high degree of risk. You should carefully consider the information in this prospectus and the information set out under "Risk Factors".

SUMMARY FINANCIAL INFORMATION

The following table sets out selected financial information for the periods or as of the dates indicated. The selected financial information of: (i) the Company for the period commencing upon incorporation and ending on April 30, 2018, and (ii) the Domains for the financial years ended February 28, 2018 and 2017; have each been derived from the Financial Statements and the Carve-out Financial Statements, respectively, included elsewhere in this prospectus. The Financial Statements and the Carve-out Financial Statements have been audited by MNP LLP ("**MNP**"). MNP's report on the Financial Statements and the Carve-out Financial Statements is also included elsewhere in this prospectus. The summary financial information should be read in conjunction with our Financial Statements and the Carve-out Financial Statements and the notes therein and the related MD&A, see "Financial Statements".

	For the period from incorporation on February 27, 2018 to April 30, 2018 (Audited)	Carve-out Financial Statements for the year ended February 28, 2018 (Audited)	Carve-out Financial Statements for the year ended February 28, 2017 (Audited)
	\$	\$	\$
Income statement data:			
Revenue	122,313	1,916,653	529,264
Cost of Sales	109,605	1,577,364	527,519
Expenses			
Selling.....	5,414	316,089	103,616
Stock-based Compensation	135,469	-	-
Administration	101,501	571,368	171,003
Amortization.....	4,475	223,361	83,761
Impairment of intangible assets.....	-	755,574	-
Other Expenses	17,915	28,560	13,255
Net income (loss) before tax	<u>(252,066)</u>	<u>(1,555,663)</u>	<u>(369,890)</u>
Income tax expense	-	-	-
Net income (loss)	<u>(252,066)</u>	<u>(1,555,663)</u>	<u>(369,890)</u>
Basic earnings (loss) per Common Share	0.00	N/A	N/A
Diluted earnings (loss) per Common Share	0.00	N/A	N/A
Weighted Average Number of Shares Outstanding			
— Basic	37,553,226	N/A	N/A
— Diluted	37,553,226	N/A	N/A

	As at April 30, 2018 (Audited)	Carve-out Financial Statements as at February 28, 2018 (Audited)	Carve-out Financial Statements as at February 28, 2017 (Audited)
	\$	\$	\$
Statement of financial position data:			
Cash	2,487,667	-	-
Receivables	84,405	5,218	2,225
Intangible Assets.....	313,430	171,393	1,150,328
Total assets	2,885,502	176,611	1,152,553
Total current liabilities	177,028	148,570	99,988
Long-term debt	-	-	-
Total liabilities	177,028	148,570	99,988
Total equity	2,708,474	28,041	1,052,565
	For the period from incorporation on February 27, 2018 to April 30, 2018 (Audited)	Carve-out Financial Statements for the year ended February 28, 2018 (Audited)	Carve-out Financial Statements for the year ended February 28, 2017 (Audited)
	\$	\$	\$
Statement of cash flows data:			
Net cash provided by (used in) operating activities.....	(19,499)	(531,139)	(188,365)
Net cash provided by (used in) financing activities	2,557,636	531,139	188,365
Net cash used in investing activities	(50,470)	-	-
Net change in cash	2,487,667	-	-

CORPORATE STRUCTURE

Name, Address and Incorporation and Intercorporate Relationships

The Company was incorporated as “Lifted Cannabis Inc.” under the CBCA on February 27, 2018. On August 16, 2018, the Company amended its articles to: (a) change its name to “Lifted Innovations Inc.”; (b) change the minimum and maximum number of directors of the Company to three and ten, respectively; and (c) remove certain share transfer restrictions customary for private issuers. On September 20, 2018, the Company’s articles were further amended to change the province or territory in Canada where the Company’s registered office is situated to British Columbia.

The Company’s head office is located at 701 West Georgia Street, Suite 1500, Vancouver, British Columbia, V7Y 1G5 and its registered office is located at 550 Burrard Street, Suite 2300, Vancouver, British Columbia, V6C 2B5.

The Company has one wholly-owned subsidiary, Lifted Technology Inc., which was incorporated under the laws of Delaware (U.S.) on June 5, 2018.

OUR BUSINESS

Overview of the Company

The Company is a Canadian based, B2C e-commerce company providing cannabis-related accessories and ancillary products in the United States and Canada. The Company currently operates a drop-shipping platform through four domain names (being <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com> and <LeafScience.com>) and intends to leverage its market share to expand into additional business segments including a customer review and rating platform for cannabis-related accessories and ancillary products.

There have been no instances of bankruptcy, receivership or similar proceedings against the Company.

History

The Company was incorporated on February 27, 2018. The Company issued 1,000,000 Common Shares on incorporation to certain founders of the business for nominal consideration. On March 14, 2018, the Company issued another 1,000,000 Common Shares to founders of the business for nominal consideration.

On March 16, 2018, the Company entered into the Asset Purchase Agreement with ESC Hughes Holdings Ltd. (now BKN Calla Investments Limited) to acquire certain domain names, trademarks, customer lists, and related assets for a purchase price of \$350,000. The Company satisfied the purchase price through the issuance to BKN Calla Investments Limited of 35,000,000 Common Shares.

On March 23, 2018, the Company completed a non-brokered private placement of 10,000,000 Common Shares at an issue price of \$0.04 per Common Share for a total gross proceeds of \$400,000 (the “**March Private Placement**”).

On April 5, 2018, the Company completed the first tranche of a non-brokered private placement of 2,500,000 Common Shares at an issue price of \$0.20 per Common Share for a total gross-proceeds of \$500,000.

On April 9, 2018, the Company completed the second tranche of a non-brokered private placement of 11,800,000 Common Shares at an issue price of \$0.20 per Common Share for a total gross proceeds of \$2,360,000 (together with the April 5, 2018 first tranche, the “**April Private Placement**”).

Narrative Description of the Business

E-Commerce Platforms

Lifted's primary business is the sale and distribution of vaporizers and accessories for aromatherapy and other purposes, including for use in the consumption of cannabis-based products, but which do not themselves contain cannabis (collectively, "**cannabis-related accessories and ancillary products**"), via its e-commerce portals Namastevapes.com, Everyonedoesit.com, Distributiongoods.com, Leafsciences.com and Lifted.com (the "**E-Commerce Sites**"). The Company does not currently produce, distribute or sell products containing cannabis and will only do so when market conditions and local regulatory requirements permit.

Based on data provided by Google Analytics, the top five U.S. states in terms of website traffic on the Company's E-Commerce Sites during the first and second quarter of fiscal 2018 was the following: California (with a total of 96,673 unique user visits); Texas (with a total of 43,348 unique user visits); Florida (with a total of 36,412 unique user visits); New York (with a total of 35,500 unique user visits) and Illinois (with a total of 25,991 unique user visits).

The E-Commerce Sites currently offer an extensive range of brand-name vaporizer products on the market, and are a source of both general and specific information, reviews and media regarding the industry and related products. The Company is currently focused on expanding its product offerings and growing its U.S. presence through both organic and acquisitive growth.

Namastevapes.com is focused principally on top-tier vaporizer brands and products that are currently available on the market. The website's design and content is aimed at educating purchasers about the technology behind the products in order to guide customers to cannabis-related accessories and ancillary products that best match their needs.

Everyonedoesit.com focuses on the mid-tier recreational cannabis market, driving sales principally in the area of glass paraphernalia and accessories. The website aims to offer cannabis-related accessories and ancillary products that are unique in the market and those which are not easily accessible for online purchase. The Company is expanding its product line to better serve this specialized market. Customers typically access this platform in order to find new and unique products and brands. The website's content and design reflect the more casual nature of this segment of the recreational market.

Distributiongoods.com is a wholesale website that focuses on facilitating business-to-business commerce involving brick and mortar retailers. Due to the successes that the Company has enjoyed in its B2C platforms, we are able to leverage the relationships with our distribution partners to expand into the wholesale marketplace.

Leafscience.com is a news and educational content site that is used to drive traffic to the Company's other E-Commerce Sites. The site is utilized by Namastevapes.com as a content driver and a search engine optimization driver to populate higher ranking search results in larger search engines like Google, Bing, Yahoo, etc.

Lifted.com, anticipated to launch in the fall of 2018, is intended to be a lifestyle brand-focused website that facilitates sales of the Company's best-selling products from each of its underlying B2C platforms. Lifted.com will provide interactive customer forums, blogs, social media extensions and other materials that enable customers to follow the retail product market, industry trends and events, and generally keep up with cannabis industry developments. Lifted.com will be a content-heavy platform focused on the recreational cannabis industry and lifestyle.

The Company's E-Commerce Sites are currently selling cannabis-related accessories and ancillary products to purchasers located in all 50 states in the U.S. with almost all of its revenue driven by U.S.-based customers. The Company is building a rewards program with benefits to those customers that demonstrate repeat business with incentives for future purchases including product discounts, product bonuses, and credits towards future purchases. The Company continues to improve and build out its platforms in order to optimize traffic and increase its conversion ratios.

E-Commerce Technology

The Company utilizes Shopify for each of its E-Commerce Sites in order to streamline and simplify its accounting, payments and fulfillment process. The review system used in its E-Commerce Sites is powered by Yotpo, which is a third-party review platform that allows customers to review both the products and the customer's experience on the E-Commerce Sites. As Yotpo is a third-party platform, it is expected that this provides confidence to consumers that the reviews and comments are both authentic and transparent.

The Company relies on Shopify's well-established application program interface ("API") for integrations with other applications and software services. The Company takes advantage of these solutions and systems to automate its order processing. Its tech team also builds proprietary customized software solutions that are not otherwise available by using the API capability of Shopify which plugs into its payment processing. The products the Company offers are not cannabis-based products. They are accessories and ancillary products.

Order fulfillment is possible with the various partners the Company uses. The Company has agreements in place with Greenlane that allows the Company to access its inventory of cannabis-related accessories and ancillary products, and utilize its fulfillment services. This in turn allows the Company to keep its operations lean and focus on building its e-commerce platform.

The technology and processing platforms that the Company utilizes enables it to operate a "dropship" business model. Under this model the Company does not own, manage or hold any physical inventory. Rather, its e-commerce platforms facilitate the sale and processing of products, but all warehousing and product inventory and delivery is processed through its partners. Dropshipping enables the Company's business to operate with very little overhead, thus maximizing margins and, ultimately, net revenue. The Company's partners also benefit as it offers them a much larger pool of customers than they already serve.

Lifted AI Engine

The vaporizer and accessory market is very fragmented making it difficult for end-users to find relevant information and obtain reliable recommendations for cannabis-related accessories and ancillary products. The Company anticipates that it can bring greater organization and clarity to the consumer process of choosing such products. The Company has partnered with Findify, a company providing intelligent search functionality using AI, to build intelligent predictive functionality into Lifted's platform. The Company is expanding its database to enable consumers to find the products that would be best suited to their desired effects and outcomes associated with using specific products.

Although the Company's existing platform utilizes certain aspects of this technology, Lifted will be unique in the market as it is building a library of data on different cannabis-related accessories and ancillary products that will enable Lifted's platform to provide product recommendations based on a user's individual criteria, characteristics, and desired outcomes.

Opportunities for Growth

Product Growth

Lifted intends to increase revenue growth by adding to its library of targeted products and acquiring complementary e-commerce platforms to expand its market scope and presence, in order to combine partnerships and technology to offer full e-commerce solutions in the cannabis industry. Adding and expanding the Company's product lines from the brands it currently offers, and establishing new dropship partners and partnerships with content creators, will allow the Company to provide customers with access to one of the largest libraries of cannabis-related accessories and ancillary products available on the market in the U.S. The Company believes that content companies struggle to monetize their communities and readers. However, the Company expects that the addition of new cannabis-related accessories and ancillary products will allow the Company to drive more sales and increase its data analytics and predictive commerce solutions to target key consumer purchasing indicators, resulting in additional revenue and percentage of sales captured for these solutions. Lifted utilizes customer data analytics provided through both Google and Shopify to inform its product library and customer marketing efforts, ultimately with the aim of driving higher customer conversions. The Company aims to empower partner companies

to have a full shop experience, while expanding the Company's presence in the ancillary cannabis product industry, allowing the Company to reach new potential customers. As the Company expands, management expects there will be increased opportunities to partner with other content creators in the cannabis e-commerce space. No assurance can be given that the Company will be able to successfully grow its product base or establish new partnerships or that, if its product base is expanded or new partnerships are entered into, that the Company's business will be positively affected thereby. See "*Risk Factors*".

Acquisition Opportunities

The Company has identified a number of opportunities to expand by acquisition, however no opportunity identified to date has progressed to the stage of being considered a probable acquisition. The Company's acquisition strategy is to identify companies that complement Lifted in terms of financial profile, geographical focus, and product and service offering and enter into transactions that are accretive to its business. Based on management's analysis of the market, the vaporizer and accessory space is a fragmented and high growth market, which makes the industry ideal for consolidation. No assurance can be given that the Company's acquisition strategy will result in one or more acquisitions, or that any acquisitions, if completed, will result in the synergies expected or positively affect the Company's business. See "*Risk Factors*".

Potential Expansion into Cannabis-based Products

While the Company is currently only offering cannabis-related accessories and ancillary products through its e-commerce portals and platforms, Lifted is exploring expansion of its business to enable the facilitation of, or access to, CBD/hemp and/or THC products. The Company's connected platforms are well-positioned to add these products. The Company is in early discussions with existing retailers in the U.S. regarding the possibility of selling CBD/hemp and THC products over the Company's E-Commerce Sites, or on other online platforms created and controlled by the Company, to the extent the facilitation of such sales is permitted by all applicable state laws. Management expects that this expansion of the business would extend its customer base and would offer the opportunity to increase revenues and capture a portion of the growing legal and recreational cannabis markets in the U.S. The focus of such an expansion would be on recreational-based states like California, Nevada, and Colorado. Any expansion of the business to include the distribution, sale or production of cannabis-based products will only occur when market conditions and applicable state regulatory requirements permit (based on the regulatory and legal environments in the United States), and no assurance can be given that the Company will expand its business into the CBD/hemp and/or THC products market or, if so expanded, that it will enjoy the benefits anticipated by management resulting therefrom.

The goal of the Company is to build a robust online marketplace around cannabis-related accessories and ancillary products and, potentially in the future, cannabis-based products, that will allow for various brands, companies, drop-shippers, and partners to plug into the Company's e-commerce platforms and offer their products. The Company would carry no inventory, but would allow other companies to sell their products through the platforms provided by the Company, to the extent permitted by all applicable state laws. It is anticipated that this would allow the Company to avoid the licencing requirements that licensed producers and retailers of cannabis face for growing and distributing cannabis-based products. Lifted would strictly be a technology company offering e-commerce platforms to other companies to reach a wider customer base and generate revenues. No assurance can be provided that the Company will successfully be able to avoid onerous licencing requirements or that it will successfully be able to meet or maintain any licencing requirements that are imposed by applicable law. See "*Risk Factors*".

Lifted's Market

The Company's sales and marketing efforts are focused entirely on the U.S. market and, more specifically, on the most populous states of California, New York, Texas, Florida and Illinois. The Company's target demographics are adults aged 21-45. Currently, the baby boomer generation is a market that the Company has not specifically targeted. However, as the industry expands and gains widespread acceptance, the Company anticipates that the target segment will grow.

Lifted's Competitive Landscape

A number of e-commerce platforms targeting the vaporizer and accessory market currently exist. The Company's principal competitors in the U.S. are Vapor Nation, Smoke Cartel, Planet of the Vapes, Puff It Up, Dank Stop, and Got Vape.

The total demand for medical and recreational cannabis in the U.S. has been estimated to be between USD\$50 - USD\$55 billion. Cannabis sales were between USD\$5.8 - USD\$6.6 billion in U.S. markets in 2017 (according to the Marijuana Business Daily), and are expected to grow each year.

REGULATORY OVERVIEW

While the Company is currently only offering non-cannabis based accessories and ancillary products, the Company is exploring potential opportunities related to expanding its product offerings to include cannabis products in the United States. In accordance with CSA Staff Notice 51-352 (Revised) – *Issuers with US Marijuana-Related Activities* (the “**CSA Staff Notice**”), below is a discussion of the current federal and state-level U.S. regulatory regimes in those jurisdictions where the Company is currently directly and indirectly involved. In accordance with the CSA Staff Notice, the Company will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation.

United States Federal Overview

In the United States, medical cannabis is currently legal in thirty states, Washington D.C. and the territories of Guam and Puerto Rico. Recreational adult-use cannabis is legal in nine states and Washington D.C. At the federal level, however, cannabis currently remains a Schedule I drug under the CSA. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use, or distribution of cannabis, remain illegal under United States federal law.

The Cole Memorandum and the Sessions Memorandum

Although federally illegal, the U.S. federal government's approach to enforcement of such laws has, at least until recently, trended toward non-enforcement. On August 29, 2013, the DOJ issued a memorandum known as the “**Cole Memorandum**” to all U.S. Attorneys' offices (federal prosecutors). The Cole Memorandum generally directed U.S. Attorneys not to prioritize the enforcement of federal marijuana laws against individuals and businesses that rigorously comply with state regulatory provisions in states with strictly-regulated medical or recreational cannabis programs. The DOJ identified the most significant threats posed by cannabis activity that federal law enforcement, including in the use of federal funds, should prioritize, as follows:

- preventing the distribution of cannabis to minors;
- preventing revenue from the sale of cannabis from going to criminal enterprises, gangs, and cartels;
- preventing the diversion of cannabis from states where it is legal under state law in some form to other states;
- preventing state-authorized cannabis activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- preventing violence and the use of firearms in the cultivation and distribution of cannabis;
- preventing drugged driving and the exacerbation of other adverse public health consequences associated with cannabis use;
- preventing the growing of cannabis on public lands and the attendant public safety and environmental dangers posed by cannabis production on public lands; and

- preventing cannabis possession or use on federal property.

The Cole Memorandum explained that, outside of the eight listed enforcement priorities, the federal government should rely upon state and local law enforcement to address cannabis activity through enforcement of each state's respective narcotics laws. Specifically, the Cole Memorandum stated the following:

"In jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis in compliance with those laws and regulations is less likely to threaten the federal priorities set forth above [...] [a] robust system may affirmatively address those priorities by, for example, implementing effective measures to prevent diversion of cannabis outside of the regulated system, prohibiting access to cannabis by minors, replacing an illicit cannabis trade with a tightly regulated market in which revenues are tracked [...] in those circumstances, state and local law enforcement shall remain the primary means of addressing cannabis-related activity."

While not legally binding, and merely prosecutorial guidance, the Cole Memorandum laid a framework for managing the tension between state and federal laws concerning state-regulated marijuana businesses.

However, on January 4, 2018 the Cole Memorandum was revoked by Attorney General Jeff Sessions, a long-time opponent of state-regulated medical and recreational cannabis. While this did not create a change in federal law, as the Cole Memorandum was not itself law, the revocation removed the DOJ's guidance to U.S. Attorneys that state-regulated cannabis industries substantively in compliance with the Cole Memorandum's guidelines should not be a prosecutorial priority.

In addition to his revocation of the Cole Memorandum, Attorney General Jeff Sessions also issued a one-page memorandum known as the "**Sessions Memorandum**". The Sessions Memorandum confirmed the rescission of the Cole Memorandum and explained the rationale of the DOJ in doing so: the Cole Memorandum, according to the Sessions Memorandum, was "unnecessary" due to existing general enforcement guidance adopted in the 1980s, as set forth in the U.S. Attorney's Manual (the "**USAM**"). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government's limited resources, and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community."

While the Sessions Memorandum emphasizes that marijuana is a Schedule I controlled substance, and reiterates the statutory view that cannabis is a "dangerous drug and that marijuana activity is a serious crime," it does not otherwise indicate that the prosecution of marijuana-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether or not to prosecute marijuana-related offenses. The Company's outside U.S. counsel continuously monitors all U.S. Attorney comments related to regulated medical and adult-use cannabis laws to assess various risks and enforcement priorities within each jurisdiction. Dozens of U.S. Attorneys across the country have affirmed that their view of federal enforcement priorities has not changed, although a few have displayed greater ambivalence. In Washington, Annette Hayes, U.S. Attorney for the Western District of Washington, released a statement affirming that her office will continue to investigate and prosecute "cases involving organized crime, violent and gun threats, and financial crimes related to marijuana" and that "enforcement efforts with our federal, state, local and tribal partners focus on those who pose the greatest safety risk to the people and communities we serve." In California, at least one U.S. Attorney has made comments indicating a desire to enforce the CSA: Adam Braverman, Interim U.S. Attorney for the Southern District of California, has been viewed as a potential enforcement hawk after stating that the rescission of the Cole Memorandum "returns trust and local control to federal prosecutors" to enforce the CSA. Additionally, Greg Scott, the Interim U.S. Attorney for the Eastern District of California, has a history of prosecuting medical cannabis activity: his office published a statement that cannabis remains illegal under federal law, and that his office would "evaluate violations of those laws in accordance with our district's federal law enforcement priorities and resources."

It is too soon to determine what prosecutorial effects will be created by the rescission of the Cole Memorandum. While initial fears of a nationwide "crackdown" have not yet materialized, considerable uncertainty remains.

Regardless, marijuana remains a Schedule I controlled substance at the federal level, and neither the Cole Memorandum nor its rescission has altered that fact. The federal government of the United States has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or recreational marijuana, even if state law sanctioned such sale and disbursement. From a purely legal perspective, the criminal risk today remains identical to the risk that was present before the Cole Memorandum was rescinded; what remains unclear, however, is whether the risk of enforcement has been altered.

The FinCEN Memorandum

Additionally, under U.S. federal law it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from marijuana sales or any other Schedule I substance. Canadian banks are also hesitant to deal with cannabis companies that have U.S. operations, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy. Despite these laws, the U.S. Department of the Treasury issued a memorandum in February of 2014 (the “**FinCEN Memorandum**”) outlining the pathways for financial institutions to provide banking services to state-sanctioned marijuana businesses. Under these guidelines, financial institutions must conduct extensive and ongoing due diligence on the marijuana business and must submit “suspicious activity reports” (“**SARs**”) as required by federal money laundering laws. These marijuana-related SARs are divided into three categories: marijuana limited, marijuana priority, and marijuana terminated, based on the financial institution’s belief that the marijuana business is following state law, is operating out of compliance with state law, or where the banking relationship has been terminated.

On the same day the FinCEN Memorandum was published, the DOJ issued a memorandum (the “**2014 Cole Memo**”) directing prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of marijuana-related conduct. On January 4, 2018, the 2014 Cole Memo was rescinded (along with the Cole Memorandum), removing guidance that enforcement of applicable financial crimes was not a DOJ priority.

However, Attorney General Jeff Sessions’ revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum can act as a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact.

Enforcement of U.S. Federal Laws

For the reasons set forth above, the Company’s existing activities in the United States, and any future investments and activities, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company’s ability to invest or operate in the United States or any other jurisdiction. See “*Risk Factors*”.

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. A negative shift in the public’s perception of cannabis use (medical or recreational) in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize cannabis for medical and/or recreational purposes, thereby limiting the number of potential customers of the Company’s cannabis-related accessories and ancillary products, any future cannabis-based products the Company may seek to offer, and possibly imposing limitations on new state jurisdictions into which the Company could expand. Any inability to fully implement the Company’s expansion strategy may have a material adverse effect on the Company’s business, financial condition and results of operations. See “*Risk Factors*”.

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

U.S. Enforcement Proceedings

Although the Cole Memorandum and the 2014 Cole Memo have been rescinded, one legislative safeguard for the medical marijuana industry remains in place: Congress has used a rider provision in the FY 2015, 2016 and 2017 Consolidated Appropriations Acts (currently the Rohrabacher-Blumenauer Amendment or “**RBA**”) to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. The RBA was included in the FY 2018 budget passed on March 23, 2018, meaning that, the RBA is still in effect as of today’s date and will remain in effect until September 30, 2018, when FY 2019 begins.

There has been additional pushback at the congressional level to limit any future enforcement efforts by the executive branch. Numerous times throughout 2018, Rep. Jared Polis (D-Colorado) and Rep. Tom McClintock (R-California) have attempted to introduce the McClintock-Polis amendment to prevent the Drug Enforcement Administration from prosecuting individuals or entities for using, selling, or possessing marijuana in compliance with state laws. The McClintock-Polis amendment has received some bipartisan support and attempts to introduce similar concepts from the RBA (prohibiting the DOJ from using federal funds to prevent implementation of state medical cannabis laws) towards recreational, rather than just medical, marijuana use. At this time, it is unclear whether the McClintock-Polis amendment, or any similar legislation, will receive congressional support necessary to become law.

Ability to Access Capital

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Company’s projects. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor a deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to the Company when needed or on terms which are acceptable. The Company’s inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. See “*Risk Factors*”.

United States State-Level Overview

The following sections present an overview of market and regulatory conditions for the marijuana industry in U.S. states in which Lifted sells its products and is presented as of January 2018, unless otherwise indicated. Although the Company’s activities are compliant with applicable United States state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company.

California Summary

In 1996, California voters passed a medical marijuana law allowing physicians to recommend cannabis for an inclusive set of qualifying conditions including chronic pain. The law established a not-for-profit patient/caregiver system but there was no state licensing authority to oversee the businesses that emerged as a result of the system. In September of 2015, the California legislature passed three bills, collectively known as the “Medical Marijuana

Regulation and Safety Act". In 2016, California voters passed "The Adult Use of Marijuana Act", which legalized adult-use cannabis for adults 21 years of age and older and created a licensing system for commercial cannabis businesses. On June 27, 2017, Governor Brown signed SB-94 into law. SB-94 combines California's medicinal and adult-use cannabis regulatory frameworks into one licensing structure under the MAUCRSA.

Pursuant to MAUCRSA: (1) the California Department of Food and Agriculture, via CalCannabis, issues licenses to cannabis cultivators; (2) the California Department of Public Health, via the Manufactured Cannabis Safety Branch, issues licenses to cannabis manufacturers and (3) the California Department of Consumer Affairs, via the Bureau of Cannabis Control, issues licenses to cannabis distributors, testing laboratories, retailers, and micro-businesses. These agencies also oversee the various aspects of implementing and maintaining California's cannabis landscape, including the statewide track and trace system. All three agencies released their emergency rulemakings at the end of 2017, which have been since renewed until December 6, 2018 and have begun issuing licenses.

To operate legally under state law, cannabis operators must obtain a state license and local approval. Local authorization is a prerequisite to obtaining state licensure, and local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. The state license approval process is not competitive and there is no limit on the number of state licenses an entity may hold. Although vertical integration across multiple license types is allowed under MAUCRSA, testing laboratory licensees may not hold any other licenses aside from a laboratory license. There are also no residency requirements for ownership under MAUCRSA.

United States v. McIntosh

The McIntosh case reaffirms the RBA, an omnibus appropriations bill first enacted by Congress in December 2014, which prohibits the DOJ from spending federal funds to prosecute individuals whose conduct is permitted by and complies with state medical cannabis laws.

In McIntosh, the defendants faced federal indictments under the CSA due to their involvement in medical cannabis cultivation, manufacturing, and dispensing. The defendants challenged their indictments on the basis that such prosecution violated the RBA, which dictates the following:

"None of the funds made available in this Act to the Department of Justice may be used with respect to the States of [...] California [...] to prevent such States from implementing their own State laws that authorize the use, distribution, possession, or cultivation of medical cannabis."

The Ninth Circuit, in deciding whether the prosecutions of the defendant violated the RBA, focused on the plain meaning of the specific text, specifically, "prevent such states from implementing their own State laws that authorize the use, distribution, possession, or cultivation of medical cannabis." The Ninth Court rejected the DOJ's argument that prosecuting private individuals does not prevent the medical cannabis "States from implementing their own medical cannabis laws." In an important and telling passage, the Court stated:

"By officially permitting certain conduct, state law provides for non-prosecution of individuals who engage in such conduct. If the federal government prosecutes such individuals, it has prevented the state from giving practical effect to its law providing for non-prosecution of individuals who engage in the permitted conduct."

Thus, the Ninth Circuit concluded that, at a minimum, the RBA prohibits the DOJ from spending federal funds for the prosecution of individuals who engaged in medical commercial cannabis activity permitted by the state's medical cannabis laws and fully complied with those medical cannabis laws.

While the Ninth Circuit's holding is limited in geographic scope, the Company's California operations fall under the jurisdiction of the Ninth Circuit, where the McIntosh case is legal precedent. The Company's planned operations comply with MAUCRSA, pursuant to the ruling in McIntosh, the Company believes it can assert the ruling as a defense against any federal prosecution.

Extension of the RBA

In its McIntosh ruling, the Ninth Circuit recognized the temporal nature of the RBA. Because it is part of an omnibus bill and is a budget rider, it must be renewed by Congress each year to remain in effect. This makes its longevity a political issue. The Ninth Circuit did indicate that this temporary lack of funding could become a more permanent lack of funds if Congress continues to include the same rider in future appropriations bills.

The political atmosphere appears to favor the continuing extension of the RBA for future spending bills, though of course no assurance can be given in this regard. The status quo has been maintained by renewing the RBA until September 30, 2018. Further, the Congressional Cannabis Caucus, a bipartisan coalition organized to promote reform in the legal cannabis industry, is advocating for the continual extension of the RBA. In April 2017, forty-four members of Congress signed a letter explicitly requesting that the RBA be included in all future spending bills. As one political commentator recently stated, the renewal of the RBA “demonstrates Congress’ recognition that cannabis is legitimate medicine and demonstrates their continued deference to the [...] states [...] which have each determined that medical cannabis is a valid form of medical treatment,” and that the renewal is evidence of Congress’ belief that states are capable of, and have demonstrated their capacity, to maintain well-regulated cannabis economies. There can be no certainty that Congressional action will occur.

California has implemented a robust regulatory system designed to ensure, monitor, and enforce compliance with all aspects of a cannabis operator’s licensed operations. Compliance with local law is a prerequisite to obtaining and maintaining state licensure, and all three state regulatory agencies require confirmation from the locality that the operator is operating in compliance with local requirements and was granted authorization to continue or commence commercial cannabis operations within the locality’s jurisdiction.

Under California state law, all state licensed cannabis businesses are entitled to rely on certain transition provisions until December 6, 2018. These provisions were included to ease the transition of businesses into the new regulatory regime introduced on January 1, 2018 in California. The provisions grandfather the sale of certain products compliantly produced prior to January 1, 2018, and, among other things, also allow state licensees to transact with other state licensees regardless of the parties’ adult-use (A) or medical (M) license.

Below is an overview of some of the principal license types issued in California (each of which can be issued with a Medical (M-Class) or Adult-Use (A-Class) designation):

- Type 6: authorized to manufacture cannabis products using mechanical or non-volatile solvent extractions.
- Type 7: authorized to manufacture cannabis products using volatile solvent extractions.
- Type N: authorized to manufacture cannabis products (other than extracts or concentrates) using infusion processes, but does not conduct extractions.
- Type P: authorized to only package or repackage cannabis products or relabel the cannabis product container.
- Type 8: authorized to test the chemical composition of cannabis and cannabis products.
- Type 9: authorized to conduct retail cannabis sales exclusively by delivery.
- Type 10: authorized to sell cannabis goods to customers.
- Type 11: authorized to transport and store cannabis goods purchased from other licensed entities, and sell them to licensed retailers, and is responsible for laboratory testing and quality assurance to ensure packaging and labeling compliance.
- Type 13: authorized to transport cannabis goods between licensed cultivators, manufacturers, and distributors.

Zoning and Land Use Requirements

Applicants are required to comply with all local zoning and land use requirements and provide written authorization from the property owner where the commercial cannabis operations are proposed to take place, which must dictate

that the applicant has the property owner's authorization to engage in the specific state-sanctioned commercial cannabis activities proposed to occur on the premises.

Record-Keeping and Continuous Reporting Requirements

California's state license application process additionally requires comprehensive criminal history, regulatory history, financial and personal disclosures, coupled with stringent monitoring and continuous reporting requirements designed to ensure only good actors are granted licenses and that licensees continue to operate in compliance with the State regulatory program.

Operating Procedure Requirements

Applicants must submit standard operating procedures describing how the operator will, among other requirements, secure the facility, manage inventory, comply with the State's seed-to-sale tracking requirements, dispense cannabis, and handle waste, as applicable to the license sought. Once the standard operating procedures are determined compliant and approved by the applicable state regulatory agency, the licensee is required to abide by the processes described and seek regulatory agency approval before any changes to such procedures may be made. Licensees are additionally required to train their employees on compliant operations and are only permitted to transact with other legal and licensed businesses.

Florida Summary

The State of Florida Statutes 381.986(8)(a) provides a regulatory framework that requires licensed producers, which are statutorily defined as "Medical Marijuana Treatment Centers" ("**MMTC**"), to both cultivate, process and dispense medical cannabis in a vertically integrated marketplace.

Applicants must demonstrate (and licensed MMTC's must maintain) that: (i) they have been registered to do business in the State of Florida for the previous five years, (ii) they possess a valid certificate of registration issued by the Florida Department of Agriculture, (iii) they have the technical and technological ability to cultivate and produce cannabis, including, but not limited to, low-THC cannabis, (iv) they have the ability to secure the premises, resources, and personnel necessary to operate as an MMTC, (v) they have the ability to maintain accountability of all raw materials, finished products, and any byproducts to prevent diversion or unlawful access to or possession of these substances, (vi) they have an infrastructure reasonably located to dispense cannabis to registered qualified patients statewide or regionally, (vii) they have the financial ability to maintain operations for the duration of the 2-year approval cycle, including the provision of certified financial statements to the department, (viii) all owners, officers, board members and managers have passed a Level II background screening, inclusive of fingerprinting, and ensure that a medical director is employed to supervise the activities of the MMTC, and (ix) they have a diversity plan and veterans plan accompanied by a contractual process for establishing business relationships with veterans and minority contractors and/or employees.

Upon approval of the application by the Florida Department of Agriculture, the applicant must post a performance bond of up to US\$5 million, which may be reduced by meeting certain criteria.

An MMTC may not dispense more than a 70-day supply of cannabis. The MMTC employee who dispenses the cannabis must enter into the registry his or her name or unique employee identifier. The MMTC must verify that: (i) the qualified patient and the caregiver, if applicable, each has an active registration in the registry and active and valid medical cannabis use registry identification card, (ii) the amount and type of cannabis dispensed matches the physician certification in the registry for the qualified patient, and (iii) the physician certification has not already been filled. An MMTC may not dispense to a qualified patient younger than 18 years of age, only to such patient's caregiver. An MMTC may not dispense or sell any other type of cannabis, alcohol, or illicit drug-related product, except a cannabis delivery device as specified in the physician certification. An MMTC must, upon dispensing, record in the registry: (i) the date, time, quantity and form of cannabis dispensed, (ii) the type of cannabis delivery device dispensed, and (iii) the name and registry identification number of the qualified patient or caregiver to whom the cannabis delivery device was dispensed. An MMTC must ensure that patient records are not visible to anyone other than the patient, caregiver, and MMTC employees.

With respect to security requirements for cultivation, processing and dispensing facilities, an MMTC must maintain a fully operational alarm system that secures all entry points and perimeter windows, and is equipped with motion detectors, pressure switches, and duress, panic and hold-up alarms. The MMTC must also have a 24-hour video surveillance system with specified features. MMTCs must retain video surveillance recordings for at least 45 days, or longer upon the request of law enforcement.

An MMTC's outdoor premises must have sufficient lighting from dusk until dawn. An MMTC's dispensing facilities must include a waiting area with sufficient space and seating to accommodate qualified patients and caregivers and at least one private consultation area and such facilities may not display products or dispense cannabis or cannabis delivery devices in the waiting area and may not dispense cannabis from its premises between the hours of 9:00 p.m. and 7:00 a.m. but may perform all other operations and deliver cannabis to qualified patients 24-hours a day.

Cannabis must be stored in a secured, locked room or a vault. An MMTC must have at least two employees, or two employees of a security agency, on the premises at all times where cultivation, processing, or storing of cannabis occurs. MMTC employees must wear an identification badge and visitors must wear a visitor pass at all times on the premises. An MMTC must report to law enforcement within 24 hours after the MMTC is notified of or becomes aware of the theft, diversion or loss of cannabis. A cannabis transportation manifest must be maintained in any vehicle transporting cannabis or a cannabis delivery device. The manifest must be generated from the MMTC's seed-to-sale tracking system and must include the: (i) departure date and time, (ii) name, address, and license number of the originating MMTC, (iii) name and address of the recipient, (iv) quantity and form of any cannabis or cannabis delivery device being transported, (v) arrival date and time, (vi) delivery vehicle make and model and license plate number; and (vii) name and signature of the MMTC employees delivering the product. Further, a copy of the transportation manifest must be provided to each individual, MMTC that receives a delivery. MMTCs must retain copies of all cannabis transportation manifests for at least three years. Cannabis and cannabis delivery devices must be locked in a separate compartment or container within the vehicle and employees transporting cannabis or cannabis delivery devices must have their employee identification on them at all times. Lastly, at least two people must be in a vehicle transporting cannabis or cannabis delivery devices, and at least one person must remain in the vehicle while the cannabis or cannabis delivery device is being delivered.

The Florida Department of Agriculture shall conduct announced or unannounced inspections of MMTCs to determine compliance with the laws and rules. The Department shall inspect an MMTC upon receiving a complaint or notice that the MMTC has dispensed cannabis containing mold, bacteria, or other contaminants that may cause an adverse effect to humans or the environment. The Department shall conduct at least a biennial inspection of each MMTC to evaluate the MMTC's records, personnel, equipment, security, sanitation practices, and quality assurance practices.

Illinois Summary

Effective January 1, 2014, the Illinois legislature promulgated the Compassionate Use of Medical Cannabis Pilot Program Act, which allows individuals diagnosed with a debilitating medical condition access to medical marijuana. In 2016 the pilot program was extended through July 1, 2020. There are over 35 qualifying conditions as part of the medical program, including epilepsy, traumatic brain injury, and post-traumatic stress disorder. Cultivating, processing, and dispensary licenses are awarded based on merit in a highly competitive application process to applicants who demonstrate strong operational expertise and financial backing.

According to data reported by the Illinois Department of Public Health, from November 2015 through June 30, 2017 total medical cannabis retail sales by licensed medical cannabis dispensaries were approximately \$74 million. The state of Illinois uses BioTrackTHC as the state's computerized track-and-trace system for seed-to-sale. Individual licensees whether directly or through third-party integration systems are required to push data to the state to meet all reporting requirements.

In March 2018, Cook County voters (which is by far and large the most populous county in the state, encompassing all of Chicago metro area) responded positively for state-wide recreational legalization with a 63% majority. Although the vote was non-binding, the voting leverage of Cook County, which encompasses more than 130 municipalities, is anticipated to play a significant role in the November 2018 gubernatorial elections for which numerous candidates have outwardly pledged their support for cannabis legislation.

New York Summary

New York is one of the most promising medical cannabis markets that opened in 2016. The state population numbers nearly twenty million and New York City is the most populous and visited cities in the U.S. The New York program, when initially implemented, allowed for only five fully vertically integrated licenses. The licenses allowed each license holder the opportunity to operate a cultivation facility, extraction and manufacturing, and four retail medical marijuana dispensaries. The state program was adjusted to increase the range of qualifying conditions which, as of the date hereof, includes chronic and severe pain. In August 2017, the state of New York also increased the number of licensed operators in the state to a total of ten (10). Each of the newly added licenses can carry out the same operations as the original license holders. The state has made progress towards the ability to increase the outreach to qualified patients through the 10 licensed operators via the disbursement of retail locations across the state, the increase in range of qualifying conditions, and other various methods to support patient access.

Texas Summary

The Texas Compassionate Use Act was enacted by the Texas Legislature in 2015, and authorizes physicians to prescribe low-THC cannabis to patients who have been diagnosed with intractable epilepsy and have prescriptions from two physicians. The Department of Public Safety is responsible for regulation of the program and for licensing of a minimum of three vertically integrated dispensing organizations. Following submission and review of 43 applications for licensure, the Department selected three applicants to cultivate, process, and dispense low-THC cannabis to approved patients in Texas. Physicians who qualify under the Texas Compassionate Use Act and who would like to prescribe low-THC cannabis for qualifying patients must register through the Compassionate Use Registry of Texas, which as of August 22, 2018, included a total of 44 physicians. Low-THC cannabis must contain no more than 0.5% by weight of THC and not less than 10% by weight of CBD. Low-THC cannabis cannot be ingested by smoking.

Regulation of Cannabis in Canada

On August 24, 2016, the ACMPR came into force under the *Controlled Drugs and Substances Act* (the “**CDSA**”), allowing Canadians who have been authorized to use cannabis by their health care practitioner with access to cannabis for medical purposes. The ACMPR replaced the *Marihuana for Medical Purposes Regulations* (the “**MMPR**”), which was implemented in June 2013. The MMPR replaced the *Marihuana Medical Access Regulations* (the “**MMAR**”) which was implemented in 2001. The MMPR and MMAR were initial steps in the Government of Canada’s legislative path towards legalizing and regulating medical cannabis.

The ACMPR regulates the production, distribution and sale of medical cannabis and related oil extracts in Canada. Under the ACMPR, Canadians who are authorized by their health care practitioner to use medical cannabis have the option of purchasing cannabis from one of the producers licensed by Health Canada and are also able to register with Health Canada to produce a limited amount of cannabis for their own medical purposes or to designate an individual who is registered with Health Canada to produce cannabis on their behalf for personal medical purposes.

On June 18, 2018, the *Cannabis Act*, legislation outlining the framework for the legalization of adult-use cannabis, passed the Senate vote and subsequently received Royal Assent on June 21, 2018. The Government of Canada has announced that the Cannabis Act, and related ancillary amendments to other legislation, are intended to come into effect October 17, 2018.

Pursuant to the *Cannabis Act*, subject to provincial regulations, individuals over the age of 18 will be able to purchase fresh cannabis, dried cannabis, cannabis oil, and cannabis plants or seeds and will be able to legally possess up to 30 grams of dried cannabis, or the equivalent amount in fresh cannabis or cannabis oil. The Cannabis Act also permits households to grow a maximum of four cannabis plants. This limit applies regardless of the number of adults that reside in the household. In addition, the Cannabis Act provides provincial and municipal governments the authority to prescribe regulations regarding retail and distribution, as well as the ability to alter some of the existing baseline requirements of the Cannabis Act, such as increasing the minimum age for purchase and consumption.

Provincial and territorial governments in Canada have made varying announcements on the proposed regulatory regimes for the distribution and sale of cannabis for adult-use purposes. For example, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Yukon and the Northwest Territories have chosen the government-regulated model for distribution, whereas Saskatchewan and Newfoundland & Labrador have opted for a private sector approach. Alberta, Ontario, Manitoba, Nunavut and British Columbia have announced plans to pursue a hybrid approach of public and private sale and distribution.

In connection with the new framework for regulating cannabis in Canada, the Federal Government has introduced new penalties under the *Criminal Code* (Canada), including penalties for the illegal sale of cannabis, possession of cannabis over the prescribed limit, production of cannabis beyond personal cultivation limits, taking cannabis across the Canadian border, giving or selling cannabis to a youth and involving a youth to commit a cannabis-related offence.

On July 11, 2018, the Federal Government published regulations in the Canada Gazette to support the *Cannabis Act*, including the *Cannabis Regulations* (“**Cannabis Regulations**”), the new *Industrial Hemp Regulations* (“**IHR**”, and together with the Cannabis Regulations, collectively, the “**Regulations**”), along with proposed amendments to the *Narcotic Control Regulations* and certain regulations under the *Food and Drugs Act*. The Regulations, among other things, outline the rules for the legal cultivation, processing, research, analytical testing, distribution, sale, importation and exportation of cannabis and hemp in Canada, including the various classes of licenses that can be granted, and set standards for cannabis and hemp products that will be available for legal sale as of October 17, 2018. The Regulations include strict specifications for the plain packaging and labelling and analytical testing of all cannabis products as well as stringent physical and personnel security requirements for all federally licensed production sites. The Regulations also maintain a distinct system for access to cannabis. When the *Cannabis Act* and the Regulations come into force on October 17, 2018, cannabis will cease to be regulated under the CDSA and will instead be regulated under the *Cannabis Act*. At that time, the ACMPR and the current IHR, both passed under the CDSA, will be repealed. Certain regulations under the *Food and Drugs Act* will also be amended, including the *Cannabis Exemption (Food and Drugs Act) Regulations* and the *Natural Health Products Regulations*.

USE OF PROCEEDS

Proceeds

The estimated net proceeds to the Company from the Offering (after deducting the Underwriter’s Fee of \$● and the estimated costs to complete the Offering of \$●) will be approximately \$●.

The Company intends to use the net proceeds of the Offering as follows:

<u>Item</u>	<u>Approximate Amount</u>
Marketing.....	\$●
Technology and Platform Development ⁽¹⁾	\$●
General & Administrative.....	\$●
General working capital.....	\$●
Total	\$●

Note: 1) Technology and Platform Development may include accretive acquisitions of assets or entities that the Company identifies following completion of the Offering.

As at August 31, 2018, the Company had approximately US\$2.5 million cash on hand, which will also be available to implement the Company’s principal purposes noted above.

If the Over-Allotment Option is exercised in full, the Company will receive additional net proceeds of \$● after deducting the Underwriter’s Fee. The net proceeds from the exercise of the Over-Allotment Option, if any, is expected to be added to general working capital.

Proceeds will be used to fund business operations to the extent that revenues from operations are insufficient to cover operating expenses. The Company anticipates that its expenses for the next 12 months, based on current operations, to be in the approximate amount of \$●. These expenses do not take into account any increase in earnings during that period.

The above noted allocation represents the Company's intentions with respect to its use of proceeds based on current knowledge, planning and expectations of management of the Company. Actual expenditures may differ from the estimates set forth above. There may be circumstances where for sound business reasons, the Company reallocates the use of proceeds, see "*Risk Factors*".

Significant Events, Milestones or Objectives

The primary business objectives for the Company over the next 12 months are:

\$● – Develop a unified branding strategy for the Company, as well as the websites that it currently owns;

- Hire marketing team to focus on content on our websites.
- Engage public relations firm(s) and groups to raise brand awareness.
- Use social media platforms to raise awareness of our brand and build a community.

\$● – Grow user traffic on our e-commerce platform by 50%;

- Work with marketing partners to help drive targeted traffic to our e-commerce platform.

\$● – Improve e-commerce conversion rate by 50%;

- Focus on segmented groups in the marketplace who we identify as high conversion targets.
- Focus on the design and product selection of our web stores, improving the overall experience for customers.

\$● – Improve e-commerce margins by 25%;

- Hire additional staff to optimize operations and processes.
- Increase the number of high-margin products and brands on our web stores.

\$● – Prepare a clearly defined plan on implementing AI into the Company's e-commerce platform;

- Hire technology staff to develop, iterate, and test potential AI optimizations to the platform.
- Incentivize customers to improve database of information on the cannabis market.

Significant events that need to occur for the Company's business objectives to be accomplished:

1. Successful completion of the Offering, as contemplated herein; and
2. Successful recruitment of appropriately skilled sales, marketing and technology staff within six months following completion of the Offering.

There can be no assurances the above objectives will be completed as and when contemplated, or at all. See "*Risk Factors*".

DIVIDEND POLICY

The Company has not declared dividends on its Common Shares since incorporation. The Company currently intends to reinvest all future earnings in order to finance the development and growth of its business. As a result, the Company does not intend to pay dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Board and will depend on the financial condition, business environment, operating

results, capital requirements, any contractual restrictions on the payment of dividends and any other factors that the Board deems relevant.

OUTSTANDING SECURITY DATA

As of the date of this prospectus, the following securities of the Company were outstanding:

Common Shares	61,300,000
Options	3,400,000
Total (Fully Diluted)	64,700,000

DESCRIPTION OF SHARE CAPITAL

Common Shares

The authorized capital of the Company consists of an unlimited number of Common Shares without par value. As of the date of this prospectus, 61,300,000 Common Shares were issued and outstanding as fully paid and non-assessable.

Holders of Common Shares are entitled to receive notice of, attend and vote at meetings of the shareholders (other than meetings at which only holders of another class or series of shares are entitled to vote separately as a class or series). Each Common Share carries the right to one vote. The holders of Common Shares are entitled to receive any dividends declared by the Company in respect of the Common Shares, subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares ranking in priority to the Common Shares with respect to the payment of dividends. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, holders of Common Shares are also entitled to receive, on a pro rata basis, the remaining property and assets of the Company available for distribution after payment of all of its liabilities and subject to the rights of the holders of any other class of shares ranking in priority to the Common Shares. The Common Shares do not have pre-emptive rights, conversion rights or exchange rights and are not subject to redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital. For a description of the Company's dividend policy, see "*Dividend Policy*".

Provisions as to the modification, amendment or variation of the rights attached to the Common Shares are contained in the Company's bylaws and the CBCA. Generally speaking, substantive changes to the authorized share structure require the approval of its shareholders by special resolution (at least two-thirds of the votes cast at a meeting of shareholders).

CONSOLIDATED CAPITALIZATION

The following table sets forth the Company's cash and cash equivalents and capitalization as at April 30, 2018 on an actual basis and as adjusted to give effect to the Common Shares issuable pursuant to this Offering after deducting the Underwriter's Fee and estimated Offering expenses, as though they had occurred on such date. This table should be read in conjunction with the Financial Statements, which appear elsewhere in this prospectus.

	As at April 30, 2018	Adjusted to give effect to the Offering assuming exercise of the Over-Allotment Option in full and the President's List is fully subscribed	Adjusted to give effect to the Offering, assuming exercise of the Over-Allotment Option in full and the President's List is fully subscribed
Cash and cash equivalents	\$2,487,667	•	•
Common Shares	61,300,000	•	•
Warrants	Nil	•	•
Stock Options	2,750,000	•	•
Total Share Capitalization	\$2,825,071	•	•

OPTIONS TO PURCHASE COMMON SHARES

Options

Prior to the completion of the Offering, it is expected that the Board will establish a stock option plan (the "**Stock Option Plan**"), under which Options may be granted to the Company's and its subsidiaries directors, officers, employees and consultants. For a summary of the terms of the Stock Option Plan, see "*Executive Compensation - Compensation Discussion and Analysis - Stock Option Plan*".

The Company has also granted 3,400,000 options to purchase Common Shares to various officers, directors, employees and consultants pursuant to option agreements (the "**Legacy Options**"). The following table sets out information regarding the outstanding Legacy Options as of the date of this prospectus. Upon completion of the Offering, it is expected that any future Options will only be granted pursuant to the Stock Option Plan, but that outstanding Legacy Options will continue to be governed by the terms and conditions of the Legacy Option agreements. The maximum number of Common Shares which may be issued pursuant to Options granted under both Legacy Options and the Stock Option Plan at any point in time is expected to be limited to 10% of the total issued and outstanding Common Shares.

Holder of Options	Number of Optionees	Common Shares Underlying Options	Exercise Price	Expiry Date
Executive Officers and Former Executive Officers.....	1	400,000	\$0.20	4/9 2023
	1	250,000	\$0.50	5/21 2023
	2	700,000	\$0.50	8/20 2023
Directors (other than those who are also Executive Officers) and Former Directors.....	4	950,000	\$0.20	4/9 2023
Other Current and Former Employees.....	-	-	-	-
Current and Former Employees of Subsidiaries of the Company.....	-	-	-	-
Consultants.....	3	900,000	\$0.20	4/9 2023
	1	100,000	\$0.50	5/14 2023
	1	100,000	\$0.50	5/21 2023
Total	13	3,400,000		

PRIOR SALES

The following table summarizes details of the securities issued by the Company since incorporation to the date of this prospectus.

Common Shares

Date of Issuance	Description of Security	Price per Security	Number of Securities
February 27, 2018.....	Common Shares.....	\$0.01	1,000,000
March 14, 2018.....	Common Shares.....	\$0.01	1,000,000
March 16, 2018.....	Common Shares ⁽¹⁾	\$0.01	35,000,000
March 23, 2018.....	Common Shares ⁽²⁾	\$0.04	10,000,000
April 5, 2018.....	Common Shares ⁽³⁾	\$0.20	2,500,000
April 9, 2018.....	Common Shares ⁽³⁾	\$0.20	11,800,000
April 9, 2018.....	Options ⁽⁴⁾	\$0.20	2,250,000
May 14, 2018.....	Options.....	\$0.20	100,000
May 21, 2018.....	Options.....	\$0.50	350,000
August 20, 2018.....	Options.....	\$0.50	700,000

Notes:

- 1) Issued pursuant to the Asset Purchase Agreement.
- 2) Issued pursuant to the March 2018 Private Placement.
- 3) Issued pursuant to the April 2018 Private Placement.
- 4) Of these, 500,000 Options granted to a former director of the Company were subsequently canceled.

ESCROWED SECURITIES

As at the date of this prospectus, the securities expected to be subject to escrow upon completion of the listing of the Common Shares on the CSE are shown in the following table:

Designation of Class	Total Number of securities held in escrow or that are subject to a contractual restriction on date of transfer	Percentage of Class
Common Shares	1,075,000	1.75%
Options.....	2,300,000	67.6%

Note:

- 1) The Common Shares and Options noted above are expected to be held in escrow and released over time pursuant to an escrow agreement dated ●, 2018 between directors, officers, advisors of the Company and ●, as escrow agent.

A detailed breakdown of the securities expected to be subject to escrow is shown in the following table:

Name	Designation of Class	Quantity	Percentage of Class
Alan Ritter	Common Shares	250,000	<0.1%
	Options.....	200,000	5.9%
Gary Shnier.....	Common Shares	375,000	<0.1%
	Options.....	200,000	5.9%
Bjarne Borg.....	Common Shares	250,000	<0.1%
	Options.....	350,000	10.3%
Michael Galloro.....	Common Shares	200,000	<0.1%
	Options.....	200,000	5.9%
Brian Ma.....	Common Shares	Nil	0.0%
	Options.....	600,000	17.6%
Brandon Ward.....	Common Shares	Nil	0.0%
	Options.....	750,000	22.1%

Uniform terms of automatic timed escrow release apply to principals of exchange-listed issuers, differing only according to the classification of the issuer. At the time of its initial public offering, an issuer will be classified for the purposes of escrow as either an “exempt issuer”, an “established issuer” or an “emerging issuer”, as those terms are defined in NP 46-201. The Company anticipates that it will be classified as an “emerging issuer”. As such, the Company anticipates that the following automatic timed releases will apply to the securities held by the Principals listed in the table above.

Date of Automatic Timed Release	Amount of Escrowed Securities Released
Date the Company's securities are listed on the CSE	1/10 of the escrow securities
6 months after the listing date	1/6 of the remaining escrow securities
12 months after the listing date	1/5 of the remaining escrow securities
18 months after the listing date	1/4 of the remaining escrow securities
24 months after the listing date	1/3 of the remaining escrow securities
30 months after the listing date	1/2 of the remaining escrow securities
36 months after the listing date	The remaining escrow securities

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and executive officers of the Company, as of the date of this prospectus and following completion of the Offering, no person or company beneficially owns or exercises control or direction, directly or indirectly, over Common Shares carrying more than 10% of the votes attached to all outstanding Common Shares.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out, for each of the Company's directors and executive officers, the person's name, age, province or state and country of residence, position(s) with the Company, the date on which the person became a director and/or an executive officer, and principal occupation. The Company's directors are expected to hold office until the Company's next annual meeting of shareholders. The Company's directors are elected annually and, unless re-elected, retire from office at the end of the next annual meeting of shareholders. As a group, the directors and executive officers beneficially own, or control or direct, directly or indirectly, a total of 1,075,000 Common Shares, representing approximately 1.75% of the Common Shares outstanding as at the date of this prospectus.

Directors and Executive Officers

Name and Province or State and Country of Residence	Age	Position with the Company	Director/Officer Since	Principal Occupation, Business or Employment for the Last Five Years
Brandon Ward San Diego, California, US	33	Director and Chief Executive Officer	June 12, 2018	General Manager, Herbalizer April 2015-May 2018 Account Manager, Cali Bamboo, Mar 2014- Nov 2014 DuChateau Floors, Logistics, Aug 2013-March 2014
Brian Ma Toronto, Ontario, Canada	34	Chief Financial Officer	April 23, 2018	Director of Finance, VIKTRE 2016-2018 CFO, Wesdome Gold Mines, 2012-2015
Bjarne Borg ⁽¹⁾ Stockholm, Sweden	52	Chair and Director	February 27, 2018	Chairman, Index Invest International AB
Michael Galloro ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario, Canada	43	Director	February 27, 2018	Principal, ALOE Finance
Alan Ritter ⁽²⁾⁽³⁾ Winnipeg, Manitoba, Canada	52	Director	February 27, 2018	Owner, Ritter Dental Centre
Gary Shnier ⁽¹⁾⁽²⁾⁽³⁾ Winnipeg, Manitoba, Canada	51	Director	February 27, 2018	President, Imperial Flooring

Notes:

- 1) Proposed member of the Audit Committee.
- 2) Proposed member of the Compensation Committee.
- 3) Proposed member of the Corporate Governance and Nominating Committee.

Biographies

The following are brief profiles of the Company's executive officers and directors, including a description of each individual's principal occupation within the past five years.

Bjarne Borg, Chair and Director - 52

Bjarne Borg has over 35 years' experience in managing start-ups, leading teams and running a wide range of multinational corporations with focus on investments in real estate, renewable energy and disruptive, innovative equity investments. Mr. Borg initially obtained experience in the public markets from listing the bonds of Index

Invest International AB on a NASDAQ corporate bond exchange. Mr. Borg began his career by starting an IT consulting company in the late seventies and working in the IT industry until he was called to serve in the Swedish Air Force. After his military service, Mr. Borg went on to earn the Authorized Accountant designation in Sweden. In the late eighties, Mr. Borg founded and headed up a consulting and accounting practice before fully focusing on investments and developments across Sweden, the U.S. and Canada. Mr. Borg is currently based in Jupiter, Florida, acting as the Executive Chairman for Index Investment Group, an investment group he co-founded in 1998 to develop the group's North American operations and global business strategies.

Michael Galloro, Director - 43

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

Alan L. Ritter DDS, Director - 52

Alan Ritter has been operating his dental practice in both Canada and the U.S. for the past 23 years, holding practice licenses in several states in the U.S. and in Canada. Mr. Ritter offers an entrepreneurial perspective on new companies, having built his own dental practice and is extremely well-versed in all aspects of sales and marketing, as well as finance and accounting. Mr. Ritter was an early adopter in utilizing online presence and web-based marketing for his practice, which is a skill that is highly transferable between industries. Within his own industry Mr. Ritter had an early understanding of technology utilization and its importance in allowing growth and differentiation for what is usually a commodity style business. Client experience is paramount in order to be successful in the current business environment. Mr. Ritter has been a lifetime stock investor, having purchased his first stock at the age of 13 and is well-versed in the capital markets. It is the passion for investing in new technologies and new industries which has allowed Mr. Ritter the opportunity to contribute to the establishment and growth of the Company in his role as an outside director.

Gary Shnier, Director - 51

Gary Shnier is a successful businessman and investor with over 30 years of experience in the private sector. Mr. Shnier's primary role is serving as President of Imperial Flooring Limited, which is involved in floor covering both at the retail and commercial level with a primary focus on large scale commercial projects for both government entities and the private sector. In addition to Imperial Flooring, Mr. Shnier is the President of a total of four private companies, including businesses involved in mattress and wood fabrication for a large national brand. Mr. Shnier's businesses have afforded him the opportunity to become highly-skilled in the areas of overseas material sourcing along with the import and export of both materials and finished products. Along with this has come a detailed knowledge of currency hedging for the purposes of conducting cross border business. Mr. Shnier also participates as an active Advisory Board member for two separate industry organizations where participants throughout North America have access to his expertise. Mr. Shnier has been an active member of the Young Presidents Organization for well over a decade. He has spent decades as an active real estate and stock investor including extensive experience in seed and early round investing for companies looking to go public. Mr. Shnier sits as a director of a family investment company, Metropolitan Equities, which is a medium to large sized real estate holding company.

Brandon Ward, Chief Executive Officer and Director - 33

Brandon Ward is an entrepreneurial business leader with over three years of experience in the cannabis vaporizer industry. His background is driven from having over 10 years of experience in the business world, most recently helping build out an e-commerce vaporizer company, 1Ready, LLC (dba Herbalizer) from April 2015 to May 2018 as the General Manager. Communication, leadership, and strategy are the foundations of his career. Mr. Ward studied business and marketing at Marshall University where he received his Bachelor of Business degree. He is

passionate about start-ups and business, and looks to lead the future of the Company to a very successful venture. Mr. Ward is currently working full-time for the Company.

Brian Ma, Chief Financial Officer - 34

Brian Ma is an accomplished financial executive with over 10 years of experience. Mr. Ma was previously Chief Financial Officer of Wesdome Gold Mines Inc., a TSX-listed company operating in the gold mining industry. Subsequently, he also served as Director of Finance of a start-up company involved in building a content and e-commerce platform in the sports industry. Mr. Ma earned his Chartered Professional Accountant, Chartered Accountant (CPA, CA) designation while working in at Deloitte & Touche LLP in Toronto, and has his Master of Accounting (MAcc) Degree from the University of Waterloo. Mr. Ma is currently working full-time for the Company.

Corporate Cease Trade Orders

To the knowledge of the Company, no director or executive officer is, as at the date of the prospectus, or has been, within the 10 years before the date of this prospectus, a director, chief executive officer or chief financial officer of any company (including the Company), that:

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

BANKRUPTCIES PENALTIES OR SANCTIONS

To the knowledge of the Company, except as noted below, no director or executive officer:

- is, as at the date of this prospectus, or has been within the 10 years before the date of this prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- has, within the 10 years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Bjarne Borg, a director of the Company, was a director of Index Energy Mills Road Corporation (“**IEMR Corp.**”) and resigned within a year of IEMR Corp. applying for, and obtaining, on August 16, 2017 (as extended from time to time), an initial order from the Superior Court of Justice (Commercial List) under the *Companies’ Creditors Arrangement Act* (Canada) to facilitate a court-monitored restructuring (the “**IEMR CCAA Proceedings**”). Following a successfully implemented court-approved restructuring transaction, the Superior Court of Justice (Commercial List) issued an order on March 12, 2018 pursuant to which the IEMR CCAA Proceedings were terminated.

To the knowledge of the Company, no director or executive officer has been subject to:

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

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

Conflicts of Interest

Some of the directors and officers of the Company are also directors, officers and/or promoters of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions of the Company or in generally acting on behalf of the Company, notwithstanding that they will be bound by the provisions of the CBCA to act at all times in good faith and in the best interests of the Company, and to disclose such conflicts to the Company if and when they arise. To the best of its knowledge, the Company is not aware of the existence of any conflicts of interest between the Company and any of its directors and officers as of the date hereof. Shareholders of the Company should rely on the judgment and good faith of the Company's directors and officers in resolving any conflicts of interest that may arise.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The executive compensation discussion below discloses compensation paid to the following individuals:

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with Section 1.3(5) of Form 51-102F6V under National Instrument 51-102 – *Continuous Disclosure Obligations*, for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, as at the end of the most recently completed financial year,

(each, a "**Named Executive Officer**" or "**NEO**"). The Company expects that, for the financial year ended April 30, 2019, its Named Executive Officers will be Brandon Ward (Chief Executive Officer) and Brian Ma (Chief Financial Officer).

In assessing the compensation of its executive officers, the Company does not have in place any formal objectives, criteria or analysis. Compensation payable by the Company is currently determined by the Board.

The Company's executive compensation program is based on comparisons of similar type and size companies. Both individual and corporate performances are also taken into account.

As of the date of this prospectus, the Company's directors have not established any benchmark or performance goals to be achieved or met by the Named Executive Officers. However, Named Executive Officers are expected to carry out their duties in an effective and efficient manner so as to advance the business objectives of the Company. The satisfactory discharge of such duties is subject to ongoing monitoring by the Company's directors.

Payments may be made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length services providers.

The goal of the Company's executive compensation philosophy is to attract, motivate, retain and reward an energetic, goal driven, highly qualified and experienced management team and to encourage them to meet and exceed performance expectations within a calculated risk framework. The Board has not considered the

implications of the risk associated with the Company's compensation policies and practices. The compensation program is designed to reward each executive based on individual, business and corporate performance and is also designed to incent such executives to drive the annual and long-term business goals of the organization.

For executive officers who are offered compensation, such compensation will primarily be comprised of a base salary, fees and/or stock options to purchase Common Shares.

Option-Based Awards

Stock options are granted to provide an incentive to the directors, officers, employees and consultants of the Company to achieve the longer-term objectives of the Company; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company.

Stock Option Plan

The purpose of the Stock Option Plan will be to provide the Company with a share-related mechanism to attract, retain and motivate directors, executive officers, employees and consultants of the Company ("**Eligible Persons**"), to reward Eligible Persons by the grant of Options under the Stock Option Plan for their contributions toward the long-term goals of the Company and to enable and encourage such persons to acquire Common Shares as long-term investments. The Stock Option Plan is also expected to help attract new directors, officers and employees.

The following is a summary of what are expected to be the substantive terms of the Stock Option Plan.

The maximum number of Common Shares reserved for issuance under the Stock Option Plan and all of the Company's other security based compensation arrangements at any given time (including for greater certainty Legacy Options) will be 10% of the issued and outstanding share capital of the Company.

The Board or, if applicable, a committee appointed by the Board, will administer the Stock Option Plan. Subject to the rules of the CSE, and except as provided for in the Stock Option Plan, the Board will have the full authority to:

- grant Options to purchase Common Shares to Eligible Persons;
- determine the time or times, when, and the manner in which, each Option will be exercisable and the duration of the exercise period;
- set the Option exercise price, provided the pricing is congruent with the Stock Option Plan and any exchange requirements; and
- interpret the Stock Option Plan and to make such rules and regulations relating to the Stock Option Plan and establish such procedures as it may from time to time deem appropriate.

Pursuant to the Stock Option Plan, the Board will establish the exercise price of an Option at the time of grant, provided that the Option price will not be less than the market price, being the closing price of the Common Shares on the CSE on the day preceding the grant date, less any discount permitted by the CSE, or such other price as may be required or permitted by the CSE. Options may be granted under the Stock Option Plan for a maximum term of 10 years from the date of grant (or such other maximum amount of time as may be allowable under the policies of the CSE).

The Board may impose, at the time of granting an Option under the Stock Option Plan, vesting terms as to the maximum number of Options that may be exercised by an Option holder in each year or other period during the term of the Option (subject to mandatory vesting restrictions in respect of Options issued to consultants performing investor relations activities discussed below).

All Options granted under the Stock Option Plan are non-transferable and non-assignable.

It is expected that the Stock Option Plan, subject to any changes required by the CSE, will be adopted by the Board prior to the closing of the Offering and will be submitted for approval by the shareholders of the Company at the next annual meeting of shareholders, and will be reapproved by shareholders on an annual basis thereafter.

The Board will, from time to time and in its sole discretion, determine which of the Eligible Persons, if any, shall be awarded Options. However, the following restrictions will also apply to an award of Options under the Stock Option Plan:

- the number of Options issued to any one individual under the Stock Option Plan, within any 12 month period, will not exceed 5% of the issued and outstanding Common Shares on the award date;
- the number of Options which can be granted to insiders, in any 12 month period, will not exceed 10% of the issued and outstanding Common Shares on the award date;
- the number of Options issuable to any one consultant under the Stock Option Plan will not exceed 2% of the issued and outstanding Common Shares on the award date, without consent obtained from the CSE;
- the aggregate number of Options granted to persons employed to provide investor relations activities will not exceed 2% of the issued and outstanding Common Shares in any 12 month period and must vest in stages over 12 months with no more than one-quarter of the Options vesting in any three month period; and
- for Options granted to the employees, consultants or management company employees of the Company, the Company will represent that the optionee is a bona fide employee, consultant or management company employee of the Company, as the case may be.

All rights to exercise Options granted under the Stock Option Plan will terminate at 5:00 p.m. (Toronto time) upon the earliest of the following:

- Stated expiry: the expiration date of the Option;
- Expiry on Death: the first anniversary of the date of death of any Option holder who, at the time of death, was a director or employee (other than an employee performing investor relations activities) or, in the case of an Option holder who, at the time of death, was a consultant or an employee performing investor relations activities, one month from the date of death;
- Ceasing to hold Office: unless otherwise determined by the Board of Directors in writing, the 90th day following the date an Option holder ceases to be a director other than by reason of death (unless the Option holder continues to be engaged by the Company as an employee or consultant, in which case the expiry date will remain unchanged) provided that if the Option holder ceases to be a director as a result of being disqualified under section 105 of the *Canada Business Corporations Act*, then the expiry date will be the date the Option holder ceases to be a director of the Company;
- Ceasing to be Employed: unless otherwise determined by the Board of Directors in writing, the 30th day following the date the Option holder ceases to be an employee or consultant of the Company, unless the Option holder ceases to be such as a result of: (i) termination for cause; or (ii) an order from the CSE or securities regulatory authority or other regulatory order, in which case the expiry date will be the date the Option holder ceases to be an employee or consultant of the Company; or
- Ceasing to Perform Investor Relations Activities: notwithstanding the above point, and unless otherwise determined by the Board of Directors in writing, if an Option holder who is an employee or consultant of the Company and provides investor relations activities on behalf of the Company and such holder ceases to be an employee or consultant of the Company (other than by reason of death), the expiration date will be on the date the Option holder ceases to be an employee or consultant of the Company.

Compensation of Directors and Named Executive Officers

The following table sets out information concerning the compensation expected to be paid to the directors and NEOs of the Company for the financial year 2019.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES

Name and Position	Year	Salary, Consulting Fee, Retainer or Commission	Bonus	Committee or Meeting Fees	Value of Perquisites	Value of all Other Compensation	Total Compensation
Brandon Ward, Chief Executive Officer, and Director ⁽¹⁾	2019	\$145,000	\$60,000	Nil	Nil	Nil	\$205,000
Brian Ma, Chief Financial Officer	2019	\$150,000	\$50,000	Nil	Nil	Nil	\$200,000
Alan Ritter, Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
Gary Shnier, Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
Michael Galloro, Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
Bjarne Borg, Director	2019	Nil	Nil	Nil	Nil	Nil	Nil

Note:

(1) Compensation will be paid to Mr. Ward for his services as Chief Executive Officer. Mr. Ward will receive no compensation in relation to his role as a director of the Company.

Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each director and Named Executive Officer of the Company between incorporation and the date of this prospectus. Each Option listed below is exercisable into one Common Share.

COMPENSATION SECURITIES

Name and Position	Number of Compensation Securities, Number of Underlying Securities, and Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price	Closing Price of Security or Underlying Security on Date of Grant	Closing Price of Security or Underlying Security at Year End	Expiry Date
Brandon Ward, Chief Executive Officer, and Director	250,000 Options ⁽¹⁾	May 21, 2018	\$0.20	\$0.20	N/A	May 21, 2023
	500,000 Options ⁽¹⁾	August 20, 2018	\$0.50	\$0.50	N/A	August 20, 2023
Brian Ma, Chief Financial Officer	400,000 Options ⁽²⁾	April 9, 2018	\$0.20	\$0.20	N/A	April 9, 2023
	200,000 Options ⁽²⁾	August 20, 2018	\$0.50	\$0.50		August 20, 2023
Gary Shnier, Director	200,000 Options ⁽³⁾	April 9, 2018	\$0.20	\$0.20	N/A	April 9, 2023
Alan Ritter, Director	200,000 Options ⁽⁴⁾	April 9, 2018	\$0.20	\$0.20	N/A	April 9, 2023
Michael Galloro Director	200,000 Options ⁽⁵⁾	April 9, 2018	\$0.20	\$0.20	N/A	April 9, 2023
Bjarne Borg, Director	350,000 Options ⁽⁶⁾	April 9, 2018	\$0.20	\$0.20	N/A	April 9, 2023

Notes:

- 1) The 250,000 Options granted on May 21, 2018 vest as follows: (i) 83,333 on May 21, 2018; (ii) 83,333 on May 21, 2019; and (iii) 83,334 on May 21, 2020. The 500,000 Options granted on August 20, 2018 vest as follows: (i) 166,666 on August 20, 2018; (ii) 166,667 on August 20, 2019; and (iii) 166,667 on August 20, 2020.
- 2) The 400,000 Options granted on April 9, 2018 vest as follows: (i) 133,333 on April 9, 2018; (ii) 133,333 on April 9, 2019; and (iii) 133,334 on April 9, 2020. The 200,000 Options granted on August 20, 2018 vest as follows: (i) 66,666 on August 20, 2018; (ii) 66,667 on August 20, 2019; and (iii) 66,667 on August 20, 2020.
- 3) The 200,000 Options vest as follows: (i) 66,666 on April 9, 2018; (ii) 66,667 on April 9, 2019; and (iii) 66,667 on April 9, 2020.
- 4) The 200,000 Options vest as follows: (i) 66,666 on April 9, 2018; (ii) 66,667 on April 9, 2019; and (iii) 66,667 on April 9, 2020.
- 5) The 200,000 Options vest as follows: (i) 66,666 on April 9, 2018; (ii) 66,667 on April 9, 2019; and (iii) 66,667 on April 9, 2020.
- 6) The 350,000 Options vest as follows: (i) 166,666 on April 9, 2018; (ii) 166,667 on April 9, 2019; and (iii) 166,667 on April 9, 2020.

Employee Agreements and Termination and Change of Control Benefits

The Named Executive Officers have entered into the following consultant agreements (the “**Consultant Agreements**”) with the Company:

1. Consultant agreement (the “**IHS Agreement**”) dated May 21, 2018 between the Company and Imperial Integrated Health Services LLC, a company wholly-owned by Mr. Ward (“**Integrated Health**”) for the provision of advisory and consulting services of a nature customarily provided by a Chief Executive Officer; and
2. Consultant agreement (the “**Ma Agreement**”) dated April 23, 2018 between the Company and Brian Ma for the provision of advisory and consulting services of a nature customarily provided by a Chief Financial Officer.

Under the Consultant Agreements, each NEO is entitled to a monthly retainer fee (the “**Retainer Fee**”) and eligible to receive Options, among other things. Under the IHS Agreement, Integrated Health is entitled to a monthly Retainer Fee of \$4,853.33. Under the Ma Agreement, Mr. Ma is entitled to a monthly Retainer Fee of \$12,500.

Each of the Consultant Agreements provides that the Company may terminate the NEO at any time for a Material Breach (as defined below), the determination of which must be made by a majority of the Board of the Company. Under each Consultant Agreement, the Company also reserves the right to terminate the NEO for convenience at any time prior to the expiry of the term of the respective Consultant Agreement. In the event that: (a) the Company declines to renew the term of the agreement; (b) the NEO is terminated by the Company for convenience; or (c) the NEO terminates the Consultant Agreement upon a Change of Control (as defined below), the NEO will be entitled to a termination fee equal to four months’ Retainer Fees payable by the Company to the NEO under his or her respective Consultant Agreement, to be provided to the NEO by the Company within 30 days of the termination date.

Each Consultant Agreement provides that an NEO may terminate his or her engagement by providing written notice within 14 days following the occurrence of a Change of Control, following which the NEO will be deemed to have been terminated for convenience by the Company in accordance with the above entitlements. Each Consultant Agreement also provides that an NEO may terminate his or her engagement for convenience at any time prior to the expiry of the term of the agreement by providing 60 days’ written notice to the Company. Upon receipt of such notice, the Company may waive any portion of such 60 day notice period and provide a fee in lieu of notice based on the retainer fees the NEO would otherwise have been paid through the remainder of the 60 day period.

Upon termination of an NEO for any reason, any Options, deferred share units or other equity granted pursuant to the Company’s Stock Option Plan will be governed by the terms of the relevant award agreements.

In this section, “**Change of Control**” means the occurrence of one of the following events after the date of the respective Consultant Agreement (i) the acquisition by any “Person” (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934 or Section 1(1) of the *Securities Act* (Ontario), directly or indirectly, of a sufficient amount of combined voting power of the then outstanding securities entitled to vote generally in the election of directors of the Company that such acquisition results in such Person owning in excess of 35% of such combined voting power; or (ii) any merger, consolidation, reorganization, recapitalization, tender or exchange offer or any other transaction with or effecting the Company as a result of which a Person owning more than 35% of the combined voting power of the outstanding securities entitled to vote generally in the election of the directors

of the Company; or (iii) the sale, lease, exchange, transfer or other disposition to any Person of all or substantially all of the assets of the Company and its consolidated subsidiaries.

In this section, “**Material Breach**” means (i) the occurrence of an intentional material breach of any material covenant contained in the NEOs consulting agreement by the NEO and there is a failure to cure such alleged breach after 30 days’ prior notice to the NEO specifying both the basis of such breach and expressly stating what remedial action is required to cure such breach (provided that the Company reserved the right to suspend the NEO without compensation at any time during and pending the expiry of such cure period); or (ii) NEO’s theft or embezzlement from the Company during the term of the agreement; or (iii) the NEO is convicted of a felony or indictable offence under the laws of Canada or the United States; or (iv) a final order by the Canadian provincial securities commission pertaining to the NEO that could reasonably be expected to impair or impede the NEO from performing certain obligations under the agreement.

Summary of Director Compensation

The only arrangements the Company has pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as a consultant or expert during the most recently completed financial year are the issuance of Options. The purpose of granting such Options is to assist the Company in compensating, attracting, retaining, and motivating the directors of the Company and to closely align the personal interests of such persons to that of the shareholders. It is expected that, following the Offering, the Company will institute a director compensation framework consisting of modest director retainer fees for non-executive directors, and that, subject to the recommendation of the CC, directors will be entitled to receive Options under the Stock Option Plan.

Indemnification and Insurance

On or prior to the closing of the Offering, the Company expects to have in place customary director and officer liability insurance and to enter into customary indemnification agreements with its directors and officers.

Pursuant to the Company’s by-laws, subject to the limitations of the CBCA, the Company will indemnify a director or officer of the Company, a former director or officer of the Company, or another individual who acts or acted at the Company’s request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Company or another entity, provided the individual:

- acted honestly and in good faith with a view to the best interest of the Company or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Company’s request; and
- in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual’s conduct was lawful.

Pension Disclosure

As at the year ended April 30, 2018 and to the date of this prospectus, the Company did not maintain any defined benefit plans, defined contribution plans or deferred compensation plans for its NEOs, directors or officers.

CORPORATE GOVERNANCE

General

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. NP 58-201 provides non-prescriptive guidelines on corporate governance practices for reporting issuers. In addition, NI 58-101 prescribes certain disclosure by reporting issuers of their corporate governance practices. The Company presents its disclosure relating to corporate governance below.

Board of Directors

The Board is responsible for supervising the management of our business and affairs.

The Board facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board, with and without members of management present.

The Board is currently comprised of five directors: Alan Ritter, Michael Galloro, Brandon Ward, Bjarne Borg and Gary Shnier.

Prior to the filing of the (final) prospectus, the Board will establish an audit committee (the "**Audit Committee**"), a corporate governance committee and nominating committee (the "**CGNC**") and a compensation committee (the "**CC**") (collectively, the "**Committees**") and will approve charters for each of these committees, which are described below. At the time of constitution, the Board will delegate to the applicable committee those duties and responsibilities set out in each committee's charter.

Independence

As of the date of this prospectus, the Board is comprised of five directors, four of whom are independent. Under National Instrument 52-110 — *Audit Committees* ("**NI 52-110**"), an independent director is one who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a director's exercise of independent judgment. The Board has determined that Brandon Ward, as an executive officer of the Company, is not considered independent. Each of Michael Galloro, Alan Ritter, Bjarne Borg and Gary Shnier are considered independent.

The Audit Committee, CGNC and CC will be comprised entirely of independent directors. In addition, where potential conflicts arise during a director's tenure on the Board, such conflicts are expected to be immediately disclosed to the Board.

The Company has taken steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management. The Board will hold regularly scheduled meetings as well as *ad hoc* meetings from time to time. It is contemplated that, in the course of meetings of the Board and Committees, the independent directors will hold *in camera* sessions at which neither non-independent directors nor officers of the Company are in attendance.

Directorships

The following directors of the Company are also directors of other reporting issuers (or the equivalent) in Canada or a foreign jurisdiction:

Name of Director	Name of Reporting Issuer and Exchange
Michael Galloro	Goldstream Minerals Inc. (NEX) Sustainco Inc. (TSX-V) Liberty Health Sciences Inc. (CSE) Cool Holdings, Inc. (Nasdaq) Fountain Asset Corp. (TSX-V).
Alan Ritter	Nil
Gary Shnier	Nil
Brandon Ward.....	Nil
Bjarne Borg	Nil

Orientation and Continuing Education

New directors of the Company will be expected to participate in an initial information session regarding the Company in the presence of its senior executive officers to learn about, among other things, the business of the

Company, its financial situation and its strategic planning. In addition, new directors will be furnished with appropriate documentation, providing them with information about, among other matters, the corporate governance practices of the Company, the structure of the Board and the Committees, the Company's history, its commercial activities, its corporate organization, the charters of the Board and the Committees, the Company's articles and by-laws, and other relevant corporate policies.

The Company will support all directors who wish to attend continuing education programs and intends to facilitate such continuing education of its directors where appropriate, including, from time to time, by hosting brief information sessions during Board meetings by invited external advisors. In addition, management will periodically make presentations to the directors on various topics, trends and issues related to the Company's activities during meetings of the Board or the Committees, which will be intended to help the directors to constantly improve their knowledge about the Company and its business.

Ethical Business Conduct

The Board has not adopted a formal code of business conduct and ethics. The Board has found that, at its present stage of development, the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Board of Directors Committees

Audit Committee

The Company is relying on the exemption in section 6.1 of NI 52-110 in order to provide the disclosure required under Form 52-110F2.

The Audit Committee is expected to consist of three directors, being Bjarne Borg, Michael Galloro and Gary Shnier, all of whom are considered independent. They are also all "financially literate" in accordance with NI 52-110.

For the purposes of NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements. All proposed members of the Audit Committee have experience reviewing financial statements and dealing with related accounting and auditing issues. The education and experience of each proposed member of the Audit Committee relevant to the performance of his duties as a member of the Audit Committee can be found under the heading "*Directors and Executive Officers — Biographies*".

On constitution of the Audit Committee, the Board will adopt a written charter for the Audit Committee. The mandate of the Audit Committee will be to assist the Board in fulfilling its financial oversight obligations. A copy of the mandate of the Audit Committee that will be adopted is attached as Appendix A to this prospectus.

Under the charter, the Audit Committee will be required to, among other things, pre-approve all non-audit services to be performed by the external auditors in relation to us, together with approval of the engagement letter for all non-audit services and estimated fees thereof. The pre-approval process for non-audit services will also involve a consideration of the potential impact of such services on the independence of the external auditors.

In 2018, the Company undertook its first audit and was billed the following fees by its external auditor, MNP:

	Year ended April 30, 2018
Audit Fees ⁽¹⁾	\$70,000
Audit Related Fees ⁽²⁾	Nil
Tax Fees ⁽³⁾	Nil
All Other Fees ⁽⁴⁾	Nil
All Fees Paid ⁽⁵⁾	\$70,000

Notes:

- 1) Fees for audit services.
- 2) Fees for assurance and related services not included in audit services above.
- 3) Fees for tax compliance, tax advice and tax planning.
- 4) All other fees not included above.
- 5) All audit fees are for the year ended April 30, 2018.

Following the incorporation of the Company, the organizing shareholders appointed MNP to act as the Company’s auditor.

Corporate Governance and Nominating Committee

Prior to the filing of the (final) prospectus, the Board will establish the CGNC which is expected to be comprised of three independent directors. The members of the CGNC are expected to be Michael Galloro, Alan Ritter and Gary Shnier.

On constitution of the CGNC, the Board will adopt a written charter for the CGNC. The mandate of the CGNC will be to assist the Board in: (i) carrying out the responsibilities delegated by the Board related to the nomination process, (ii) developing and maintaining the Company’s corporate governance policies; and (iii) addressing related matters required by applicable law.

The CGNC will be responsible for overseeing and assessing the functioning of the Board, its Committees and individual directors, and for the development, recommendation to the Board, implementation and assessment of effective corporate governance principles. The CGNC will also be responsible for identifying candidates for directorship and recommending that the Board select qualified director candidates for election to the Board. There will be no formal assessment process. Rather, the CGNC will be responsible for determining the appropriate assessment process. The process by which the Board identifies new candidates for board nomination will be set out in the CGNC Mandate.

Compensation Committee

Prior to the filing of the (final) prospectus, the Board will establish the CC, which is expected to be comprised of three independent directors. The members of the CC are expected to be Michael Galloro, Alan Ritter and Gary Shnier.

On constitution of the CC, the Board will adopt a written charter for the CC. The mandate of the CC will be to assist the Company’s directors in carrying out the Board’s oversight responsibility for (i) appointing, compensating and evaluating and planning for the succession of officers and other senior management personnel of the Company; (ii) reviewing and determining executive compensation; (iii) approving the Company’s annual compensation budget.

The primary responsibilities of the CC with respect to compensation will be to make recommendations to the Board in respect of: (1) compensation policies, philosophy and guidelines; (2) reviewing the Chief Executive Officer’s (“CEO”) annual objectives, performance and making recommendations to the Board with respect to the CEO’s annual compensation; (3) senior management, executive and officer compensation; and (4) directors’ compensation matters. In carrying out these responsibilities, the CC will evaluate the performance of the CEO and all other senior executives in consideration of the respective performance goals and objectives for each such individual and recommend to the Board the amount of regular and incentive compensation to be paid to the CEO

and all other senior executives; review and recommend to the Board the CEO's performance evaluations and recommendations for compensation of our officers and key employees (other than our senior executives); review our compensation philosophy and make recommendations for changes, where appropriate; review and make recommendations to the Board with respect to incentive based compensation plans and equity based plans (including stock option plans); review and recommend to the Board the aggregate bonus pools to be made available under the Company's incentive compensation plans for senior management, executives and officers; prepare or review the report on executive compensation and compensation discussion and analysis required to be included in the Company's continuous disclosure documentation; and review and make periodic recommendations to the Board regarding the compensation of the Board. More information on the process by which compensation for the Company's directors and officers is expected to be determined following completion of the Offering is set forth under the heading "*Executive Compensation*".

Assessments

As described above, the CGNC will be responsible for overseeing and assessing the functioning of the Board and the Committees. The CGNC will annually review and evaluate and make recommendations to the Board with regard to the size, composition and role of the Board and the Committees (including the type of committees to be established) and the methods and processes by which the Board, the Committees and individual directors will fulfill their duties and responsibilities, including the methods and processes for evaluating the effectiveness of the Board, the Committees and individual directors.

INTEREST OF MANAGEMENT AND OTHERS

No director or executive officer of the Company or any shareholder holding, of record or beneficially, directly or indirectly, more than 10% of the issued and outstanding Common Shares, or any of their respective associates or affiliates, had any material interest, directly or indirectly, in any material transaction with the Company since incorporation or in any proposed transaction which has materially affected or would affect the Company.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate of such persons:

- is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries; or
- whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries;

in relation to a securities purchase program or other program.

Furthermore, none of such persons were indebted to a third party during such period where their indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement dated ●, 2018 between the Company and the Underwriter, the Company has agreed to sell and the Underwriter has agreed to purchase on the Closing Date, ● Common Shares, each at the Offering Price, for aggregate gross proceeds of \$● payable in cash to the Company against delivery of the Common Shares. The Offering Price will be determined by arm's length negotiation between the Company and the Underwriter in the context of the market. The obligations of the Underwriter under the Underwriting Agreement are subject to certain closing conditions, and may be terminated at their discretion on the basis of "material change out", "disaster out", "regulatory proceedings out", and "breach out" provisions in the Underwriting Agreement, and may also be terminated upon the occurrence of certain other stated events. The Underwriter is,

however, obligated to take up and pay for all of the Common Shares if any are purchased under the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Company has granted the Underwriter an Over-Allotment Option to cover over-allocations, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriter, in whole or in part, for a 30 day period following and including the Closing Date and entitles the Underwriter to purchase from the Company up to ● Common Shares at the Offering Price (being 15% of the aggregate number of Common Shares offered under this prospectus). If the Over-Allotment Option is exercised in full, the total price to the public will be \$●, the Underwriter's Fee will be \$● and the net proceeds to the Company will be \$●. These figures assume maximum participation by the President's List Purchasers.

The Offering is being made in the provinces of British Columbia, Alberta and Ontario. The Common Shares will be offered in each of the provinces of British Columbia, Alberta and Ontario through the Underwriter or its affiliates who are registered to offer the Common Shares for sale in such provinces and such other registered dealers as may be designated by the Underwriter. Subject to applicable law, the Underwriter may offer the Common Shares outside of Canada.

The Underwriter proposes to offer the Common Shares to the public initially at the Offering Price. After the Underwriter has made a reasonable effort to sell all of the Common Shares at the Offering Price, the offering price for the Common Shares may be decreased and may be further changed from time to time to amounts not greater than the Offering Price, and the compensation realized by the Underwriter will be decreased by the amount that the aggregate price paid by the purchasers of the Common Shares is less than the amount paid by the Underwriter to the Company. Any such reduction will not affect the net proceeds received by the Company.

The Company intends to apply to list the Common Shares on the CSE. The CSE has not yet approved the listing of the Common Shares. Listing will be subject to the Company fulfilling all the listing requirements of the CSE. As at the date of this prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities and does not intend to apply or list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

Upon completion of the Offering, assuming there has been no exercise of the Over-Allotment Option, the Company expects to have a total of ● Common Shares issued and outstanding on a non-diluted basis, and if the Over-Allotment Option is exercised in full, a total of ● Common Shares issued and outstanding on a non-diluted basis.

In consideration for the services provided by the Underwriter in connection with the Offering, and pursuant to the terms of the Underwriting Agreement, the Company has agreed to pay the Underwriter the Underwriter's Fee equal to 7% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option) other than the gross proceeds received by the President's List Purchasers, for which the Underwriter will receive 3.5% up to a maximum of \$●.

The Underwriter will also receive Compensation Warrants to purchase that number of Common Shares that is equal to 7% of the Common Shares sold pursuant to the Offering (including any Over-Allotment Shares sold pursuant to the exercise of the Over-Allotment Option) other than the Common Shares sold to the President's List Purchasers up to a maximum of \$● for which the Underwriter will receive Compensation Warrants equal to 3.5% of the Common Shares sold to the President's List Purchasers. Each Compensation Warrant is exercisable to purchase one Common Share at a price of \$● for a period of 24 months from the Closing Date. This prospectus also qualifies the distribution of the Compensation Warrants.

The Common Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, except to the extent permitted by the Underwriting Agreement, the Common Shares may not be offered or sold in the United States. The Underwriting Agreement provides that the Underwriter may offer and sell the Common Shares that it has acquired pursuant to the Underwriting Agreement to "qualified institutional buyers" within the meaning of Rule

144A under the U.S. Securities Act (“**Rule 144A**”) in the United States in accordance with Rule 144A and in compliance with applicable state securities laws. The Underwriting Agreement also provides that the Underwriter will offer and sell the Common Shares outside the United States only in accordance with Regulation S under the U.S. Securities Act. The Common Shares that are sold in the United States will be restricted securities within the meaning of Rule 144(a)(3) of the U.S. Securities Act and may only be offered, sold or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Common Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in reliance on Rule 144A.

Pursuant to policy statements of certain securities regulators, the Underwriter may not, throughout the period of distribution, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions including: (a) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, (b) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was for the purpose of maintaining a fair and orderly market and not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities, or (c) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Consistent with these requirements, and in connection with this distribution, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. If these activities are commenced, they may be discontinued by the Underwriter at any time. The Underwriter may carry out these transactions on a stock exchange, in the over-the-counter markets or otherwise.

Pursuant to the terms of the Underwriting Agreement, the Company has agreed to reimburse the Underwriter for certain expenses incurred in connection with the Offering and to indemnify the Underwriter and its directors, officers, employees, and agents against certain liabilities and expenses and to contribute to payments the Underwriter may be required to make in respect thereof.

As a condition of closing of the Offering, each of the Company’s officers, directors, and shareholders holding greater than 5% of the Common Shares, will enter into agreements in favour of the Underwriter pursuant to which each will agree not to, directly or indirectly, offer, sell, contract to sell, hypothecate, pledge, transfer, assign, lend, swap or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with more than 20% (on a fully-diluted basis) of any Common Shares or other securities of the Company convertible into, exchangeable for or exercisable to acquire, Common Shares, for a period commencing on the Closing Date and ending 150 days from the day the Common Shares are listed on the CSE, without the prior consent of the Underwriter, such consent not to be unreasonably withheld.

The Company has agreed for a period commencing on the closing date of the Offering and ending 120 days from the date the Common Shares are listed on the CSE, that it will not, without the prior written consent of the Underwriter, not to be unreasonably withheld, issue, sell, offer, grant an option or right in respect of any securities of the Company, other than: (i) pursuant to the Offering (including the Over-Allotment Option); (ii) pursuant to the grant or exercise of stock options and other similar issuance pursuant to the Stock Option Plan or similar share compensation arrangements in place; (iii) the issuance of Common Shares upon the exercise of convertible securities outstanding; or (iv) in connection with any arm’s length property acquisition transaction or other corporate acquisitions by the Company.

Subscriptions for the Common Shares will be received subject to rejection or allotment in whole or in part. It is anticipated that the Common Shares will be registered in the name of CDS or its nominee, and will be deposited with CDS on the Closing Date, which will be no later than 42 days after the date a receipt is issued for the (final) prospectus to be filed in respect of the Offering. A purchaser of Common Shares pursuant to the Offering will receive only a customer confirmation from the registered dealer from or through which the Common Shares are purchased and who is a CDS participant. No definitive certificates will be issued unless specifically requested or required.

RISK FACTORS

Investing in the Common Shares involves significant risks. You should carefully consider the risks described below, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this prospectus, and all other information contained in this prospectus, including the Financial Statements and accompanying notes. The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks or any other risks and uncertainties that the Company has not yet identified or that the Company currently considers not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected. In that event, the market price of our Common Shares could decline and you could lose part or all of your investment.

Risks Generally Related to the Company

The Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability

The Company is creating an e-commerce platform to capitalize on the opportunity for value creation that is emerging from the relaxing of state and local prohibitions on the cannabis industry in California and other U.S. States. The Company's lack of operating history, and the lack of historical pro-forma combined financial information for the Company, makes it difficult for investors to evaluate the Company's prospects for success. Prospective investors should consider the risks and difficulties the Company might encounter, since there is no assurance that it will be successful. Any likelihood of success must be considered in light of the Company's relative early stage of operations.

As the Company has only just begun to generate revenue, it is extremely difficult to make accurate predictions and forecasts of its finances. This is compounded by the fact that the Company intends to operate in the cannabis industry, which is rapidly transforming. There is no guarantee that the Company's products or services will be attractive to potential consumers.

Uncertainty about the Company's ability to continue as a going concern

The Company is in the development stage and is currently seeking additional capital, mergers, acquisitions, joint ventures, partnerships and other business arrangements to expand its product offerings in the ancillary cannabis product market and grow its revenue. The Company's ability to continue as a going concern is dependent upon its ability to grow its revenue and achieve profitable operations while also obtaining the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company. The risks referred to herein indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company has experienced some changes and delays in its operating plans. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

There is no assurance that the Company will turn a profit or generate immediate revenues

There can be no assurance that the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business.

The payment and amount of any future dividends will depend on, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

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

There are factors which may prevent the Company from the realization of growth targets

The Company is currently expanding from its early development stage. The Company's growth strategy contemplates developing additional technological platforms. There is a risk that the development of these platforms will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these "Risk Factors" and the following:

- technical deficiencies in the design of the platform;
- non-performance by third party contractors;
- increases in materials or labour costs;
- falling below expected levels of output or efficiency;
- inability to engage with medical professionals or medical cannabis dispensaries' software development upgrades;
- labour disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers; and
- disruptions in the supply of energy and utilities.

The Company is operating at a regulatory frontier. The cannabis industry is a new industry that may not succeed and is susceptible to constant changes in laws, regulations and guidelines

The medical and recreational cannabis industry is subject to various local and federal laws, regulations, guidelines and licensing requirements relating to the manufacture, sale, distribution, management, transportation, storage and disposal of medical cannabis, as well as being subject to laws and regulations relating to health and safety, the conduct of operations and the protection of the environment in Canada, the United States and abroad. While the Company is treating the cannabis industry as a deregulating industry with significant unsatisfied demand for its proposed products and will adjust its future operations, product mix and market strategy as the industry develops and matures, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company could have a material adverse effect on the Company's business, results of operations and financial condition. In particular, any amendment to or replacement of existing cannabis laws in the jurisdictions that the Company operates may cause adverse effects to the Company's operations.

As well, should the federal government in the U.S. change course and decide to prosecute those dealing in medical or other cannabis under applicable law, there may not be any market for the Company's products and services in the U.S. Although the impact of such changes is uncertain and highly dependent on which specific laws or regulations are changed, the impact on the Company should be comparable to other companies in the same business as the Company.

The Company may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on the Company's reputation, business, results from operations, and financial condition

The Company may be named as a defendant in a lawsuit or regulatory action. The Company may also incur uninsured losses for liabilities which arise in the ordinary course of business, or which are unforeseen, including, but not limited to, employment liability and business loss claims. Any such losses could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition.

As a distributor of products designed to facilitate cannabis ingestion by humans, the Company may also face 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, tampering by unauthorized third parties or product contamination with respect to the cannabis used in the Company's products may impact the risk of injury to consumers. Previously unknown adverse reactions resulting from human consumption of cannabis alone or in combination with other medications or substances could occur. As a distributor of products designed to facilitate the consumption of cannabis, or in its role as an investor in or service provider to an entity that is a manufacturer, distributor and/or retailer of cannabis, the Company may be subject to various product liability claims, including, among others, that the cannabis product caused injury or illness, included inadequate instructions for use or included inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, is difficult to defend, may result in large judgments or settlements against the Company, and could adversely affect the Company's reputation with its clients and consumers generally thereby affecting the business, results of operations, financial condition or prospects of the Company. There can also be no assurances that the Company will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products or otherwise have a material adverse effect on the business, results of operations, financial condition or prospects of the Company.

Unfavorable publicity or consumer perception as a result of future medical research may lead to a material adverse effect on the business of the Company

The Company believes the medical and adult-use cannabis industries are highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research or findings, regulatory investigations, litigation, media attention or other publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory investigations, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or other publicity could have a material adverse effect on the demand for cannabis-based products and on the business, results of operations, financial condition, cash flows or prospects of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or associating the consumption of medical or adult-use cannabis with illness or other negative effects or events, could have such a material adverse effect. There is no assurance that such adverse publicity reports or other media attention will not arise.

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. Public opinion and support for medical and adult-use cannabis has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical cannabis as opposed to legalization in general). A negative shift in the public's perception of cannabis in Canada, the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical and/or adult-use cannabis, thereby limiting the number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's expansion strategy may have a material adverse effect on its business, results of operations or prospects.

Results of Future Clinical Research

Research in Canada, the United States and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC), and future research and clinical trials may discredit the medical benefits, viability, safety, efficacy, and social acceptance of cannabis or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, prospective purchasers of Common Shares should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The Company may experience difficulties in promoting and maintaining brands it sells

The Company believes that establishing and maintaining the brand identities of products is a critical aspect of attracting and expanding a large customer base. Promotion and enhancement of brands will depend largely on success in providing high quality products. If customers and end-users do not perceive the Company's products to be of high quality, or if the Company introduces new products or enters into new business ventures that are not favorably received by customers and end-users, the Company will risk diluting brand identities and decreasing their attractiveness to existing and potential customers. Moreover, in order to attract and retain customers and to promote and maintain brand equity in response to competitive pressures, the Company may have to increase its' financial commitments substantially so as to create and maintain a distinct brand loyalty among customers. If the Company incurs significant expenses in an attempt to promote and maintain brands, the business, results of operations and financial condition could be adversely affected.

If the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the industry in which it operates

The Company's success has depended and continues to depend upon its ability to attract and retain key management, including the Company's CEO, technical experts and sales personnel. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Company's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Company, results of operations of the business and could limit the Company's ability to develop and market its non cannabis-based ancillary products. The loss of any of the Company's senior management or key employees could materially adversely affect the Company's ability to execute our business plan and strategy, and the Company may not be able to find adequate replacements on a timely basis, or at all. The Company does not maintain key person life insurance policies on any of its employees.

The Company may be subject to product recalls for product defects self-imposed or imposed by regulators

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

the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

No guarantee the Company will receive product approvals

The Company may require advance approval of its products from federal, state, provincial and/or local authorities. While the Company intends to follow the guidelines and regulations of each applicable federal, state, provincial and/or local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any federal, state, provincial and/or local jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. If any of the Company's products are not approved or any existing approvals are rescinded, there is the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition

The cannabis industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Company in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing the Company to expend greater resources to meet new or additional competitive threats, all of which could harm the Company's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Company's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability.

The anticipated benefit of any future acquisitions or dispositions may not materialize as anticipated by the Company

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of management; (iii) the Company may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Company's operations; and (vi) loss or reduction of control over certain of the Company's assets.

The presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Company. A strategic transaction may result in a significant change in the nature of the Company's business, operations and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Company's operations.

The Company's growing industry is experiencing intensified competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, results of operations or prospects of the Company.

If the number of users of cannabis for medical and/or recreational purposes in Canada and the United States increases, the demand for non cannabis-based ancillary products will increase and the Company expects that competition will become more intense, as current and future competitors will begin to offer an increasing number of diversified products. As well, the legal landscape for medical and adult-use cannabis is changing internationally. More countries have passed laws that allow for the production and distribution of medical cannabis in some form or another. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

The Company will be reliant on information technology systems and may be subject to damaging cyber-attacks

The Company is reliant on the continuous and uninterrupted operation of its IT systems. User access and security of all IT systems can be critical elements to the operations of the Company. Protection against cybersecurity incidents, cloud security and security of all of the Company's IT systems are critical to the operations of the Company. Any IT failure pertaining to availability, access or system security could result in disruption for personnel and could adversely affect the reputation, operations or financial performance of the Company.

The Company's IT systems could be compromised by unauthorized parties attempting to extract business sensitive, confidential or personal information, corrupting information or disrupting business processes or by inadvertent or intentional actions by the Company's employees or vendors. A cybersecurity incident resulting in a security breach or failure to identify a security threat could disrupt business and could result in the loss of business sensitive, confidential or personal information or other assets, as well as litigation, regulatory enforcement, violation of privacy or securities laws and regulations, and remediation costs.

While the Company has established business continuity plans and risk management systems seeking to address system breaches or failures including, but not limited to, intrusion prevention and firewall hardware systems; MAC ID and IP blacklists; comprehensive anti-virus software libraries; network real-time monitoring; cloud-based virtual data distribution in fractional segments using RSA encryption keys; grandfather, father, son data backup strategies; and antivirus and malware protection software, there are inherent limitations in such plans and systems and there is no guarantee that such efforts will succeed. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Any such unauthorized entry or breach into the Company's IT systems could have an adverse impact on the Company's financial condition and operations.

The Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest

The Company may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or Companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

In certain circumstances, the Company's reputation could be damaged

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the

Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

The size of the Company's target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data

Because the cannabis industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

Risk Factors Specifically Related to the United States' Regulatory System

Cannabis Continues to be a Controlled Substance under the United States Federal Controlled Substances Act

The Company is indirectly and may, in the future, be directly engaged in the medical and adult-use cannabis industry in the U.S. where local state law permits such activities, however all such activities remain illegal under federal law in the U.S. Investors are cautioned that, in the U.S., the cannabis industry is highly regulated at the state level. To the Company's knowledge, there are, to date, a total of 30 states, and the District of Columbia, Puerto Rico, Northern Mariana Islands and Guam that have legalized medical cannabis in some form, including California, although not all states have fully implemented their legalization programs. Nine states of those 30 states and the District of Columbia also have legalized cannabis for adult use. Fifteen additional states have legalized high-CBD, low-THC oils for a limited class of patients. Notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a Schedule I controlled substance under the CSA. Under United States federal law, a Schedule I drug is considered to have a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the substance under medical supervision. Federal law prohibits commercial production and sale of all Schedule I controlled substances, and as such, cannabis-related activities, including without limitation, the importation, cultivation, manufacture, distribution, sale and possession of cannabis remain illegal under U.S. federal law. It is also illegal to aid or abet such activities or to conspire or attempt to engage in such activities. Strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under U.S. federal law, nor provide a defense to any federal proceeding brought against the Company. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including, but not limited to, forfeiture of his, her or its entire investment, fines, and/or imprisonment.

The RBA provides budgetary constraints on the federal government's ability to interfere with the implementation of state-based medical cannabis laws. The Ninth Circuit Court of Appeal and other courts have interpreted the language to mean that the DOJ cannot expend funds to prosecute state-law-abiding medical cannabis operators complying strictly with state medical cannabis laws. The RBA prohibits the federal government from using congressionally appropriated funds to prevent states from implementing their own medical cannabis laws. The RBA remains in effect through September 30, the end of the 2018 fiscal year, at which point Congress will decide whether to approve its extension. Continued reauthorization of the RBA is predicated on future political developments and cannot be guaranteed. If the RBA expires, federal prosecutors could prosecute even state-compliant medical cannabis operators for conduct within the five-year statute of limitations and the DOJ may be permitted to spend funds to prosecute persons that are operating in accordance with state adult-use cannabis laws.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges and penalties, including, but not limited to, disgorgement of profits, cessation of business activities, divestiture, or prison time. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical and adult-use cannabis

licenses in the U.S., the listing of its securities on the CSE, its financial position, operating results, profitability, liquidity or the market price of its publicly-traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation or defense of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Furthermore, the Company has provided (and may in the future provide) indemnities to counterparties and business partners whereby the Company has agreed to hold such counterparties harmless in respect of liabilities incurred resulting from the violation of laws or regulations or breach of contract. Such indemnity obligations may impose additional and potentially significant liabilities on the Company, particularly if cannabis remains illegal in the United States federally. Any valid claim in respect of such indemnities provided by the Company may result in a material adverse effect on the Company's business, financial condition and results of operations.

There is uncertainty surrounding the Trump Administration and Attorney General Jeff Sessions and their influence on policies standing in opposition to the cannabis industry as a whole

There is significant uncertainty surrounding the policies of President Donald Trump and the Trump Administration about recreational and medical cannabis. Attorney General Sessions is a well-known advocate against legalization of cannabis.

The Cole Memorandum issued by former Deputy Attorney General James Cole on August 29, 2013 and other Obama-era cannabis policy guidance, discussed below, provided the framework for managing the tension between federal and state cannabis laws. Subsequently, as discussed below, Attorney General Jeff Sessions rescinded the Cole Memorandum and related policy guidance. Although no longer in effect, these policies, and the enforcement priorities established within, appear to continue to be followed during the Trump administration and remain critical factors that inform the past and future trend of state-based legalization.

The Cole Memorandum directed U.S. Attorneys not to prioritize the enforcement of federal cannabis laws against individuals and businesses that comply with state medical or adult-use cannabis regulatory programs, provided certain enumerated enforcement priorities (such as diversion or sale of cannabis to minors) were not implicated. In addition to general prosecutorial guidance issued by the DOJ, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("**FinCEN**") issued the FinCEN Memorandum on February 14, 2014 outlining Bank Secrecy Act-compliant pathways for financial institutions to service state-sanctioned cannabis businesses, which echoed the enforcement priorities outlined in the Cole Memorandum. On the same day the FinCEN Memorandum was published, the DOJ issued the 2014 Cole Memo directing prosecutors to apply the enforcement priorities of the Cole Memorandum when determining whether to prosecute individuals or institutions with crimes related to financial transactions involving the proceeds of cannabis-related activities.

On January 4, 2018 Attorney General Jeff Sessions rescinded the Cole Memorandum, the 2014 Cole Memo, and all other related Obama-era DOJ cannabis enforcement guidance. While the rescission did not change federal law, as the Cole Memorandum and other DOJ guidance documents were not themselves laws, the rescission removed the DOJ's formal policy that state-regulated cannabis businesses in compliance with the Cole Memorandum guidelines should not be a prosecutorial priority. Notably, Attorney General Jeff Sessions' rescission of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum issued by the Department of Treasury, which remains in effect. In addition to his rescission of the Cole Memorandum, Attorney General Jeff Sessions issued the Sessions Memorandum. The Sessions Memorandum explains the DOJ's rationale for rescinding all past DOJ cannabis enforcement guidance, claiming that Obama-era enforcement policies are "unnecessary" due to existing general enforcement guidance adopted in the 1980s, in chapter 9.27.230 of the USAM. The USAM enforcement priorities, like those of the Cole Memorandum, are based on the use of the federal government's limited resources and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community." Although the Sessions Memorandum emphasizes that cannabis is a federally illegal Schedule I controlled substance, it does not otherwise instruct U.S. Attorneys to consider the prosecution of cannabis-related offenses a DOJ priority, and in practice, most U.S. Attorneys have not changed their prosecutorial approach to date. However, due to the lack of specific direction in the Sessions Memorandum as to the priority federal prosecutors should ascribe to such cannabis activities, there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law.

Such potential proceedings could involve significant restrictions being imposed upon the Company or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation and prospects, even if such proceedings were concluded successfully in favour of the Company. In the extreme case, such proceedings could ultimately involve the criminal prosecution of key executives of the Company, the seizure of corporate assets, and consequently, the inability of the Company to continue its business operations. Strict compliance with state and local laws with respect to cannabis does not absolve the Company of potential liability under U.S. federal law, nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

Federal and State Forfeiture Laws

As an entity that conducts business in the cannabis industry, the Company will be potentially subject to federal and state forfeiture laws (criminal and civil) that permit the government to seize the proceeds of criminal activity. Civil forfeiture laws could provide an alternative for the federal government or any state (or local police force) that wants to discourage residents from conducting transactions with cannabis related businesses but believes criminal liability is too difficult to prove beyond a reasonable doubt. Also, an individual can be required to forfeit property considered to be from proceeds of crime even if the individual is not convicted of the crime, and the standard of proof in a civil forfeiture matter is lower than the burden in a criminal matter. Depending on the applicable law, whether federal or state, rather than having to establish liability beyond a reasonable doubt, the federal government or the state, as applicable, may be required to prove that the money or property at issue is proceeds of a crime only by either clear and convincing evidence or a mere preponderance of the evidence.

Shareholders of the Company located in states where cannabis remains illegal may be at risk of prosecution under federal and/or state conspiracy, aiding and abetting, and money laundering statutes, and be at further risk of losing their investments or proceeds under forfeiture statutes. Many states remain fully able to take action to prevent the proceeds of cannabis businesses from entering their state. Because state legalization is relatively new, it remains to be seen whether these states would take such action and whether a court would approve it. Shareholders and prospective shareholders of the Company should be aware of these potentially relevant federal and state laws in considering whether to invest in the Company.

The Company's operations in the United States ancillary cannabis market may become the subject of heightened scrutiny

The Company's operations in the United States ancillary cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported by certain publications in Canada that the Canadian Depository for Securities Limited was considering a policy shift that would see its subsidiary, CDS, refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settlement hub settling trades in the Canadian equity, fixed income and money markets. CDS or its parent company has not issued any public statement in regard to these reports. On February 8, 2018, CDS signed a memorandum (the "**CDS MOU**") with Aequitas NEO Exchange Inc., CNSX Markets Inc., TSX Inc., and TSX Venture Exchange Inc. (collectively, the "**Exchanges**"). The CDS MOU outlines CDS' and the Exchanges' understanding of Canada's regulatory framework applicable to the rules and procedures and regulatory oversight of the Exchanges and CDS. The CDS MOU confirms, with respect to the clearing of listed securities, that CDS relies on the Exchanges to review the conduct of listed issuers. As a result, there currently is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S. However, if CDS were to proceed in the manner suggested by these publications, and apply such a policy to the Company, it would have a material adverse effect on the ability of holders of Common Shares to make trades. In particular, the Common Shares would become highly illiquid as investors would have no ability to effect a trade of Common Shares through the facilities of a stock exchange. In addition, on November 24, 2017, the TMX Group provided an update regarding issuers with cannabis-related activities in the United States and confirmed that TMX Group will rely on the Canadian Securities Administrators' recommendation to defer to individual exchange's rules for companies that have cannabis-related activities in the United States and to determine the eligibility of individual issuers to list based on those exchanges' listing requirements.

In the United States, many clearing houses for major broker-dealer firms, including Pershing LLC, the largest clearing, custody and settlement firm in the United States, have refused to handle securities or settle transactions of companies engaged in cannabis related business. Many other clearing firms have taken a similar approach. This means that certain broker-dealers cannot accept for deposit or settle transactions in the securities of companies, which may inhibit the ability of investors to trade in our securities and could negatively affect the liquidity of our securities.

Any restrictions imposed by the CSE or other applicable exchange on the business of the Company and/or the potential delisting of the Common Shares from the CSE or other applicable exchange would have a material adverse effect on the Company and on the ability of holders of Common Shares to make trades.

Banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes and may cease to deal with, suspend or shut down the Company's accounts

The Company will be subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including the *Bank Secrecy Act*, as amended by *Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* (USA PATRIOT Act), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Since the cultivation, manufacture, distribution and sale of cannabis remains illegal under the Controlled Substances Act, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the Bank Secrecy Act, among other applicable federal statutes. Banks or other financial institutions that provide cannabis businesses with financial services such as a checking account or credit card in violation of the Bank Secrecy Act could be criminally prosecuted for willful violations of money laundering statutes, in addition to being subject to other criminal, civil, and regulatory enforcement actions. Banks often refuse to provide banking services to businesses involved in the cannabis industry due to the present state of the laws and regulations governing financial institutions in the U.S. The lack of banking and financial services presents unique and significant challenges to businesses in the cannabis industry. The potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented by the unavailability of traditional banking and financial services. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a “specified unlawful activity” such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the Controlled Substances Act. The Company may also be exposed to the foregoing risks.

As previously discussed, in February 2014, FinCEN issued the FinCEN Memorandum providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Memo states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of the Bank Secrecy Act. It refers to supplementary guidance that former Deputy Attorney General James M. Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. Although the FinCEN Memo remains in effect today, it is unclear at this time whether the current administration will follow the guidelines of the FinCEN Memo. Overall, the DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state, including in states that have legalized the applicable conduct and the DOJ's current enforcement priorities could change for any number of reasons. A change in the DOJ's enforcement priorities could result in the DOJ prosecuting banks and financial institutions for crimes that previously were not prosecuted. If the Company does not have access to a U.S. banking system, its business and operations could be adversely affected.

Other potential violations of federal law resulting from cannabis-related activities include the Racketeer Influenced Corrupt Organizations Act (“RICO”). RICO is a federal statute providing criminal penalties in addition to a civil cause of action for acts performed as part of an ongoing criminal organization. Under RICO, it is unlawful for any person who has received income derived from a pattern of racketeering activity (which includes most felonious violations of the CSA), to use or invest any of that income in the acquisition of any interest, or the establishment

or operation of, any enterprise which is engaged in interstate commerce. RICO also authorizes private parties whose properties or businesses are harmed by such patterns of racketeering activity to initiate a civil action against the individuals involved. Although RICO suits against the cannabis industry are rare, a few cannabis businesses have been subject to a civil RICO action. Defending such a case has proven extremely costly, and potentially fatal to a business' operations.

In the event that any of the Company's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada, and subject the Company to civil and/or criminal penalties. Furthermore, in the event that a determination was made that the Company's proceeds from operations (or any future operations or investments in the United States) could reasonably be shown to constitute proceeds of crime, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time. The Company could likewise be required to suspend or cease operations entirely.

Re-classification of Cannabis in the United States

If cannabis and/or CBD is re-categorized as a Schedule II or lower controlled substance, the ability to conduct research on the medical benefits of cannabis would most likely be improved; however, rescheduling cannabis may materially alter enforcement policies across many federal agencies, primarily the U.S. Food and Drug Administration ("FDA"). FDA is responsible for ensuring public health and safety through regulation of food, drugs, supplements, and cosmetics, among other products, through its enforcement authority pursuant to the Federal Food Drug and Cosmetic Act ("FFDCA"). FDA's responsibilities include regulating the ingredients as well as the marketing and labeling of drugs sold in interstate commerce. Because cannabis is federally illegal to produce and sell, and because it has no federally recognized medical uses, the FDA has historically deferred enforcement related to cannabis to the DEA; however, the FDA has enforced the FFDCA with regard to hemp-derived products, especially CBD, sold outside of state-regulated cannabis businesses. If cannabis were to be rescheduled to a federally controlled, yet legal, substance, FDA would likely play a more active regulatory role. Further, in the event that the pharmaceutical industry directly competes with state-regulated cannabis businesses for market share, as could potentially occur with rescheduling, the pharmaceutical industry may urge the DEA, FDA, and others to enforce the CSA and FFDCA against businesses that comply with state but not federal law. The potential for multi-agency enforcement post-rescheduling could threaten or have a materially adverse effect on the operations of existing state-legal cannabis businesses, including the Company.

U.S. Federal trademark protection may not be available for the intellectual property of the Company due to the current classification of cannabis as a Schedule I controlled substance

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark protection regarding the intellectual property of a business, may not be available to the Company. As a result, the Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Company can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

The Company's contracts may not be legally enforceable in the U.S.

Because the Company's contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in U.S. federal and certain state courts. The inability to enforce any of the Company's contracts could have a material adverse effect on the Company's business, operating results, financial condition or prospects.

The Company may be unable to adequately protect its proprietary and intellectual property rights, particularly in the U.S.

The Company's ability to compete may depend on the superiority, uniqueness and value of any intellectual property and technology that it may develop. To the extent the Company is able to do so, to protect any proprietary rights of the Company, the Company intends to rely on a combination of patent, trademark, copyright and trade secret laws, confidentiality agreements with its employees and third parties, and protective contractual provisions. Despite these efforts, any of the following occurrences may reduce the value of any of the Company's intellectual property:

- the market for the Company's products and services may depend to a significant extent upon the goodwill associated with its trademarks and trade names, and its ability to register its intellectual property under U.S. federal and state law is impaired by the illegality of cannabis under U.S. federal law;
- patents in the cannabis industry involve complex legal and scientific questions and patent protection may not be available for some or any products;
- the Company's applications for trademarks and copyrights relating to its business may not be granted and, if granted, may be challenged or invalidated;
- issued patents, trademarks and registered copyrights may not provide the Company with competitive advantages;
- the Company's efforts to protect its intellectual property rights may not be effective in preventing misappropriation of any its products or intellectual property;
- the Company's efforts may not prevent the development and design by others of products similar to or competitive with, or superior to those the Company develops;
- another party may obtain a blocking patent and the Company would need to either obtain a license or design around the patent in order to continue to offer the contested feature or service in its products; or
- the expiration of patent or other intellectual property protections for any assets owned by the Company could result in significant competition, potentially at any time and without notice, resulting in a significant reduction in sales. The effect of the loss of these protections on the Company and its financial results will depend, among other things, upon the nature of the market and the position of the Company's products in the market from time to time, the growth of the market, the complexities and economics of manufacturing a competitive product and regulatory approval requirements but the impact could be material and adverse.

In addition, the trademark applications that the Company currently has may not be granted or, if granted, may be subject to challenge by third parties, which may result in such trademarks being invalidated. For example, United States trademarks may be challenged by third parties via *inter partes* review, post-grant review, derivation or interference proceedings at the United States Patent and Trademark Office ("USPTO"). Furthermore, given that cannabis remains illegal under federal law in the United States, the USPTO may reject applications for cannabis marks, unless the goods and services used in connection with applied-for marks are federally lawful. Any denial of trademark applications or any successful challenge to the Company's trademark applications, could threaten the Company's competitive advantage which could have an adverse effect on the Company's business, financial condition and results of operations.

The Company may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against the Company relating to intellectual property rights

The Company may be forced to litigate to enforce or defend its intellectual property rights, to protect its trade secrets or to determine the validity and scope of other parties' proprietary rights. Any such litigation could be expensive and could distract management from focusing on operating the Company's business. The existence and/or outcome of any such litigation could adversely affect the Company's business. Further, because the content of much of the Company's intellectual property concerns cannabis and other activities that are not legal in some state jurisdictions or under federal law, the Company may face additional difficulties in defending its intellectual property rights.

Some of the Company's planned business activities, while believed to be compliant with applicable U.S. state and local law, are illegal under federal law

Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under any and all circumstances under the CSA. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment.

Since the possession and use of cannabis and any related drug paraphernalia is illegal under U.S. federal law, the Company may be deemed to be aiding and abetting illegal activities through the contracts it has entered into and the products that it intends to provide. The Company intends to manufacture, distribute and sell medical cannabis. As a result, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Company, including, but not limited, a claim regarding the Company's possession, use and sale of cannabis, and aiding and abetting another's criminal activities. The Federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result of such an action, the Company may be forced to cease operations and its investors could lose their entire investment. Such an action would have a material negative effect on our business and operations.

With the Cole Memorandum rescinded, U.S. federal prosecutors have been given greater discretion in determining whether to prosecute cannabis related violations of U.S. federal law. If the DOJ policy under Attorney General Jeff Sessions was to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such DOJ policies through pursuing prosecutions, then the Company could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis, and/or (iii) barring employees, directors, officers, managers and investors who are not U.S. citizens from entry into the United States for life.

News media have reported that United States immigration authorities have increased scrutiny of Canadian citizens who are crossing the United States–Canada border with respect to persons involved in cannabis businesses in the United States. There have been a number of Canadians barred from entering the United States as a result of an investment in or act related to United States cannabis businesses. In some cases entry has been barred for extended periods of time. Company employees traveling from Canada to the United States for the benefit of the Company may encounter enhanced scrutiny by United States immigration authorities that may result in the employee not being permitted to enter the United States for a specified period of time. If this happens to Company employees, then this may reduce our ability to effectively manage our business in the United States.

There is uncertainty of existing protection from federal prosecution

Until September 30, 2018, the DOJ is prohibited from expending any funds for the prosecution of medical cannabis businesses operating in compliance with state and local laws pursuant to the RBA. If the RBA or an equivalent thereof is not successfully amended to the next or any subsequent federal omnibus spending bill, the protection afforded thereby to U.S. medical cannabis businesses would lapse, and such businesses would be more at risk to prosecution under federal law. There is a possibility that all amendments may be banned from federal omnibus spending bills, and if this occurs and the substantive provisions of the RBA are not included in the base federal omnibus spending bill or other law, these protections would lapse. The Company regularly monitors the regulatory activities of Congress. Fully, 62% of the combined House of Representatives and the Senate represent states with medical cannabis laws enacted or in process.

The Company may have difficulty accessing the service of banks, processing credit card payments in the future, and difficulty accessing the service of third parties generally, which may make it difficult for the Company to operate and which may result in the suspension of accounts and services provided to the Company

The FinCEN Memorandum was issued in February 2014, in respect of financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Company may have limited or no access to banking or other financial services in the U.S., and may have to operate the Company's U.S. business on an all-cash basis. The inability or limitation in the Company's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments, may make it difficult for the Company to operate and conduct its business as planned. The Company is actively pursuing alternatives that ensure its operations will continue to be compliant with the FinCEN Memorandum and existing disclosures around cash management and reporting to the Internal Revenue Service once it moves from development into production.

The parties with which the Company does business may perceive that they are exposed to reputational risk as a result of the Company's medical cannabis business activities. While the Company has other banking relationships and believes that the services can be procured from other institutions, the Company may in the future have difficulty establishing or maintaining bank accounts or other business relationships. Failure to establish or maintain business relationships could have a material adverse effect on the Company.

In addition, there is a risk that the Company's merchant accounts through which payments are made by the Company's customers for its non cannabis-based ancillary products (e.g., VISA, Mastercard or American Express) may be frozen or shut down which would be outside the control of the Company. Many financial institutions in the U.S. are unwilling to take deposits, issue credit cards, open bank accounts, or assist with payroll services for cannabis businesses. Given that the Company's business is based on an e-commerce platform, the processing of electronic payments is critical to the Company's business. The Company addresses these issues by continually monitoring merchant accounts and identifying new providers of similar services. However, even if the Company takes adequate protective measures, no assurance can be provided that the Company's accounts will not be shut down and any funds on deposit or payments owing may not be recoverable. Any interruption, freeze or shutting down of the Company's merchant accounts would have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may incur significant tax liabilities if the IRS continues to determine that certain expenses of cannabis businesses are not permitted tax deductions under section 280E of the Tax Code

Section 280E of the Tax Code prohibits businesses from deducting certain expenses associated with trafficking controlled substances (including cannabis) which are prohibited by federal law. The IRS has invoked Section 280E in tax audits against various cannabis businesses in the United States that are authorized under state laws, seeking substantial sums in tax liabilities, interest and penalties resulting from under payment of taxes due to the lack of deductibility of otherwise ordinary business expenses the deduction of which is prohibited by Section 280E. Although the IRS issued a clarification allowing the deduction of certain expenses that can be categorized as cost of goods sold, the scope of such items is interpreted very narrowly and include the cost of seeds, plants and labor related to cultivation, while the bulk of operating costs and general administrative costs are not permitted to be deducted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses.

Lack of Access to United States Bankruptcy Protections

Because cannabis is a Schedule I substance under the CSA, many courts have denied cannabis businesses federal bankruptcy protections, making it difficult for lenders to be made whole on their investments in the cannabis industry in the event of a bankruptcy. If the Company were to experience a bankruptcy, there is no guarantee that

United States federal bankruptcy protections would be available to the Company, which would have a material adverse effect.

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses and claims against the Company

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; or (iii) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Related to the Company's Securities and the Market

The Company may sell additional Common Shares for cash to fund operations, capital expansion, and mergers and acquisitions that will dilute the current shareholders

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company will require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of issue of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of Options under the Stock Option Plan. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Company's ability to pursue its business objectives.

If an investor purchases Common Shares in an offering, substantial and immediate dilution of the Common Shares may occur, because the price paid will be substantially greater than the net tangible book value per Common Share that are acquired. This dilution is due in large part to the fact that the Company's earlier investors will have paid substantially less than a public offering price when they purchased their Common Shares.

The Company cannot assure that a market will continue to develop or exist for its Common Shares or what the market price of the Common Shares will be

There is currently no public trading market for the Common Shares, and the Company cannot assure that one will continue to develop or be sustained. If a market does not continue to develop or is not sustained, it may be difficult

for an investor to sell the Common Shares at an attractive price or at all. The Company cannot predict the prices at which the Common Shares will trade.

The Company will be subject to additional regulatory burden resulting from its public listing on the CSE and status as a reporting issuer in Canada

Prior to the Offering, the Company has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the CSE or other stock exchange. The Company is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to our financial management control systems to manage its obligations as a public company. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. The Company has made, and will continue to make, changes in these and other areas, including our internal controls over financial reporting. However, the Company cannot assure purchasers of Common Shares that these and other measures that it might take will be sufficient to allow it to satisfy our obligations as a public company on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies will create additional costs for us and will require the time and attention of management. The Company cannot predict the amount of the additional costs that it might incur, the timing of such costs or the impact that management's attention to these matters will have on its business.

Volatility in the Market Price of the Common Shares

The Common Shares are expected to be listed on the CSE. Securities of cannabis companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, currency fluctuations and market perceptions of the attractiveness of particular industries. The price of the Common Shares is also likely to be significantly affected by short-term changes in cannabis, by the Company's financial condition or results of operations as reflected in its quarterly financial statements and by other operational and regulatory matters. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect their long-term value.

Price Volatility of Publicly-Traded Securities

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if our operating results, underlying asset values or prospects have not changed. There can be no assurance that continual fluctuations in price will not occur. The market for the Common Shares will be subject to market trends generally, notwithstanding any potential business of the Company. The value of the Common Shares will be affected by numerous factors, many of which are beyond our control, including the following:

- actual or anticipated fluctuations in our quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which we operate;
- addition or departure of our executive officers and other key personnel;
- release or expiration of lock-up or other transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- operating and share price performance of other companies that investors deem comparable to us;
- fluctuations to the costs of vital production materials and services;

- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies;
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in our industry or target markets; and
- regulatory changes in the industry.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which might result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, our operations could be adversely affected and the trading price of the Common Shares might be materially adversely affected.

The Company does not anticipate paying cash dividends

The Company's current policy is to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in the Company. Therefore, the Company does not anticipate paying cash dividends on the Common Shares in the foreseeable future. The Company's dividend policy will be reviewed from time to time by the Board in the context of its earnings, financial condition and other relevant factors. Until the time that the Company does pay dividends, which it might never do, its shareholders will not be able to receive a return on their Common Shares unless they sell them. See "Dividend Policy".

Future sales of Common Shares by existing shareholders could reduce the market price of the Common Shares

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of our Common Shares. Additional Common Shares may be available for sale into the public market, subject to applicable securities laws, which could reduce the market price for Common Shares. Holders of Options will have an immediate income inclusion for tax purposes when they exercise their Options (that is, tax is not deferred until they sell the underlying Common Shares). As a result, these holders may need to sell Common Shares purchased on the exercise of Options in the same year that they exercise their Options. This might result in a greater number of Common Shares being sold in the public market, and fewer long-term holds of Common Shares by our management and employees.

No guarantee on the use of available funds by the Company

The Company cannot specify with certainty the particular uses of the proceeds. Management has broad discretion in the application of our proceeds, including for any of the purposes described in "Use of Proceeds". Accordingly, a purchaser of Common Shares will have to rely upon the judgment of management with respect to the use of proceeds, with only limited information concerning management's specific intentions. The Company's management may spend a portion or all of the proceeds in ways that our shareholders might not desire, that might not yield a favourable return and that might not increase the value of a purchaser's investment. The failure by management to apply these funds effectively could harm our business. Pending use of such funds, we might invest the proceeds in a manner that does not produce income or that loses value.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of the Company in respect of the Financial Statements and management's discussion and analysis of the Company in respect of the Carve-out Financial Statements are attached at Appendix B to this prospectus. Certain information included in such management's discussion and analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Cautionary Statement Regarding Forward-Looking Information" and "Risk Factors".

ELIGIBILITY FOR INVESTMENT

In the opinion of Gowling WLG (Canada) LLP counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Underwriter, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder, in force as of the date hereof (the “**Tax Act**”), the Common Shares, if issued on the date hereof, would be qualified investments for trusts governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan, tax-free savings account, as those terms are defined in the Tax Act (collectively referred to as “**Registered Plans**”) or a deferred profit sharing plan (as defined in the Tax Act), provided that the Common Shares are listed, on the date of issue, on a “designated stock exchange” for the purposes of the Tax Act (which currently includes the CSE).

Notwithstanding the foregoing, if a Common Share is a “prohibited investment” for a Registered Plan for the purposes of the Tax Act, the annuitant or subscriber under, or the holder of, the Registered Plan (as applicable) (the “**Controlling Individual**”) may be subject to a penalty tax under the Tax Act. The Common Shares will generally not be a prohibited investment provided that the applicable Controlling Individual: (i) deals at arm’s length with the Company for purposes of the Tax Act; and (ii) does not have a “significant interest” in the Company (within the meaning of the Tax Act). In addition, the Common Share will not be a prohibited investment for a Registered Plan if such shares are “excluded property” for such Registered Plan for the purposes of the Tax Act.

Prospective purchasers who intend to hold Common Shares in a Registered Plan should consult their own tax advisors having regard to their own particular circumstances.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contain a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

LEGAL PROCEEDINGS

There are no legal proceedings outstanding, threatened or pending as of the date of this prospectus by or against us or to which we are or were a party or our business or any of our assets is the subject of, nor to the knowledge of our directors and officers are any such legal proceedings contemplated which could become material to a purchaser of our securities.

There have not been any penalties or sanctions imposed against us by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against us, and we have not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are MNP LLP, at 1600 Carling Avenue, Ottawa, Ontario K1Z 1G3. MNP has informed the Company that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

The transfer agent and registrar for the Common Shares is expected to be Odyssey Trust Company, at its principal offices in Calgary, Alberta.

MATERIAL CONTRACTS

The Company has no material contracts, other than those entered into in the ordinary course of business. See “*Our Business*”. Upon the filing of the (final) prospectus, the Company expects that the Underwriting Agreement will be the Company’s only material contract, and a copy thereof will be available under the Company’s profile on SEDAR at www.sedar.com.

EXPERTS

Except as set out below, no person or company who is named as having prepared or certified a report, valuation, statement or opinion described or included in the prospectus, or whose profession or business gives authority to a report, valuation, statement or opinion described or included in the prospectus, holds any registered or beneficial interest, direct or indirect, in any of the Company’s securities or other property of the Company or one of the Company’s associates or affiliates and no such person or company, or a director, officer or employee of such person or company, is expected to be elected, appointed or employed as one of the Company’s directors, officers or employees or as a director, officer or employee of any of the Company’s associates or affiliates and no such person is one of the Company’s promoters or the promoter of one of our associates or affiliates.

Certain legal matters relating to the distribution of the Common Shares under this prospectus will be passed upon by Gowling WLG (Canada) LLP, on behalf of the Company, and Cassels Brock & Blackwell LLP, on behalf of the Underwriter. As at the date hereof, the partners and associates of Gowling WLG (Canada) LLP, as a group, beneficially owned, directly or indirectly, 1,900,000 Common Shares representing approximately 3.1% of the issued and outstanding Common Shares (approximately 2.9% on a fully diluted basis). As at the date hereof, the partners and associates of Cassels Brock & Blackwell LLP, as a group, beneficially owned, directly or indirectly, less than 1% of the issued and outstanding Common Shares.

GLOSSARY OF TERMS

The following is a glossary of certain defined terms used throughout this prospectus. This is not an exhaustive list of defined terms used in this prospectus and additional terms are defined throughout. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

“**ACMPR**” means the Access to Cannabis for Medical Purposes Regulations (Canada) issued pursuant to the Controlled Drugs and Substances Act (Canada).

“**AI**” means Artificial Intelligence.

“**Articles**” means the Company’s articles of incorporation dated February 27, 2018.

“**Asset Purchase Agreement**” means the asset purchase agreement between the Company and ESC Hughes Holdings Ltd. (now BKN Calla Investments Limited), dated March 16, 2018.

“**Audit Committee**” means the Audit Committee established by the Board.

“**B2C**” means business-to-consumer.

“**Board**” means the board of directors of the Company.

“**cannabis**” has the meaning given to such term in the ACMPR.

“**Cannabis Act**” means an *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, S.C. 2018 c. 16, which when combined with *An Act to Amend the Criminal Code*, provides a framework for the legalization of recreational cannabis in Canada.

“**CBCA**” means the Canada Business Corporations Act.

“**CBD**” means cannabidiol.

“**CC**” means the Compensation Committee established by the Board.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**CEO**” means chief executive officer.

“**CGNC**” means the Corporate Governance and Nomination Committee established by the Board.

“**Common Shares**” means common shares without par value in the capital of the Company.

“**Company**” means Lifted Innovations Inc. and, unless otherwise noted or the context indicates otherwise, its direct and indirect subsidiaries.

“**CSA**” means the U.S. Controlled Substances Act.

“**CSE**” means the Canadian Securities Exchange operated by CNSX Markets Inc.

“**DOJ**” means the U.S. Department of Justice.

“**Financial Statements**” means the audited financial statements of the Company as at April 30, 2018.

“**Findify**” means Findify AB.

“**Greenlane**” means Wholesale Goods LLC (dba Greenlane) .

“**IRS**” means the United States Internal Revenue Service.

“**IT**” means information technology.

“**Legacy Options**” has the meaning given to such term under “*Options to Purchase Common Shares*”.

“**Lifted**” means Lifted Innovations Inc. and, unless otherwise noted or the context indicates otherwise, its direct and indirect subsidiaries.

“**MAUCRSA**” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act (California).

“**McIntosh**” or “**McIntosh case**” means the U.S. Ninth Circuit’s Holding in *United States v. McIntosh* (9th Cir. 2016).

“**MD&A**” means Management’s Discussion and Analysis included in this prospectus.

“**Named Executive Officers**” or “**NEOs**” means the Company’s CEO and Chief Financial Officer and the next three next most highly compensated executive officers of the Company who are currently serving as executive officers, or the three most highly compensated individuals acting in a similar capacity.

“**NDA**” means a non-disclosure and confidentiality agreement entered into by each NEO with the Company.

“**NI 52-109**” means National Instrument 52-109 – Certification of Disclosure in Issuer’s Annual and Interim Filings.

“**NI 52-110**” means National Instrument 52-110 – Audit Committees.

“**NI 58-101**” means National Instrument 58-101 – Disclosure of Corporate Governance Practices.

“**NP 46-201**” means National Policy 46-201 – Escrow for Initial Public Offerings.

“**NP 58-201**” means National Policy 58-201 – Corporate Governance Guidelines.

“**Offering**” means the initial public offering by the Company of ● Common Shares at a price of \$● per Common Share to purchasers in the Qualifying Jurisdictions.

“**Offering Price**” means the price per Common Share of \$●.

“**Options**” means, as the context requires, Legacy Options, or options to purchase Common Shares which may in the future be granted under the Stock Option Plan.

“**President’s List Purchasers**” means those purchasers identified by the Company for the purchase of Common Shares for which the Underwriter will receive a cash fee of 3.5% and Compensation Warrants up to 3.5%.

“**Qualifying Jurisdictions**” means the Provinces of British Columbia, Alberta, and Ontario in which the Common Shares may be purchased.

“**RBA**” means the Rohrabacher-Blumenauer Amendment, an omnibus appropriations bill enacted by Congress in December 2014.

“**SB-94**” means Senate Bill No. 94.

“**Shopify**” means Shopify Inc.

“**THC**” means tetrahydrocannabinol.

“**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

“U.S. Securities Act” means United States Securities Act of 1933, as amended.

“Underwriter” means Canaccord Genuity Corp.

“Underwriters’ Fee” means a cash fee of 7% of the gross proceeds from the Offering, excluding proceeds received from certain “President’s List” subscribers, and 3.5% of the gross proceeds from the “President’s List” subscribers.

“Underwriting Agreement” means the underwriting agreement dated • between the Company and the Underwriter.

“Yotpo” means Yotpo, Inc.

FINANCIAL STATEMENTS

INDEX TO THE FINANCIAL STATEMENTS

The following financial statements are included in this prospectus:

Audited financial statements of the Company as at April 30, 2018 and for the period from Incorporation on February 27, 2018 to April 30, 2018 (referred to as “**Financial Statements**” in the prospectus); and F-2

Audited carve-out financial statements of the Domains known as <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com>, & <LeafScience.com>. (referred to as “**Carve-out Financial Statements**” in the prospectus). F-21

Financial Statements

Lifted Innovations Inc.

For the period from incorporation on February 27, 2018 to April 30, 2018

(Expressed in US Dollars)

Lifted Innovations Inc.

Financial Statements

For the period from incorporation on February 27, 2018 to April 30, 2018

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MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The information and representations in these financial statements are the responsibility of management and have been approved by the Board of Directors. The financial statements were prepared by management in accordance with International Financial Reporting Standards (“IFRS”) and, where necessary, reflect management’s best estimates and judgments at this time. It is reasonably possible that circumstances may arise which cause actual results to differ. Management does not believe it is likely that any differences will be material.

Lifted Innovations Inc. maintains systems of internal accounting controls, policies and procedures to provide reasonable assurance as to the reliability of the financial records and the safeguarding of its assets.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out these activities primarily through its Audit Committee.

The Audit Committee is comprised of two Directors who are not employees of the Company. The Committee meets periodically throughout the year with management and external auditors to review their respective responsibilities, results of the reviews of internal accounting controls, policies and procedures and financial reporting matters. The external auditors meet separately with the Audit Committee.

The financial statements have been reviewed by the Audit Committee and approved by the Board of Directors. The financial statements have been audited by MNP LLP, Chartered Professional Accountants, the external auditors, whose report follows.

Month dd, yyyy

Brandon Ward
Chief Executive Officer

Brian Ma
Chief Financial Officer

Independent Auditors' Report

DRAFT

To the Shareholders of Lifted Innovations Inc.:

We have audited the accompanying financial statements of Lifted Innovations Inc., which comprise the statement of financial position as at April 30, 2018, and the statements of loss and other comprehensive loss, changes in equity and cash flows for the period from incorporation on February 27, 2018 to April 30, 2018, 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.

Auditors' 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 auditors' judgment, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lifted Innovations Inc. as at April 30, 2018 and its financial performance and its cash flows for the period from incorporation on February 27, 2018 to April 30, 2018, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Lifted Innovations Inc. to continue as a going concern.

Ottawa, Ontario

Chartered Professional Accountants

Licensed Public Accountants

Lifted Innovations Inc.

Statement of Loss and Comprehensive Loss

For the Period from incorporation on February 27, 2018 to April 30, 2018

(in US Dollars)

	Note	
Revenue		\$ 122,313
Cost of sales		109,605
		12,708
Expenses		
Selling		5,414
Stock-based Compensation	7	135,469
Administrative		101,501
Amortization	5	4,475
Other Expenses		17,915
		264,774
Net loss and comprehensive loss		(252,066)
Net loss per share		
Basic & Diluted		\$ (0.01)
Weighted average number of outstanding common shares		
Basic & Diluted		37,553,226

The accompanying notes are an integral part of the financial statements

Lifted Innovations Inc.
Statement of Financial Position
As at April 30, 2018
(in US Dollars)

	Note	April 30 2018
Assets		
<i>Current Assets</i>		
Cash		\$ 2,487,667
Receivables		84,405
		<u>2,572,072</u>
Intangible Assets	5	313,430
		<u>\$ 2,885,502</u>
Liabilities and Shareholders' Equity		
<i>Current Liabilities</i>		
Trade and other liabilities		\$ 177,028
		<u>177,028</u>
<i>Shareholders' Equity</i>		
Share capital	7	2,825,071
Contributed surplus	7	135,469
Deficit		(252,066)
		<u>2,708,474</u>
		<u>\$ 2,885,502</u>

ON BEHALF OF THE BOARD

Original signed by: Bjarne Borg, Director

Original signed by: Michael Galloro, Director

The accompanying notes are an integral part of these financial statements

Lifted Innovations Inc.
Statement of Changes in Equity
For the period from incorporation on February 27, 2018 to April 30, 2018
(in US Dollars)

	Note	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance as at February 27, 2018		-	\$ -	\$ -	\$ -	\$ -
Issuance of share capital related to financings, net of share issue costs of \$15,113	7	26,300,000	2,557,636			2,557,636
Issuance of share capital related to business acquisition	4	35,000,000	267,435	-	-	267,435
Share-based compensation	7	-	-	135,469	-	135,469
Net loss and comprehensive loss		-	-	-	(252,066)	(252,066)
Balance as at April 30, 2018		61,300,000	\$ 2,825,071	\$ 135,469	\$ (252,066)	\$ 2,708,474

The accompanying notes are an integral part of the financial statements

Lifted Innovations Inc.

Statement of Cash Flows

For the period from incorporation on February 27, 2018 to April 30, 2018

(in US Dollars)

	Note	2018
CASH PROVIDED BY (USED IN):		
Operating activities		
Net Loss		\$ (252,066)
Items not affecting cash:		
Amortization of Intangible Asset - Customer List	5	4,475
Share based compensation	7	135,469
Cash flows from operating activities before changes in working capital		(112,122)
Net change in non-cash operating working capital	13	92,623
Net cash flows from operating activities		(19,499)
Financing activities		
Issuance of share capital, net of share issue costs	7	2,557,636
Cash flows from financing activities		2,557,636
Investing activities		
Additions to intangible assets	5	(50,470)
Cash flows from investing activities		(50,470)
NET INCREASE IN CASH		2,487,667
CASH, BEGINNING OF THE PERIOD		-
CASH, END OF THE PERIOD		\$ 2,487,667

The accompanying notes are an integral part of the these financial statements

Lifted Innovations Inc.
Notes to the Financial Statements
Period from the date of incorporation on February 27, 2018 to April 30, 2018
(in US Dollars)

1. CORPORATE INFORMATION

Lifted Innovations Inc. (formerly Lifted Cannabis) ("Lifted" or the "Company"), a company incorporated under the laws of Canada on February 27, 2018, is an e-commerce business that distributes vaporizers and accessories for aromatherapy and other purposes. Lifted is an entity formed under the Canada Business Corporations Act. The Company's fiscal year end is April 30.

The Company's head office is located at 701 West Georgia Street, Suite 1500, Vancouver, British Columbia, V7Y 1C6. The Company's registered office is at Gowlings WLG located at 550 Burrard St #2300, Vancouver, British Columbia V6C 2B5.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and, in the opinion of management, include all adjustments necessary for fair presentation.

These financial statements were approved and authorized by the Board of Directors of the Company on September 27, 2018.

2. BASIS OF PRESENTATION

Presentation and Functional Currency

The financial statements are presented in US Dollars, which is also the functional currency of the Company.

Foreign currency transactions that are in a different currency than the functional currency are recorded at the exchange rate as at the date of the transaction. At the end of each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities in foreign currencies other than the functional currency are translated using the historical rate. Gains and losses on transaction are included in the profit and loss.

Basis of Measurement

These financial statements have been prepared on the historical cost basis, except as detailed in the accounting policies notes.

Significant Accounting Judgments and Estimates

The preparation of these financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

In particular information about significant areas of estimation uncertainty and judgment considered by management in preparing the financial statements includes:

Areas of significant management judgment:

- *Useful lives of intangible assets*
The determination of the useful lives of the Company's intangible assets is a matter of judgment. Future earnings would be affected if actual useful lives differ from those estimated by the Company.
- *Allowance for doubtful accounts*
The Company makes an assessment of whether accounts receivable is collectible from customers. Accordingly, an allowance for estimated losses arising from non- payment and other sales adjustments, taking into consideration customer credit-worthiness, current economic trends and past experience may be determined depending on the circumstances. If future collections differ from estimates, future earnings would be affected
- *Income taxes*
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Because the Company is in a loss position, it has not recognized the value of any deferred tax assets in its statement of financial position.
- *Functional currency*
The determination of functional currency is a matter of judgement. Some of the Company's transactions are denominated in foreign currencies. The majority of the Company's revenues and expenditures are in United States dollars. Management has assessed the functional currency as United States dollars.

Lifted Innovations Inc.
Notes to the Financial Statements
Period from the date of incorporation on February 27, 2018 to April 30, 2018
(in US Dollars)

Sources of estimation uncertainty:

- *Share-based compensation*
The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.
- *Going concern risk assessment*
The assessment of the Company's ability to continue as a going concern, meet its liabilities for the ensuing year, involves significant judgment based on expectation of future events that are believed to be reasonable under the circumstances.
- *Business combinations*
Management uses valuation techniques in determining the fair values of the various elements of a business combination. The determination of fair value of identifiable intangible assets, in particular, requires the use of significant estimates and assumptions.

Going concern

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company incurred a net loss of \$252,066. The ability of the Company to continue as a going concern is dependent on generating profitable operations, raising additional financing, and developing its products and services. The Company is not yet generating positive cash flows from operations. No assurance can be given that any such additional financing will be available, or that it can be obtained on terms favorable to the Company. Failure to obtain additional financing or generate profitable operations, results in material uncertainties that cast significant doubt as to the Company's ability to continue to operate as a going concern.

These financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and balance sheet classifications that would be necessary if the going concern assumption was not appropriate and such adjustments could be material.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

Business combinations

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. This is calculated as the sum of the acquisition date fair values of the assets transferred by the Company and liabilities incurred by the Company to the former owners of the acquiree in exchange for control of the acquiree. Acquisition related costs are recognized in profit and loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Lifted Innovations Inc.
Notes to the Financial Statements
Period from the date of incorporation on February 27, 2018 to April 30, 2018
(in US Dollars)

Trade and other liabilities

Liabilities are recognized for amounts to be paid in the future for goods or services received during the reporting period, whether billed by the supplier or not. Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the Company has a present obligation, and the costs to settle this obligation are both probable and able to be reliably measured.

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 policy 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.

Revenue recognition

The Company derives its revenues from the online sales of vaporizers and accessories through e-commerce platforms. As a result the Company has one performance obligation, the delivery of vaporizers and accessories to end users. Revenue is recognized when goods are dispatched which is generally when control of the goods has transferred from the Company to the customer.

Payment of the transaction price is due immediately at the time of the order being made by the end customer. Customer orders are dispatched on the same day the order is made, which results in the Company not having open contracts at the period end. As a result the Company does not record any contract liabilities. Customers payments are normally made through payment gateways.

Customers do not have a right of return except for defective items. Such returns historically have been limited as a result the Company has not recorded any liability associated with warranty.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to contributed surplus. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

Earnings (Loss) per share

Basic earnings (loss) per share is computed by dividing the net income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding for the year.

Diluted earnings (loss) per share is computed by dividing the net income (loss) attributable to the common shareholders of the Company by the weighted average number of common shares outstanding for the year including all additional common shares that would have been outstanding if potentially dilutive equity instruments were converted to common shares. The diluted loss per share is equal to the basic loss per share because the effect of options are antidilutive.

Income taxes

Tax expense is recognized in the statement of loss, except to the extent it relates to items directly in equity, in which case the related tax is recognized in equity.

Lifted Innovations Inc.
Notes to the Financial Statements
Period from the date of incorporation on February 27, 2018 to April 30, 2018
(in US Dollars)

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Segmented Reporting

The Company operates in one business segment being the distribution of vaporizers and accessories for aromatherapy and other purposes.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

Financial assets of the Company are comprised of cash and receivables. The financial liabilities of the Company are comprised of trade and other liabilities.

Financial assets and financial liabilities are recognized in the statement of financial position initially at fair value when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets

Financial assets are measured based on the business model in which assets are managed and their contractual cash flow characteristics. Financial assets are classified and measured based on these categories: amortized cost, fair value through other comprehensive income, and fair value through profit or loss. Financial liabilities are classified and measured based on two categories: amortized cost or fair value through profit and loss. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated, but the hybrid financial instrument as a whole is assessed for classification.

Accounts receivable, and accounts payable and accrued liabilities are currently classified as loans and receivables.

Financial assets are not reclassified subsequent to their initial recognition, unless the Company identifies changes in its business model in managing financial assets and would reassess the classification of financial assets.

Impairment of financial assets

Impairment of financial assets is determined based on an 'expected credit loss' ("ECL") model. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The ECL model is applied, at each balance sheet date, to financial assets measured at amortized cost or those measured at fair value through other comprehensive loss, except for investments in equity instruments. The ECL model

Lifted Innovations Inc.
Notes to the Financial Statements
Period from the date of incorporation on February 27, 2018 to April 30, 2018
(in US Dollars)

will result in an allowance for credit losses being recorded on financial assets irrespective of whether there has been an actual loss event.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12 month ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company applied the practical expedient to determine ECLs for its receivables based on historical credit loss experiences to estimate lifetime ECLs. The company analyzed its accounts receivable as at April 30, 2018, and determined that no loss allowance was required at that time.

Intangibles

Purchased intangible assets are recognized as assets in accordance with IAS 38, *Intangible Assets*, where it is probable that the use of the asset will generate future economic benefits and where the cost of the asset can be determined reliably. Intangible assets acquired are initially recognized at cost of purchase and are subsequently carried at cost less accumulated amortization, if applicable, and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Customer lists have a useful life not exceeding 5 years. Brand names have an indefinite useful life, and are tested for impairment annually.

Impairment testing of intangibles

Intangible assets with indefinite life are tested for impairment annually. All other intangible assets are reviewed at each reporting date to determine whether events or changes in circumstances indicate that the carrying amount of the asset or related cash generating unit ("CGU") may not be recoverable. If any such indication exists, then the assets or CGU's recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate. The discount factors are determined individually for each CGU and reflect their respective risk profiles as assessed by management. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of assets in the CGU on a pro rata basis.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the 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 amortization, if no impairment loss had been recognized.

Foreign currency transactions

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transaction or valuation where items are re-measured. Foreign denominated monetary assets and liabilities are translated to the Company's functional currency equivalents using foreign exchange rates prevailing at the financial position reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Accounting policies not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not yet effective for the period ended April 30, 2018 and accordingly, have not been applied in preparing these financial statements:

Lifted Innovations Inc.
Notes to the Financial Statements
Period from the date of incorporation on February 27, 2018 to April 30, 2018
(in US Dollars)

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 which replaces IAS 17 Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 16. The Company has not yet determined the impact of this standard on its financial statements.

4. BUSINESS ACQUISITION

On March 16, 2018, the Company purchased certain assets of ESC Hughes Holdings Ltd. (“ESC”) representing its business based in the United States consisting of four websites. The Company acquired assets constituting an identifiable business thereby acquiring control of the business. The websites acquired consist of an e-commerce platform for the retail distribution of vaporizers with a presence in the United States. The websites acquired were EveryoneDoesIt.com, NamasteVapes.com, DistributionGoods.com, and LeafScience.com. All these websites are recognized names within the industry with a reputation for providing quality products and service for competitive prices.

As Lifted was incorporated with the intention of entering the US market, the acquisition was effected to achieve this objective.

The Company acquired the business, for 35,000,000 shares at a value of \$0.01 Canadian dollars per share, which translates to a value of \$267,435.

<i>Consideration paid for ESC</i>	<i>March 16, 2018</i>
Common Shares	\$ 267,435
Net purchase price	\$ 267,435

The purchase price allocation attributed to the identifiable net assets acquired is as follows:

<i>Purchase price allocation ESC</i>	<i>March 16, 2018</i>
Customer Lists	\$ 178,992
Internet Domain Names	88,443
Net purchase price	\$ 267,435

The useful life of the internet domain names is indefinite. The useful life of the customer lists did not exceed five years.

Total acquisition costs related to the business combination amounted to \$20,468. These expenses related mainly to legal costs incurred which are included in the statement of loss.

Lifted Innovations Inc.
Notes to the Financial Statements
Period from the date of incorporation on February 27, 2018 to April 30, 2018
(in US Dollars)

5. INTANGIBLE ASSETS

Intangibles

	Customer List	Internet Domain Names	Total
Opening Balance, February 27, 2018	\$ -	\$ -	\$ -
Addition from ESC Acquisition (Note 4)	178,992	88,443	267,435
Additions during the period	-	50,470	50,470
Amortization	(4,475)	-	(4,475)
Balance, April 30, 2018	\$ 174,517	\$ 138,913	\$ 313,430

On March 27, 2018 the Company purchased the internet domain Lifted.com for cash consideration of \$50,470.

6. RELATED PARTY TRANSACTIONS

Key management includes the Company's directors, senior officers and any employees with authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly.

Compensation, Key Executives

	April 30, 2018
Short-term compensation	\$ 2,430
Share-based compensation	91,134
Balance, April 30, 2018	\$ 93,564

7. SHARE CAPITAL

Authorized share capital

The Company has authorized for issuance an unlimited number of common shares. At April 30, 2018, the Company had 61,300,000 common shares issued and outstanding, with no par value.

Issuance of Shares

	April 30, 2018	
	Number of Shares	Gross Proceeds
Opening Balance, February 27, 2018	-	\$ -
Issued during the period ended April 30, 2018, net of share issue costs of \$15,133	26,300,000	2,557,636
Issued due to ESC business acquisition (Note 4)	35,000,000	267,435
Balance, April 30, 2018	61,300,000	\$ 2,825,071

On February 27, 2018, \$7,849 of equity capital was secured to incorporate the Company. In exchange, 1,000,000 shares were issued at \$0.01 Canadian dollars per share.

On March 16, 2018, 35,000,000 shares were issued pursuant to the Company's purchase agreement with ESC (Note 4).

On March 20, 2018, the Company closed a non-brokered private placement by issuing 1,000,000 shares at a price of \$0.01 Canadian dollars per share for total gross proceeds of \$7,647.

On March 27, 2018, the Company closed a non-brokered private placement by issuing 10,000,000 shares at a price of \$0.04 Canadian dollars per share for total gross proceeds of \$310,415.

Lifted Innovations Inc.
Notes to the Financial Statements
Period from the date of incorporation on February 27, 2018 to April 30, 2018
(in US Dollars)

On April 9, 2018, the Company closed a non-brokered private placement by issuing 14,300,000 shares at a price of \$0.20 Canadian dollars per share for total gross proceeds of \$2,246,838.

Total share issue costs incurred over the period from incorporation on February 27, 2018 and April 30, 2018 were \$15,113.

Stock Options

The Company has established a stock option plan for directors, employees, and consultants. Under the Company's stock option plan, the exercise price of each option is determined by the Board. The aggregate number of common shares issuable pursuant to options granted under the plan is 6,130,000 common shares, being 10% of the Company's issued common shares under the plan. The board of directors has the exclusive power over the granting of options and their vesting and cancellation provisions.

The following is a summary of the changes in the Company's stock option plan for the period ending April 30, 2018:

Options Outstanding	April 30, 2018		
	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price
Outstanding, beginning of period	-	-	\$ -
Granted	2,750,000	4.95	0.20
Exercised	-	-	-
Forfeited	-	-	-
Outstanding, end of period	2,750,000	4.95	\$ 0.20

There was only one grant of options during the period from incorporation on February 27, 2018 to April 30, 2018. These options were granted at an exercise price of \$0.20 and vest evenly over two years.

The following is a summary of the exercisable stock options for the period ending April 30, 2018:

Options Exercisable	April 30, 2018		
	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price
\$0.20	916,667	4.95	\$ 0.20
Total options exercisable	916,667	4.95	\$ 0.20

The assumptions used for the calculation of the fair value of the options are as follows:

Black-Scholes assumptions for options

	April 30, 2018
Risk-free rate	1.84%
Expected Life	5 years
Expected Volatility	125.00%
Expected dividend per share	Nil

Lifted Innovations Inc.
Notes to the Financial Statements
Period from the date of incorporation on February 27, 2018 to April 30, 2018
(in US Dollars)

Volatility is calculated by using the historical volatility of other public companies that the Company considers comparable that have trading and volatility history. The expected life in years represents the time that the options granted are expected to be outstanding. The risk-free rate is based on zero coupon Canada government bonds with a remaining term equal to the expected life of the options.

8. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

Financial instruments that are measured at fair value use inputs which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level One includes quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level Two includes inputs that are observable other than quoted prices included in Level One; and
- Level Three includes inputs that are not based on observable market data.

As at April 30, 2018, both the carrying and fair value amounts of all the Company's financial instruments are approximately equivalent due to their short-term nature.

Financial Instruments – Risk Management

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its receivables, of which there is no significant concentration. Management believes credit risk with respect to its financial instruments is minimal. The Company's maximum exposure to credit risk as at April 30, 2018 is the carrying value of cash held in merchant accounts and accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities. All amounts in current liabilities are due within 30 days.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices and specifically to foreign currency risk.

Foreign currency risk

The Company holds cash denominated in Canadian dollars. The Company is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of settlement of trade and other liabilities balances. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Transactions in foreign currencies are translated to the respective functional currencies at the spot rate on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in income.

Lifted Innovations Inc.
Notes to the Financial Statements
Period from the date of incorporation on February 27, 2018 to April 30, 2018
(in US Dollars)

Below is a list of all financial instruments in their base currency:

	April 30, 2018
Cash – CAD	3,184,238
Receivable – CAD	3,421
Trade and other liabilities – CAD	58,125

A 10% change in the US exchange rate would impact net loss by approximately \$216,933.

9. CAPITAL MANAGEMENT

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as shareholders' equity. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

10. CONTINGENCIES

The Company is subject to claims and legal actions that arise in the ordinary course of business. It is the opinion of management that any ultimate liability that may arise from such matters would not have a significant adverse effect on the financial statements of the Company.

11. INCOME TAXES

The relationship between the expected tax recovery based on the statutory tax rate and the reported tax recovery in the statement of loss and be reconciled as follows:

Income Tax Expense (Recovery)	April 30, 2018
Accounting Loss before income tax	(252,066)
Expected income tax recovery at the statutory rate of 26.5%	(66,797)
<i>Adjustments for the following items:</i>	
Share-based compensation	35,899
Increase in valuation allowance	30,898
Income Tax Expense	-

As at April 30, 2018, the Company has the following non-capital losses for which no deferred tax asset was recorded. These carryforward balances expire as follows:

Non-capital losses for which no deferred tax asset was recorded	
2038	116,597
	116,597

Lifted Innovations Inc.

Notes to the Financial Statements

Period from the date of incorporation on February 27, 2018 to April 30, 2018

(in US Dollars)

12. SEGMENTED DISCLOSURE

Revenues by country

	April 30, 2018
United States	102,999
Other	19,314
	122,313

All assets of the Company are in Canada.

13. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital

	April 30, 2018
Receivables	(84,405)
Trade and other liabilities	177,028
	92,623

14. SUBSEQUENT EVENTS

Subsequent to April 30, 2018 the Company granted 1,150,000 options to key management and advisory consultants. These options were granted with an exercise price ranging from \$0.20 - \$0.50, vest evenly over 2 years and have a life of 5 years. Furthermore, in August 2018, 500,000 options with an exercise price of \$0.20 and with a life of 5 years were forfeited.

On June 5, 2018 the Company incorporated in Delaware, U.S. a wholly owned subsidiary, Lifted Technology Inc. ("Lifted Tech") The purpose of the subsidiary is to operate as an e-commerce business that distributes vaporizers and accessories for aromatherapy and other purposes. Lifted Tech is an entity formed under the General Corporation Law of the State of Delaware. The Company's fiscal year end is April 30.

Carve-out Financial Statements

The Domains known as <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com>, & <LeafScience.com>

For the years ended February 28, 2017 and February 28, 2018

(Expressed in US Dollars)

The Domains known as <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com>, & <LeafScience.com>

Carve-out Financial Statements

For the years ended February 28, 2017 & February 28, 2018

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Independent Auditors' Report

DRAFT

To the Shareholders of Lifted Innovations Inc.:

We have audited the accompanying carve-out financial statements of the domain names <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com> and <LeafScience.com>, which comprise the carve-out statements of financial position as at February 28, 2018 and February 28, 2017, and the carve-out statements of loss and other comprehensive loss and cash flows for the years 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 carve-out financial statements in accordance with International Financial Reporting Standards and a financial reporting framework specified in subsection 3.11 (6) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards for carve-out financial statements, and for such internal control as management determines is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these carve-out financial statements based on our audits. We conducted our audits 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 carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the carve-out 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 carve-out 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 carve-out financial statements.

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

Opinion

In our opinion, the carve-out financial statements present fairly, in all material respects, the financial position of the domain names <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com> and <LeafScience.com> as at February 28, 2018 and February 28, 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards and a financial reporting framework specified in subsection 3.11 (6) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards for carve-out financial statements.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 to the carve-out financial statements which describes the basis of preparation used in these carve-out financial statements. The carve-out financial statements have been prepared on a carve-out basis and the results do not necessarily reflect what the financial position, results of operations, and cash flows would have been had the assets been included within a separate legal entity, nor are they indicative of future results in respect of the assets as they exist after the completion of the arrangement agreement, which is described in Note 1.

Without modifying our opinion, we draw attention to Note 2 in the carve-out financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of the domain names <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com> and <LeafScience.com> to continue as a going concern.

Ottawa, Ontario

Chartered Professional Accountants
Licensed Public Accountants

The Domains known as <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com>, & <LeafScience.com>

Carve-out Statements of Loss and Comprehensive Loss

Years ended February 28, 2017 & February 28, 2018

(in US Dollars)

	Note	2018	2017
Revenue		\$ 1,916,653	\$ 529,264
Cost of sales		<u>1,577,364</u>	<u>527,519</u>
		<u>339,289</u>	<u>1,745</u>
Expenses			
Selling		316,089	103,616
Administration		571,368	171,003
Amortization		223,361	83,761
Other expenses		28,560	13,255
Impairment of intangibles	5	755,574	-
		<u>1,894,952</u>	<u>371,635</u>
Net loss and comprehensive loss		<u><u>\$ (1,555,663)</u></u>	<u><u>\$ (369,890)</u></u>

The accompanying notes are an integral part of the carve-out financial statements

The Domains known as <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com>, & <LeafScience.com>

Carve-out Statement of Financial Position

As February 28, 2017 & 2018

(in US Dollars)

	Note	February 28 2018	February 28 2017
Assets			
<i>Current Assets</i>			
Receivables		\$ 5,218	\$ 2,225
		5,218	2,225
Customer List	5	114,712	1,033,046
Brand Name	5	56,681	117,282
		<u>\$ 176,611</u>	<u>\$ 1,152,553</u>
Liabilities and Net Investment			
<i>Current Liabilities</i>			
Accounts Payable		\$ 148,570	\$ 99,988
		148,570	99,988
<i>Net Investment</i>			
Opening Net Investment		1,052,565	-
Owner's Net Investment		531,139	1,422,455
Net Loss		(1,555,663)	(369,890)
		28,041	1,052,565
		<u>\$ 176,611</u>	<u>\$ 1,152,553</u>

ON BEHALF OF THE BOARD

Original signed by: Bjarne Borg, Director

Original signed by: Michael Galloro, Director

The accompanying notes are an integral part of these carve-out financial statements

The Domains known as <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com>, & <LeafScience.com>

Carve-out Statement of Cash Flows
Years ended February 28, 2017 & 2018
(in US Dollars)

	Note	2018	2017
CASH PROVIDED BY (USED IN):			
Operating activities			
Net loss		\$ (1,555,663)	\$ (369,890)
Net change in non-cash operating working capital		45,589	33,776
Amortization		223,361	83,761
Impairment of intangibles		755,574	-
Net cash flows from operating activities		(531,139)	(252,353)
Financing activities			
Contributions to Net Investment		531,139	252,353
Cash flows from financing activities		531,139	252,353
NET INCREASE (DECREASE) IN CASH		-	-
CASH, BEGINNING OF YEAR		-	-
CASH, END OF YEAR		\$ -	\$ -

The accompanying notes are an integral part of the these carve-out financial statements

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Notes to the Carve-out Financial Statements
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1. CORPORATE INFORMATION

These carve-out financial statements represent the combination of assets, liabilities, revenues, expenses and net assets of the domains known as <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com> and <LeafScience.com> (the "Domains"). Lifted Innovations Inc. (the "Company" or "Lifted") acquired the Domains on March 16, 2018 and have prepared these carve-out financial statements for inclusion in the Prospectus related to the Company's initial public offering.

The Domains, as presented in these carve-out financial statements is not a legal entity. The Company was incorporated under the laws of the Province of Ontario on February 27, 2018 and has one line of business, the sale of vaporizers and cannabis-related products and accessories via its web portals and websites.

For the periods presented, the Domains and the related assets and liabilities were owned and managed by a subsidiary of Namaste Technologies Inc. ("Namaste"). Namaste is an entity formed under British Columbia Business Corporations Act, and is a reporting issuer in British Columbia, Alberta, & Ontario. It has been listed on the Canadian Securities Exchange ("CSE") since February 19, 2014, and the TSX Venture Exchange ("TSXV") since May 2, 2018 under the trading symbol "N". On October 18, 2016, Namaste acquired the domain <EveryoneDoesIt.com> through an acquisition of URT1 Limited (Note 4).

These carve-out financial statements were authorized for issuance by Lifted on September 27, 2018.

2. BASIS OF PRESENTATION

(a) Carve-Out

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using accounting policies described herein.

The carve-out financial statements have been prepared for the purposes of disclosing the financial operations of certain Domains owned by the Company as required in relation to the filing of a prospectus. Information to prepare these statements have been extracted from the records of Namaste. Under Namaste management, the Domains were utilized in a manner to sell products whereby sales, cost of sales and expenses could not be specifically identified with a particular website, as they were a part of a single Cash Generating Unit ("CGU") within Namaste comprising of multiple websites. Consequently, certain assumptions have been made and are detailed below with regards to operating costs associated with the Domains. The Domains have presented all transactions that would generally be included in the shareholders' equity section as net investment. Subsequent to February 28, 2018, the Domains were purchased by Lifted (Note 11).

The following are the key assumptions that have been made as part of the carve-out financial statements:

1. A value of \$1,234,089 has been allocated to the websites and customer lists as at October 18, 2016, representing the fair value of the assets related to the <EveryoneDoesIt.com> domain. This was the date Namaste originally acquired the URT1 business which included the <EveryoneDoesIt.com> domain. The Domains determined the fair value of the assets based on the purchase price allocation performed by Namaste, adjusted to eliminate the fair value of assets not directly connected to the domain (Note 4);
2. Selling expenses, administration expenses and other expenses recorded on the statement of net loss and comprehensive loss has been estimated based on an allocation of the expenses incurred by Namaste adjusted pro-rata for the percentage of revenue generated by the Domains as a percentage of total revenues. The only exception to this pro-rata allocation was the determination by the Domains that certain professional fees within administration expenses should be eliminated from administration expenses prior to the calculation as they were related to specific transaction as part of the corporate operation of Namaste which had no benefit to the Domains;
3. Shipping costs included in cost of goods sold on the statement of net loss and comprehensive loss has been estimated at 16% of revenues based on the shipping costs as a percentage of sales incurred by Namaste;
4. No amount has been recognized for foreign exchange gain or loss as the settlement of accounts receivable and accounts payable in foreign currencies is timely and there was limited volatility in the exchange rates. Any realized and unrealized foreign exchange gains and losses on settlement of accounts receivable and accounts payable have been recorded in sales and cost of goods sold respectively;
5. Accounts receivable has been recorded based on the last two days of sales at period end as amounts are generally received from the payment merchant within two days;

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6. Accounts payable has been recorded based on a 30 day payment cycle as the Domains are primarily subject to payment terms of Net 30 on its purchases and operating expenses. As the Domains were managed as part of one larger CGU, specific accounts payable related to product sales and expenses are not able to be identified within Namaste's records;
7. No inventory has been recorded as the Domains do not control inventory based on the following: Namaste Domains were utilized in a manner to sell products whereby inventory could not be specifically identified with a particular website, as they were part of a single Cash Generating Unit ("CGU"), within Namaste comprising of multiple websites. As a result the Domains have assumed that the each domain utilizes a Drop-shipping model to fulfill orders, as this is identical to Lifted's current fulfillment process

(b) Going Concern

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to a going concern which assumes that the Domains will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Domains incurred a net loss of \$1,555,663 (2017 - \$369,890). The ability of the Domains to continue as a going concern is dependent on generating profitable operations, raising additional financing, and developing its products and services. The Domains are not yet generating positive cash flows from operations. No assurance can be given that any such additional financing will be available, or that it can be obtained on terms favourable to the Domains. Failure to obtain additional financing or generate profitable operations, results in material uncertainties that cast significant doubt as to the Domains' ability to operate as a going concern.

These financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and balance sheet classifications that would be necessary if the going concern assumption was not appropriate and such adjustments could be material.

(c) Presentation and Functional Currency

The carve-out financial statements are presented in US Dollars, which is also the functional currency of the Domains.

Foreign currency transactions that are in a different currency than the functional currency are recorded at the exchange rate as at the date of the transaction. At the end of each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities in foreign currencies other than the functional currency are translated using the historical rate. Gains and losses on transaction are included in the statement of loss and comprehensive loss.

(d) Significant Accounting Judgments and Estimates

The preparation of these carve-out financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the carve-out financial statements and reported amounts of revenue and expenses during the reporting period. Actual outcomes could differ from these estimates.

In particular, information about significant areas of estimation uncertainty and judgment considered by management in preparing the carve-out financial statements includes:

- *Going concern risk assessment*
The assessment of the Domains' ability to continue as a going concern, meet its liabilities for the ensuing year, involves significant judgment based on expectation of future events that are believed to be reasonable under the circumstances. See Note 2b for more information.
- *Valuation of brand name and customer lists*
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate.

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- *Useful lives of intangible assets*
The determination of the useful lives of the Domains' intangible assets is a matter of judgment. Future earnings would be affected if actual useful lives differ from those estimated by the Domains.
- *Determination of cash generating units ("CGU's")*
The determination of CGU's requires judgment in determining the lowest level for which there are largely independent cash inflows generated by the asset group level. This determination could have an impact on the results of impairment testing.
- *Functional currency*
The determination of functional currency is a matter of judgement. The majority of the Domains' revenues and expenditures are in the United States dollar. Management has assessed the functional currency as United States dollars.
- *Carve-out financial statements*
As previously described, there are significant judgments required when preparing carve-out financial statements. The inherent nature of the carve-out financial statements requires judgment in the separation of amounts from the Namaste financial records. There are a number of shared and combined amounts that require judgment to separate for purposes of the carve-out statements which historically have not always been presented or tracked separately.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

Business combinations

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. This is calculated as the sum of the acquisition date fair values of the assets transferred by the Domains and liabilities incurred by the Domains to the former owners of the acquiree in exchange for control of the acquiree. Acquisition related costs are recognized in profit and loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

Financial assets of the Domains are comprised of receivables. The financial liabilities of the Domains are comprised of accounts payable.

Financial assets and financial liabilities are recognized in the statement of financial position initially at fair value when the Domains becomes a party to the contractual provisions of the financial instrument.

Financial assets

Financial assets at fair value through profit or loss ("FVTPL") include financial assets held for trading, and are classified as such if they are acquired for the purpose of selling or repurchasing in the near term, and those that are designated as such upon initial recognition when doing so results in more relevant information being presented. This category also includes derivative financial

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instruments entered into by the Domains that are not designated as hedging instruments in an effective hedging relationship. The Domains has not designated any financial asset as FVTPL.

Financial assets are initially and subsequently measured at fair value with the exception of loans and receivables which are subsequently measured at amortized cost using the effective interest rate method, less impairment. Receivable are currently classified as loans and receivables.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial liabilities

Other financial liabilities are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method. Accounts payable are classified as other financial liabilities.

Intangibles

Purchased intangible assets are recognized as assets in accordance with IAS 38, *Intangible Assets*, where it is probable that the use of the asset will generate future economic benefits and where the cost of the asset can be determined reliably. Intangible assets acquired are initially recognized at cost of purchase and are subsequently carried at cost less accumulated amortization, if applicable, and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Customer lists have a useful life not exceeding 5 years. Brand names have an indefinite useful life, and are tested for impairment annually.

Impairment testing of intangibles

Intangible assets with indefinite life are tested for impairment annually. All other intangible assets are reviewed at each reporting date to determine whether events or changes in circumstances indicate that the carrying amount of the asset or related cash generating unit ("CGU") may not be recoverable. If any such indication exists, then the assets or CGU's recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate. The discount factors are determined individually for each CGU and reflect their respective risk profiles as assessed by management. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of assets in the CGU on a pro rata basis.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the 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 amortization, if no impairment loss had been recognized.

Accounts payable

Liabilities are recognized for amounts to be paid in the future for goods or services received during the reporting period, whether billed by the supplier or not. Provisions are recognized when the Domains have an obligation (legal or constructive) arising from a

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past event, and the Domains have a present obligation, and the costs to settle this obligation are both probable and able to be reliably measured.

Segmented Reporting

The Domains operate in one business segment being the distribution of vaporizers and accessories for aromatherapy and other purposes.

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 policy 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.

Revenue recognition

The Domains derive revenues from the online sales of vaporizers and accessories through e-commerce platforms. Revenue is recognized when goods are dispatched, the amount of revenue can be measured reliably, the receipt of economic benefits are probable and costs incurred can be measured reliably.

Accounting policies not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not yet effective for the year ended February 28, 2018 and accordingly, have not been applied in preparing these carve-out financial statements:

IFRS 9 – Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Domains have not yet determined the impact of this standard on its carve-out financial statements.

IFRS 15 – Revenue from contracts with customers

IFRS 15, issued in May 2014 will specify how and when entities recognize, measure and disclose revenue. The standard will supersede all current standards dealing with revenue recognition, including IAS 11 Construction contracts, IAS 18 Revenue, IFRIC 13 Customer loyalty programs, IFRIC 15 Agreements for the construction of real estate, IFRIC 18 Transfers of assets from customers and SIC 31 Revenue – barter transactions involving advertising services.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Domains have determined that there would be no material impact to recorded revenue on the carve-out financial statements as a result of the implementation of this standard. The Domains note that there will be added disclosure requirements based on IFRS 15 which will be adopted in the new year.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 which replaces IAS 17 Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease

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accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Domains have not yet determined the impact of this standard on its carve-out financial statements.

4. BUSINESS ACQUISITION

On October 18, 2016, (the “acquisition date”), Namaste reported it closed its purchase of certain assets of URT1 Limited (“URT1”) representing its Everyonedoesit business. Namaste acquired assets constituting an identifiable business thereby acquiring control of the business. The purchase price was determined as one-times the trailing revenue of the business. URT1 is one of the top five domains in the world for the sale of vaporizers, pipes and accessories. URT1 operates two websites, <www.everyonedoesit.com> and <www.everyonedoesit.co.uk>, and retails through select third-party marketplaces. At the time of Namaste’s acquisition, it was anticipated the acquisition of the URT1 assets would generate synergies for Namaste in the form of reduced operating costs associated with employees and consultants, software and information technology, and rent.

The fair value of the domain <EveryoneDoesIt.com> acquired was determined based on the purchase price allocation performed by Namaste, adjusted to eliminate the fair value of assets and liabilities not directly connection to the domain <EveryoneDoesIt.com> , which was as follows:

<i>Purchase price allocation</i>	<i>October 18, 2016</i>
Customer List	1,116,807
Brand name	117,282
	1,234,089

For the period between October 18, 2016 and February 28, 2017, the acquired business added revenues of \$280,241 to net earnings. It is not possible to provide the revenue and earnings of the domain <EveryoneDoesIt.com> for the period from March 1, 2016 to October 17, 2018 because of the lack of details in URT1’s management system prior to the acquisition.

The useful life of the brand name is indefinite. The useful life of the customer list does not exceed five years.

5. INTANGIBLES

	Customer List	Brand name	Total
Opening Balance, March 1, 2016	-	-	-
Addition from Business Acquisition (Note 4)	1,116,807	117,282	1,234,089
Amortization	(83,761)	-	(83,761)
Balance, February 28, 2017	1,033,046	117,282	1,150,328
Amortization	(223,361)	-	(223,361)
Impairment	(694,973)	(60,601)	(755,574)
Balance, February 28, 2018	114,712	56,681	171,393

As at February 28, 2018, the carrying amount of the customer lists, and brand name that were acquired as part of the URT1 acquisition were reduced to its recoverable amount of \$171,393 through the recognition of an impairment loss. The impairment loss was calculated as part of the Domains’ annual intangibles impairment test. This loss is included in the statement of loss and comprehensive loss. The determination of the recoverable amount was determined based on the fair value attributed to the domain <EveryoneDoesIt.com> acquired by Lifted Innovations Inc. in their subsequent acquisition of the Domain on March 16, 2018 (Note 11).

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The fair value attributed to <EveryoneDoesIt.com> was derived from a five year discounted future cash flow calculation. Cash inflows from <EveryoneDoesIt.com> were based on estimates of future website traffic, the rate of converting website traffic into paying customers, and average revenue per order.

Key assumptions for impairment testing

- *Traffic fade rate* – The fade rate of website traffic is based on historical rates. Fade rates for the domain is expected to be 10.5%.
- *Conversion rate* – The conversion rates of website traffic to customer orders is based on the domain's historical results and management's internal projections. The projected conversion rate was 0.59%.
- *Discount rate* – The discount rate used was approximately 13.7%, which is the domain's weighted average cost of capital.
- *Basket price* – The average basket price is management's expectation of average revenue per customer based on historical results when applicable. The average basket price used was \$83.

6. FINANCIAL INSTRUMENTS

Fair value hierarchy

Financial instruments that are measured at fair value use inputs which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level One includes quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level Two includes inputs that are observable other than quoted prices included in Level One; and
- Level Three includes inputs that are not based on observable market data.

The Domains have classified receivables as loans and receivables and accounts payable as other financial liabilities. As at February 28, 2018 and February 28, 2017, both the carrying and fair value amounts of all the Domains' financial instruments are approximately equivalent due to their short-term nature.

Financial Risk Management

The Domains are exposed to various financial instrument risks and continuously assesses the impact and likelihood of this exposure. These risks include credit risk, liquidity risk, interest rate risk and currency risk. Where material these risks are reviewed and monitored by the Board of Directors.

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations resulting in financial loss to the Domains. The Domains' credit risk is primarily attributable to its receivables of which there is no significant concentration. Management believes credit risk with respect to its financial instruments to be minimal.

Liquidity risk

Liquidity risk refers to the risk that the Domains will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. As at February 28, 2018, the Domains had a working capital deficit of \$143,352 (February 28, 2017 – working capital deficit of \$97,763). All of the Domains' financial liabilities have contractual maturities within twelve months. Management has determined that this risk is not significant at this point in time.

Currency risk

The Domains' sales and cost of sales are in various currencies. The Domains are exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of settlement of accounts payable and receivable balances. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The Domains do not use derivative instruments to reduce its exposure to foreign currency risk.

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7. CAPITAL MANAGEMENT

The Domains' objective in managing capital is to ensure a sufficient liquidity position to safeguard the Domains' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Domains defines capital as divisional equity. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

8. CONTINGENCIES

The Domains are subject to claims and legal actions that arise in the ordinary course of business. It is the opinion of management that any ultimate liability that may arise from such matters would not have a significant adverse effect on the financial statements of the Domains.

9. SEGMENTED DISCLOSURE

Revenues by country

	2018	2017
United States	\$1,337,594	\$435,589
Great Britain	176,290	3,891
Ireland	105,229	5,668
Brazil	98,416	559
Australia	57,805	9,177
Canada	46,185	24,127
Other	95,134	50,253
Total Revenue	\$1,916,653	\$529,264

10. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating working capital items

	2018	2017
Receivables	(2,993)	(2,225)
Accounts Payable	48,582	36,001
	45,589	33,776

Other non-monetary transactions include:

	2018	2017
Additions to Customer List	-	1,116,807
Additions to Domains	-	117,282
	-	1,234,090

11. SUBSEQUENT EVENTS

On March 16, 2018, all the Domains were acquired by Lifted Innovations Inc. Lifted acquired the Domains, for 35,000,000 shares of Lifted at a value of \$0.01 Canadian dollars per share, which translated to a value of \$267,435.

**APPENDIX A
AUDIT COMMITTEE CHARTER**

**LIFTED INNOVATIONS INC.
(the “Company”)**

This Charter establishes the composition, authority, roles and responsibilities and the general objectives of the Company’s audit committee of the board of directors (the “**Audit Committee**”). The roles and responsibilities described in this charter must at all times be exercised in compliance with the legislation and regulations governing Company and any subsidiaries.

1. **Composition**

- (a) *Number of Members:* The Audit Committee must be comprised of a minimum of three directors of the Company.
- (b) *Chair:* Members of the Audit Committee will appoint a chair of the Audit Committee (the “**Chair**”), on an annual basis, to serve for a term of one year. The Chair may serve as the chair of the Audit Committee for any number of consecutive terms.
- (c) *Financial Literacy:* All members of the Audit Committee must be “financially literate” within the meaning of Section 1.6 of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). If, upon appointment, a member of the Audit Committee is not financially literate as required, such person will be provided with a period of three months to acquire the required level of financial literacy.
- (d) *Independence:* At least a majority of the members of the Audit Committee must be “independent” within the meaning of Sections 1.4 and 1.5 of NI 52-110.

2. **Meetings**

- (a) *Quorum:* The quorum required to constitute a meeting of the Audit Committee is a majority of members present in person or by means of telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.
- (b) *Meetings and Agenda:* The Chair will be responsible for setting the agenda for meetings of the Audit Committee and determining the time, place and frequency of meetings, provided that any member of the Audit Committee or the Company’s external auditors (the “**Auditors**”) may call a meeting of the Audit Committee. Agenda materials such as draft financial statements must be circulated to the Audit Committee members a reasonable amount of time in advance of any meeting in order to provide such members with appropriate time to review the material prior to the meeting.
- (c) *Notice of Meetings:* Notice of the time and place of every meeting will be given in writing to each member of the Audit Committee at least 48 hours before the meeting, provided that members may waive such notice in writing. The Audit Committee may invite any of the other directors, as well as officers and employees of the Company and any advisors it sees fit to attend meetings of the Audit Committee. The Auditor will be given notice of every meeting of the Audit Committee and, at the expense of the Company, will be entitled to attend and be heard at such meetings on matters related to the Auditor’s duties.
- (d) *Minutes:* Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the Audit Committee.

3. Roles and Responsibilities

The roles and responsibilities of the Audit Committee include the following:

External Auditor

The Audit Committee will:

- (a) *Selection of external auditor:* Select, evaluate and recommend to the board of directors of the Company (the “**Board**”), for shareholder approval, the Auditor to examine the Company’s accounts, controls and financial statements.
- (b) *Scope of work:* Evaluate, prior to the annual audit by the Auditors, the scope and general extent of the Auditor’s review, including the Auditor’s engagement letter.
- (c) *Compensation:* Recommend to the Board the compensation to be paid to the Auditors.
- (d) *Replacement of Auditor:* If necessary, recommend the replacement of the Auditor to the Board.
- (e) *Approve Non-Audit Related Services:* Pre-approve all non-audit services to be provided by the Auditor to the Company or its subsidiaries.
- (f) *Responsibility for Oversight:* Directly oversee the work of the Auditor. The Auditor must report directly to the Audit Committee.
- (g) *Resolution of Disputes:* Assist with resolving any disputes between the Company’s management and the Auditors regarding financial reporting.

Consolidated Financial Statements and Financial Information

The Audit Committee will:

- (a) *Review Audited Financial Statements.* Review the audited consolidated financial statements of the Company, discuss those statements with management and with the Auditor, and recommend their approval to the Board.
- (b) *Review of Interim Financial Statements:* Review and discuss with management the quarterly consolidated financial statements and, if appropriate, recommend their approval by the Board.
- (c) *MD&A, Annual and Interim Earnings Press Release, Audit Committee Reports:* Review the Company’s management’s discussion and analysis, interim and annual press releases, and audit committee reports before the Company publicly discloses this information.
- (d) *Auditor Reports and Recommendations:* Review and consider any significant reports and recommendations issued by the Auditor, together with management’s response, and the extent to which recommendations made by the Auditor have been implemented.

Risk Management, Internal Controls and Information Systems

The Audit Committee will:

- (a) *Internal Control:* Review with the Auditors and with management, the general policies and procedures used by the Company with respect to internal accounting and financial controls, and will remain informed, through communications with the Auditor, of any weaknesses in internal control that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Company or from applicable laws or regulations.
- (b) *Financial Management:* Periodically review the team in place to carry out financial reporting functions, circumstances surrounding the departure of any officers in charge of financial reporting, and the appointment of individuals in these functions.
- (c) *Accounting Policies and Practices:* Review management plans regarding any changes in accounting practices or policies and the financial impact thereof.

- (d) *Litigation*: Review with the Auditors and legal counsel any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the consolidated financial statements of the Company.
- (e) *Other*: Discuss with management and the Auditors correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company's financial statements or disclosure.

Complaints

- (a) *Accounting, Auditing and Internal Control Complaints*: The Audit Committee must establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters.
- (b) *Employee Complaints*: The Audit Committee must establish a procedure for the confidential transmittal on condition of anonymity by the Company's employees of concerns regarding questionable accounting or auditing matters.

4. Authority

- (a) *Auditor*: The Auditor, and any internal auditors hired by the Company, will report directly to the Audit Committee.
- (b) *Independent Advisors*: The Audit Committee may, at the Company's expense and without the approval of management, retain the services of independent legal counsel and any other advisors it deems necessary to carry out its duties and set and pay the monetary compensation of these individuals.
- (c) *Communication*: The Audit Committee may communicate directly with management and any internal auditor, and with the Auditor directly without the presence or involvement of management.
- (d) *Expenses*: The Audit Committee may incur such ordinary administrative expenses that it deems necessary and appropriate to carry out its duties, which expenses the Company will pay or reimburse upon receiving an invoice or receipt, as applicable.

5. Reporting

The Audit Committee will report to the Board on:

- (a) the Auditor's independence;
- (b) the performance of the Auditor and any recommendations of the Audit Committee in relation thereto;
- (c) the reappointment and termination of the Auditor;
- (d) the adequacy of the Company's internal controls and disclosure controls and procedures;
- (e) the Audit Committee's review of the annual and interim consolidated financial statements of the Company and related management's discussion and analysis;
- (f) the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company; and
- (g) all other material matters ordinarily dealt with by the Audit Committee.

* * *

**APPENDIX B
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following management's discussion and analysis are included in this prospectus:

Management's discussion and analysis for the period from incorporation on February 27, 2018 to April 30, 2018; and B-2

Management's discussion and analysis for the Domains known as <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com>, and <LeafScience.com> for the years ended February 28, 2018 and February 28, 2017. B-13

Management Discussion & Analysis

Lifted Innovations Inc.

For the period from incorporation on February 27, 2018 to April 30, 2018

(Expressed in US Dollars)

Lifted Innovations Inc.
Management Discussion & Analysis
Period from the date of incorporation on February 27, 2018 to April 30, 2018
(in US Dollars)

This "Management's Discussion and Analysis" ("MD&A") has been prepared as at April 30, 2018, and should be read in conjunction with the audited financial statements of Lifted Innovations Inc. (the "Company") for the period from the date of incorporation on February 27, 2018 to April 30 2018.

Management's responsibility for financial reporting

The MD&A for the Company is the responsibility of management. The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the MD&A.

Forward looking statements

This MD&A includes certain forward-looking statements that are based upon current expectations which involve risks and uncertainties associated with the Company's business and the economic environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, which are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. The forward-looking statements are not historical facts, but reflect the Company's current expectations regarding future results or events. Forward-looking statements contained in this MD&A are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed in the section "Risks and Uncertainties" below.

Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding management's goal of creating shareholder value, the ability to fund future operating costs, the timing for future research and development of the Company's current and future technologies, sensitivity analysis on financial instruments that may vary from amounts disclosed, prices and price volatility of the Company's products and general business and economic conditions.

Readers are cautioned that the above factors are not exhaustive. Although management has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.

Management believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The forward-looking information contained in this MD&A is provided as of the date hereof and management undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Basis of presentation and statement of compliance

The Company's audited financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") as are issued by the International Accounting Standards Board (IASB).

The principal accounting policies adopted in the preparation of the audited financial statements are set out below. The audited financial statements are presented in United States ("US") dollars, which is the Company's reporting and functional currency.

The preparation of these audited financial statements in compliance with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the audited financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the audited financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses various factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes differ from these estimates under different assumptions and conditions.

The critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the audited financial statements are:

Critical judgements

- Useful lives of intangible assets
- Allowance for doubtful accounts
- Income taxes
- Functional currency

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Significant Estimates

- Share-based compensation
- Going concern
- Business combinations

Accounting policies not yet adopted

The following new standard has been issued but is not yet effective for the period ended April 30, 2018 and accordingly, have not been applied in preparing these financial statements:

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 which replaces IAS 17 Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company has not yet determined the impact of this standard on its financial statements.

Description of the business

Lifted Innovations Inc. commenced operations on February 27, 2018, and acquired its primary assets in a purchase of assets from ESC Hughes Holdings Ltd. ("ESC") on March 16, 2018, representing ESC's business based in the United States consisting of 3 e-commerce websites.

The Company is incorporated under the laws of Canada under the Canada Business Corporations Act, with its office located at 701 West Georgia Street, Suite 1500, Vancouver, British Columbia, V7Y 1C6. The Company's registered office is at Gowlings WLG located at 550 Burrard St #2300, Vancouver, British Columbia V6C 2B5.

Its primary business is the sale and distribution of vaporizers and accessories for aromatherapy and other purposes via e-commerce portals. The Company's websites currently offer one of the largest range of brand name vaporizer products on the market, recognized as a source of information, reviews and media on vaporizer products. The Company is currently focused on expanding its product offerings, acquisitions and strategic partnerships, and penetrating deeper in the United States market.

Business strategy of the Company

Management's business strategy is currently focused on a multi-pronged approach to diversify revenue streams including e-commerce, wholesale distribution and selective acquisitions. Management believes there is an established and growing consumer demand for its products in the United States and is developing strong sales channels in the United States and abroad. The current expansion focus is as follows:

E-Commerce, social media

Lifted has a competitive advantage in international markets through its established e-commerce presence, logistics and fulfillment capabilities, and best-in-class customer service standards. Going forward, Lifted will continue to expand its presence through further enhancement of its search engine optimization, online advertising through select channels, and social media campaigns. The Company is currently focused on entering and expanding in key markets in the United States.

Industry consolidation

As one of the first true vaporizer and accessories companies in the process of accessing the public markets, the Company has identified multiple opportunities to expand by acquisition. The focus of the Company's acquisition strategy is to identify companies that complement Lifted in terms of financial profile, geographical focus, and product and service offering and enter into transactions that are accretive on a per share basis. Based on management's analysis of the market, the vaporizer and accessory space is fragmented and high growth, which makes the industry ideal for consolidation.

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Overall performance

Lifted successfully closed \$2,572,749 of equity financing in the period from incorporation on February 27, 2018 to April 30, 2018.

On March 16, 2018, Lifted closed the acquisition of select assets of ESC Hughes Limited, which included three long-standing domains for the sale of vaporizers and accessories in the industry.

Subsequent to March 16, 2018, Lifted generated e-commerce revenues of \$122,313 and gross profit of \$12,708 at gross profit margin of 10.4%.

Discussion of Operations

During the period under review, the Company focused its efforts on acquiring financing to fund ongoing operations and acquisitions. Upon the purchase of domains from ESC Hughes Limited, the Company's efforts were focused on integrating ESC's ongoing operations into the Company, as well as growing revenues in the United States by implementing inbound organic e-commerce strategies.

Also during the period, the Company utilized funds to acquire rights to certain websites and domains consistent with its ongoing strategy of expansion in the United States.

Selected Annual Information

The Company's audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as are issued by the International Accounting Standards Board (IASB) and are reported in United States dollars.

The following table sets out selected annual audited financial information for the period. The information is presented on the same basis as the audited financial statements and should be read in conjunction with the audited financial statements and the accompanying notes.

Selected Annual Information

	April 30, 2018
Revenue	\$122,313
Gross Profit	\$12,708
Net Loss	(\$252,066)
Net Loss per share, basic & diluted	(\$0.01)
Weighted average number of outstanding common shares, basic & diluted	37,553,226
Total Assets	\$2,885,502
Total Liabilities	\$177,028

Revenue

The Company's net revenues for the period from incorporation on February 27, 2018 to April 30, 2018 was \$122,313. The revenue is 100% attributable to the acquisition of three websites previously owned by ESC and acquired by the Company on March 16, 2018.

As noted below, the majority of revenues were generated in the United States, which will be Lifted's market focus going forward. The relatively modest amount of revenue observed compared to past performance of the websites can be attributed to three factors. Firstly, the current e-commerce business experiences cyclicity, with stronger revenues in the late summer and autumn period leading up to Black Friday. Secondly, one of the websites acquired by Lifted was focused more significantly on wholesaler sales, consequently sales have declined in comparison to other websites as both past management and Lifted has had limited capacity to manage and advance these transactions. Thirdly, as the Company has chosen to place its focus on the United States market, prior revenues that were experienced by the websites under previous ownership originating from countries outside the United States have declined.

For comparative purposes, revenue originating out of the United States for the period from March 16, 2017 to April 30, 2017 were \$104,020; and revenue originating out of non-United States countries for the same period were \$54,446.

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Revenue by Country

United States	\$102,999
Other	19,314
Total Revenue	\$122,313

Gross Profit and Cost of Sales

Cost of sales includes all expenditures to purchase the product and ship products to warehouse locations. This includes the purchase price less import duties, shipment fees to warehouses and customers, storage, handling, and insurance.

The Company's cost of sales for the period from incorporation on February 27, 2018 to April 30, 2018 was \$109,605, which resulted in a gross margin of \$12,708. The gross margin percentage was 10.4%.

	2018
Revenue	\$122,313
Cost of sales	(109,605)
Gross Margin	\$12,708
Gross Margin %	10.4%

Operating Expenses

The table below sets forth operating expenses for the period ending April 30, 2018:

	2018
Selling expenses	\$5,414
Stock-based compensation	135,469
Administrative expenses	101,501
Amortization	4,475
Other expenses	17,915
Total	\$264,774

Selling expenses for the period ended April 30, 2018 were \$5,414, which consisted of merchant account and system fees, as well as marketing costs.

Stock-based compensation for the period ended April 30, 2018 was \$135,469, which consisted of one stock option grant to the Directors and Officers of the Company, as well as key advisors.

Administration expenses for the period ended April 30, 2018 were \$101,501, which consisted of legal, professional, and bank fees.

Other expenses for the period ended April 30, 2018 were \$17,915, which consisted of a foreign currency loss as at the end of the period.

Liquidity

The Company's objectives when managing its liquidity and capital structure are to generate sufficient cash to fund operating and organic growth requirements.

As at April 30, 2018, the Company had cash of \$2,487,667. Working capital for the Company consists of current assets less current liabilities. As at April 30, 2018, the Company has sufficient capital resources to satisfy its near term financial obligations.

The table below sets forth the cash and working capital position of the Company as at April 30, 2018.

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	April 30, 2018
Cash	\$2,487,667
Working Capital	\$2,395,044

The table below sets forth the Company's cash flows for the period ended April 30, 2018.

	April 30, 2018
Operating Activities	(\$19,499)
Financing Activities	\$2,557,636
Investing Activities	(\$50,470)

Cash used in operating activities

The cash used in operating activities of \$19,499, is attributable to administration costs related to the period end financial statement audit and legal fees on the acquisition of the assets from ESC.

Cash provided by financing activities

The Company's cash provided by financing activities of \$2,557,636 is due to proceeds from the share issuances.

Cash used in investing activities

The Company's cash used in investing activities of \$50,740 is attributable to cash used for the acquisition of the rights for one internet domain and website.

Capital Resources

The Company's capital is primarily composed of shareholders' equity. The Company utilizes cash flow from operations and equity investment to support development and continued operations and to meet liabilities and commitments as they come due.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is appropriate. As at April 30, 2018, the Company is not subject to any externally imposed capital requirements.

The Company's principal capital needs are for funds to expand its market presence and general working capital requirements to support growth.

Capitalization	Number of Shares	Gross Proceeds
Opening Balance, February 27, 2018	-	-
Issued during the period ended April 30, 2018	26,300,000	\$2,557,636
Issued due to ESC business acquisition	35,000,000	267,435
Balance, April 30, 2018	61,300,000	\$2,825,071

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

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Related Party Transactions

Key management includes the Company's directors, senior officers and any employees with authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly.

Compensation, Key Executives

	April 30, 2018
Short-term compensation	\$2,430
Share-based compensation	91,134
Total	\$93,564

Financial Instruments

Please refer to disclosure on Note 8 – Financial Instruments on the Financial Statements for the period from incorporation on February 27, 2018 to April 30, 2018 for discussion and disclosure on Financial Instruments.

Risk Factors Related to the Company's Business

There are risks relating to the business carried on by the Company which prospective investors should carefully consider before deciding whether to purchase shares of the Company. The Company will face a number of challenges in the development of its business. Due to the nature of the Company's business and present stage of the business, the Company may be subject to significant risks. Readers should carefully consider all such risks.

The common shares of the Company should be considered highly speculative due to the nature of the Issuer's business and the present stage of its development. In evaluating the Company and an investment in its common shares, investors should carefully consider, in addition to the other information contained in this listing statement, the following risk factors. These risk factors are not a definitive list of all risk factors associated with an investment in the Issuer or in connection with the Issuer's operations.

The success of the Company's new and existing products and services is uncertain.

The Company is expected to commit significant resources and capital to develop and market existing product and service enhancements and new products and services. These products and services are relatively untested, and the Company cannot assure you that we will achieve market acceptance for these products and services, or other new products and services that we may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business of manufacturing and distributing vaporizers and accessories. In addition, new products, services and enhancements may pose a variety of technical challenges and require us to attract additional qualified employees. The failure to successfully develop and market these new products, services or enhancements or to hire qualified employees could seriously harm our business, financial condition and results of operations.

The business is dependent upon continued market acceptance by consumers.

The Company is substantially dependent on continued market acceptance of our vaporizer products by consumers. Although we believe that the use of vaporizers is gaining international acceptance, the Company cannot predict the future growth rate and size of this market.

Generating foreign sales will result in additional costs and expenses and may expose us to a variety of risks.

The Company sells products in a significant number of markets that require us to incur additional costs and expenses. Furthermore, our entry into foreign jurisdictions may expose the Company to various risks, which differ in each jurisdiction, and any of such risks may have a material adverse effect on our business, financial condition and results of operations. Such risks include the degree of competition, fluctuations in currency exchange rates, difficulty and costs relating to compliance with different commercial, legal, regulatory and tax regimes and political and economic instability.

The Company may not be able to establish sustainable relationships with large wholesalers or manufacturers.

The Company believes the best way to develop brand and product recognition and increase sales volume is to establish relationships with large retailers and manufacturers. The Company currently have established relationships with several large wholesalers and manufacturers and in connection therewith we have agreed to carry and offer their products for sale. The Company may not be able

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to sustain these relationships or establish other relationships with wholesalers or manufacturers or, even if we do so, sustain such other relationships. The Company's inability to develop and sustain relationships with large wholesalers or manufacturers will impede the ability to develop brand and product recognition and increase sales volume, which will have a material adverse effect on our business, results of operations and financial condition.

The Company may not be able to adapt to trends in our industry.

The Company may not be able to adapt as the vaporizer industry and customer demand evolves, whether attributable to regulatory constraints or requirements, a lack of financial resources or our failure to respond in a timely and/or effective manner to new technologies, customer preferences, changing market conditions or new developments in our industry. Any of the failures to adapt for the reasons cited herein or otherwise could make our products obsolete and would have a material adverse effect on our business, financial condition and results of operations.

The Company may be unable to promote and maintain brands.

The Company believes that establishing and maintaining the brand identities of products is a critical aspect of attracting and expanding a large customer base. Promotion and enhancement of brands will depend largely on success in continuing to provide high quality products. If customers and end users do not perceive the Company's products to be of high quality, or if the Company introduces new products or enters into new business ventures that are not favorably received by customers and end users, the Company will risk diluting brand identities and decreasing their attractiveness to existing and potential customers.

Moreover, in order to attract and retain customers and to promote and maintain brand equity in response to competitive pressures, the Company may have to increase substantially financial commitment to creating and maintaining a distinct brand loyalty among customers. If the Company incurs significant expenses in an attempt to promote and maintain brands, the business, results of operations and financial condition could be adversely affected.

The Company expects that new products and/or brands we develop will expose the Company to risks that may be difficult to identify until such products and/or brands are commercially available.

The Company is currently developing, and in the future will continue to develop, new products and brands, the risks of which will be difficult to ascertain until these products and/or brands are commercially available. For example, the Company is developing new formulations, packaging and distribution channels. Any negative events or results that may arise as the Company develops new products or brands may adversely affect the business, financial condition and results of operations.

Internet security poses a risk to e-commerce sales.

At present, the Company generates revenue through e-commerce sales on websites. The Company manages websites and an e-commerce platform internally and as a result any compromise of the security or misappropriation of proprietary information could have a material adverse effect on the business, financial condition and results of operations. The Company relies on encryption and authentication technology licensed from third parties to provide the security and authentication necessary to effect secure Internet transmission of confidential information, such as credit and other proprietary information. Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments may result in a compromise or breach of the technology used by us to protect client transaction data. Anyone who is able to circumvent our security measures could misappropriate proprietary information or cause material interruptions in our operations. The Company may be required to expend significant capital and other resources to protect against security breaches or to minimize problems caused by security breaches. To the extent that the Company's activities or the activities of others involve the storage and transmission of proprietary information, security breaches could damage our reputation and expose us to a risk of loss and/or litigation. Our security measures may not prevent security breaches. Our failure to prevent these security breaches may result in consumer distrust and may adversely affect our business, results of operations and financial condition.

The Company's results of operations could be adversely affected by currency exchange rates and currency devaluations.

The Company's functional currency is the U.S. dollar; substantially all purchases and sales are currently generated in U.S. dollars. Fluctuations in exchange rates between respective currencies could result in higher production and supply costs which would have a material adverse effect on our results of operations if the Company is not willing or able to pass those costs on to customers.

If the Company is able to expand operations, the Company may be unable to successfully manage future growth.

If the Company is able to expand operations internationally, where the Company believes products will be successful, as planned, the Company may experience periods of rapid growth, which will require additional resources. Any such growth could place increased strain on the management, operational, financial and other resources, and the Company will need to train, motivate, and manage

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employees, as well as attract management, sales, finance and accounting, international, technical, and other professionals. In addition, the Company will need to expand the scope of its infrastructure and physical resources. Any failure to expand these areas and implement appropriate procedures and controls in an efficient manner and at a pace consistent with business objectives could have a material adverse effect on the business and results of operations.

If the Company experiences product recalls, the Company may incur significant and unexpected costs and the business reputation could be adversely affected.

The Company may be exposed to product recalls and adverse public relations if its products are alleged to cause illness or injury, or if the Company is alleged to have violated governmental regulations. A product recall could result in substantial and unexpected expenditures and harm to the Company's reputation, which could have a material adverse effect on the business, results of operations and financial condition. In addition, a product recall may require significant management time and attention and may adversely impact on the value of brands. Product recalls may lead to greater scrutiny by federal or state regulatory agencies and increased litigation, which could have a material adverse effect on the business, results of operations and financial condition.

Product exchanges, returns and warranty claims may adversely affect the business.

If the Company is unable to maintain an acceptable degree of quality control of its products, the Company will incur costs associated with the exchange and return of the products as well as servicing its customers for warranty claims. Any of the foregoing on a significant scale may have a material adverse effect on the business, results of operations and financial condition.

The business may expose the Company to product liability claims for damages resulting from the design or manufacture of its products. Product liability claims, whether or not, the Company is ultimately held liable for them, could have a material adverse effect on the business and results of operations.

The Company may be subject to product liability claims if any of the Company's products are alleged to be defective or cause harmful effects. Product liability claims or other claims related to our products, regardless of their outcome, could require us to spend significant time and money in litigation, divert management time and attention, require the Company to pay significant damages, harm our reputation or hinder acceptance of our products. Any successful product liability claim may prevent the Company from obtaining adequate product liability insurance in the future on commercially desirable or reasonable terms.

The Company depends upon key personnel, the loss of which could seriously harm our business.

Operating performance is substantially dependent on the continued services of executive officers and key employees, Brandon Ward, Chief Executive Officer, and Brian Ma, Chief Financial Officer. The unexpected loss of the services of Mr. Ward, or Mr. Ma could have a material adverse effect on the business, operations, financial condition and operating results, as well as the value of common shares.

The Company will require additional capital to finance operations in the future, but that capital may not be available when it is needed and could be dilutive to existing shareholders.

The Company will require additional capital for future operations. The Company plans to finance anticipated ongoing expenses and capital requirements with funds generated from the following sources:

- cash provided by operating activities;
- available cash and cash investments; and
- capital raised through debt and equity offerings.

The ability to raise additional capital will depend on conditions in the capital markets, economic conditions and a number of other factors, many of which are outside the Company's control, and on the Company's financial performance. Accordingly, the Company cannot assure you that it will be able to successfully raise additional capital at all or on terms that are acceptable to the Company. If the Company cannot raise additional capital when needed, it may have a material adverse effect on its liquidity, financial condition, results of operations and prospects. Furthermore, if the Company raises capital by issuing shares, the holdings of existing shareholders will be diluted and the market price of common shares could decline.

If the Company raises capital by issuing debt securities, such debt securities would rank senior to common share upon our bankruptcy or liquidation. If the Company raises capital by issuing equity securities, they may be senior to common shares for the purposes of dividend and liquidating distributions, which may adversely affect the market price of common shares. Finally, upon dissolution or liquidation, holders of debt securities and preferred shares and lenders with respect to other borrowings will receive a distribution of available assets prior to the holders of our common shares. Risks Related to Government Regulation

Lifted Innovations Inc.
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Changes in laws, regulations and other requirements could adversely affect the business, results of operations or financial condition.

The business, results of operations or financial condition could be adversely affected by new or future legal requirements imposed by legislative or regulatory initiatives, including, but not limited to, those relating to health care, public health and welfare and environmental matters. At present, it is not clear if vaporizers, which omit no smoke or noxious odors, are subject to such restrictions. If vaporizers are subject to restrictions on smoking in public and other places, the business, operating results and financial condition could be materially and adversely affected. New legislation or regulations may result in increased costs directly for compliance or indirectly to the extent such requirements increase the prices of goods and services because of increased costs or reduced availability. The Company cannot predict whether such legislative or regulatory initiatives will result in significant changes to existing laws and regulations and/or whether any changes in such laws or regulations will have a material adverse effect on the business, results of operations or financial condition.

Risks Related to the Company's Common Shares

The market price of the Company's common shares could be very extremely volatile and could be subject to further significant fluctuations due to changes in sentiment in the market regarding operations or business prospects, among other factors.

Among the factors that could affect the share price are:

- actual or anticipated fluctuations in our quarterly financial and operating results and operating results that vary from the expectations of management or of securities analysts and investors
- failure to meet the expectations of the investment community and changes in investment community;
- recommendations or estimates of future operating results;
- announcements of strategic developments, acquisitions, dispositions, financings, product developments and other materials events by the Company or competitors;
- regulatory and legislative developments;
- litigation;
- general market conditions;
- other domestic and international macroeconomic factors unrelated to the Company's performance; and
- additions or departures of key personnel.

Sales by shareholders of a substantial number of common shares in the public market could adversely affect the market price of common shares.

A substantial portion of total outstanding common shares may be sold into the market. Such sales could cause the market price of common shares to drop, even if the business is doing well. Such sales may include sales by officers and directors of the Company. Furthermore, the market price of common shares could decline as a result of the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for the Company to sell equity securities in the future at a time and price that the Company deems appropriate.

The Company does not expect to pay any cash dividends in the foreseeable future.

The Company intends to retain future earnings, if any, in order to reinvest in the development and growth of the Company business and, therefore, do not intend to pay cash dividends on common shares for the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend on financial condition, results of operations, capital requirements, and such other factors as the Board of Directors deems relevant. Accordingly, investors may need to sell their shares to realize a return on their investment, and they may not be able to sell such shares at or above the price paid for them.

The Company can sell additional common shares without consulting shareholders and without offering common shares to existing shareholders, which would result in dilution of existing shareholders' interests and could depress the price.

The Articles of Incorporation authorize an unlimited number of common shares. Although the Board of Directors intends to utilize its reasonable business judgment to fulfill its fiduciary obligations to existing shareholders in connection with any future issuance of common shares, the future issuance of additional common shares or preferred shares convertible into common shares would cause immediate, and potentially substantial, dilution to existing shareholders, which could also have a material effect on the market value of the common shares.

Subsequent Events

Subsequent to April 30, 2018 the Company granted 1,150,000 options to key management and advisory consultants. These options were granted with an exercise price ranging from \$0.20 - \$0.50, vest evenly over 2 years and have a life of 5 years. Furthermore, in August 2018, 500,000 options with an exercise price of \$0.20 and with a life of 5 years were forfeited.

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On June 5, 2018 the Company incorporated in Delaware, U.S. a wholly owned subsidiary, Lifted Technology Inc. ("Lifted Tech") The purpose of the subsidiary is to operate as an e-commerce business that distributes vaporizers and accessories for aromatherapy and other purposes. Lifted Tech is an entity formed under the General Corporation Law of the State of Delaware. The Company's fiscal year end is April 30.

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(Expressed in US Dollars)

The Domains known as <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com>, & <LeafScience.com> Management Discussion & Analysis For the years ended February 28, 2018 & 2017 (in US Dollars)

This "Management's Discussion and Analysis" ("MD&A") has been prepared as at February 28, 2018 and should be read in conjunction with the audited financial statements of the Domains known as <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com>, & <LeafScience.com> (the "Domains") for the years ended February 28, 2018 and 2017.

Management's responsibility for financial reporting

The MD&A for the Domains is the responsibility of management. The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the MD&A.

Forward looking statements

This MD&A includes certain forward-looking statements that are based upon current expectations which involve risks and uncertainties associated with the Domains' business and the economic environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, which are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. The forward-looking statements are not historical facts, but reflect the Domains' current expectations regarding future results or events. Forward-looking statements contained in this MD&A are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed in the section "Risks and Uncertainties" below.

Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding management's goal of creating shareholder value, the ability to fund future operating costs, the timing for future research and development of the Domains current and future technologies, sensitivity analysis on financial instruments that may vary from amounts disclosed, prices and price volatility of the Domains' products and general business and economic conditions.

Readers are cautioned that the above factors are not exhaustive. Although management has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.

Management believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The forward-looking information contained in this MD&A is provided as of the date hereof and management undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Basis of presentation and statement of compliance

The Domains' audited financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") as are issued by the International Accounting Standards Board (IASB).

The principal accounting policies adopted in the preparation of the audited financial statements are set out below. The audited financial statements are presented in United States ("US") dollars, which is the Domains' reporting and functional currency.

The preparation of these audited financial statements in compliance with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the audited financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the audited financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses various factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes differ from these estimates under different assumptions and conditions.

The critical judgements and significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the audited financial statements are:

Critical judgements

- Carve-out basis
- Going concern

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Significant Estimates

- Valuation of brand name and customer lists
- Useful lives of intangible assets
- Determination of cash generating units
- Functional currency
- Carve-out financial statements

Accounting policies not yet adopted

The following new standard has been issued but is not yet effective for the years ended February 28, 2018 and February 28, 2017 and accordingly, have not been applied in preparing these financial statements:

IFRS 9 – Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Domains have not yet determined the impact of this standard on its financial statements.

IFRS 15 – Revenue from contracts with customers

IFRS 15, issued in May 2014 will specify how and when entities recognize, measure and disclose revenue. The standard will supersede all current standards dealing with revenue recognition, including IAS 11 Construction contracts, IAS 18 Revenue, IFRIC 13 Customer loyalty programs, IFRIC 15 Agreements for the construction of real estate, IFRIC 18 Transfers of assets from customers and SIC 31 Revenue – barter transactions involving advertising services.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Domains have determined that there would be no material impact to recorded revenue on the carve-out financial statements as a result of the implementation of this standard. The Domains note that there will be added disclosure requirements based on IFRS 15 which will be adopted in the new year.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 which replaces IAS 17 Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 16. The Domains have not yet determined the impact of this standard on its financial statements.

Description of the business

The Domains are not a legal entity. The Domains have one line of business, the sale of vaporizers and cannabis-related products and accessories via its web portals and websites. On March 16, 2018, the Domains were acquired by Lifted Innovations Inc. (the "Company" or "Lifted"). Lifted has prepared this Management's Discussion and Analysis and related carve-out financial statements for inclusion in the Prospectus related to the Company's initial public offering.

For the periods presented, the Domains and the related assets and liabilities were owned and managed by a subsidiary of Namaste Technologies Inc. ("Namaste")

Business strategy of the company

Management's business strategy is currently focused on a multi-pronged approach to diversify revenue streams including e-commerce, wholesale distribution and selective acquisitions. Management believes there is an established and growing consumer

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demand for its products in the United States and is developing strong sales channels in the United States and abroad. The current expansion focus is as follows:

E-Commerce, social media

The Domains have a competitive advantage in international markets through its established e-commerce presence, logistics and fulfillment capabilities, and best-in-class customer service standards. Going forward, Lifted will continue to expand its presence through further enhancement of its search engine optimization, online advertising through select channels, and social media campaigns. The Company is currently focused on entering and expanding in key markets in the United States.

Industry consolidation

As one of the first true vaporizer and accessories companies in the process of accessing the public markets, the Company has identified multiple opportunities to expand by acquisition. The focus of the Company's acquisition strategy is to identify companies that complement Lifted in terms of financial profile, geographical focus, and product and service offering and enter into transactions that are accretive on a per share basis. Based on management's analysis of the market, the vaporizer and accessory space is fragmented and high growth, which makes the industry ideal for consolidation.

Overall Performance & Discussion of Operations

On October 18, 2016, the Domains acquired the <EveryoneDoesIt.com> domain from URT1 Limited ("URT1"). This was the date that Namaste originally acquired the URT1 business. As a result of the acquisition, the Domains acquired a customer list of over 40,000 individuals and the vendor list of over 190 vendors.

For the year ended February 28, 2018 the Domains generated revenue of \$1,916,653, with a resulting gross margin of \$339,289 or 17.7%.

Subsequent to February 28, 2018, on March 16, 2018, all the Domains were acquired by Lifted. Lifted acquired the Domains, for 35,000,000 shares of Lifted at a value of \$0.01 Canadian dollars per share, which translated to a value of \$267,435.

Selected Annual Information

The Company's audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as are issued by the International Accounting Standards Board (IASB) and are reported in United States dollars.

The following table sets out selected annual audited financial information for the period compared to the comparative period in the previous fiscal year. The information is presented on the same basis as the audited financial statements and should be read in conjunction with the audited financial statements and the accompanying notes.

Selected Annual Information

	2018	2017
Revenue	\$1,916,653	\$529,264
Gross Profit	\$339,289	\$1,745
Net Loss	(\$1,555,663)	(\$369,890)
Total Assets	\$176,611	\$1,152,553
Total Liabilities	\$148,570	\$99,988

Revenue

The Domains' revenues for the year ended February 28, 2018 was \$1,916,653, which is an increase of \$1,387,389 or 262%. The increase in revenues during this period was primarily due to organic growth of the Domains and the fact the everyoneDoesIt.com domain had a full year's worth of revenues whereas the prior year only reflected revenues from October 18, 2016 to February 28, 2017.

The majority of revenues were generated by several key markets, the most significant market being the United States. A breakdown of revenue by country is presented below:

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Revenue by Country	2018	2017
United States	\$1,337,594	\$435,589
Great Britain	176,290	3,891
Ireland	105,229	5,668
Brazil	98,416	559
Australia	57,805	9,177
Canada	46,185	24,127
Other	95,134	50,253
Total Revenue	\$1,916,653	\$529,264

Gross Profit and Cost of Sales

Cost of sales includes all expenditures to purchase the product and ship products to warehouse locations. This includes the purchase price less import duties, shipment fees to warehouses and customers, storage, handling, and insurance.

The Domains' gross margin for the year ended February 28, 2018 was \$339,289, an increase of \$337,544 from its' gross margin for the year ended February 28, 2017. This increase can be attributed again to the recognition of full year's worth of margins from everyoneDoesIt.com, the organic growth of the Domains; as well as the fact that the Domains often had to sell product at a discount in their early phase of growth, resulting in the low gross margins experienced in 2017.

Operating Expenses

The table below sets forth operating expenses for the years ended February 28, 2018 & 2017:

	2018	2017
Selling expenses	\$316,089	\$103,616
Administrative expenses	571,368	171,003
Amortization	223,361	83,761
Other expenses	28,560	13,255
Impairment of intangibles	755,574	-
Total	\$1,894,952	\$371,635

Operating expenses for the year ended February 28, 2018 were \$1,894,952, an increase of \$1,523,317 or 410%. Excluding the impairment charge taken on the Company's intangible assets, operating expenses for the year ended February 28, 2018 would be \$1,139,378. This would be an increase of \$767,743 or 206% over the year ended February 28, 2017. The adjusted increase is due to the organic growth of the Domains.

Selling expenses for the year ended February 28, 2018 were \$316,089, an increase of \$212,473 or 205%. This is due to an increase in advertising and consulting expenses. Advertising expenses related to online search services as well as other online promotional and social media tools utilized by the Domains to generate sales. Consulting expenses relate to compensation amounts paid to various parties for marketing, fulfillment and distribution services, customer service activities, e-commerce product development, back office e-commerce support and sales commissions.

Administration expenses for the year ended February 28, 2018 were \$571,368, an increase of \$400,365 or 234%. The increase is mainly due to increases in fees and professional costs.

Other expenses for the year ended February 28, 2018 were \$28,560, an increase of \$15,305 or 115%. This is primarily due to the organic growth of the Domains.

The impairment charge of \$755,574 as at February 28, 2018 came about through the acquisition of the Domains by Lifted Innovations Inc. on March 16, 2018 as a result of the recoverable value being assessed as less than the carrying value, and the impact of the acquisition on the Domains' annual intangibles impairment test. The determination of the recoverable amount of \$171,394 for the Domains' intangible assets were determined based on the fair value attributed to the domain <EveryoneDoesIt.com> acquired by Lifted Innovations Inc.

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Liquidity & Cash Flow

The table below sets forth the Domain's cash flows for the year ended February 28, 2018 and February 28, 2017.

	2018	2017
Operating Activities	(\$531,139)	(\$188,365)
Financing Activities	\$531,139	\$188,365

Due to the nature of the carve-out statements, which have not carved out any cash or equity elements, all the elements of the financial statements have been recorded through owners net investment. Consequently, there is zero cash flow presented in the carve-out financial statements.

Capital Resources

Due to the nature of the carve-out statements, which have not carved out any cash or equity elements, all the elements of the financial statements have been recorded through owners net investment. Consequently, there is zero equity presented in the carve-out financial statements generated by actual capital-related transactions.

Off-Balance Sheet Arrangements

The Domains does not have any off-balance sheet arrangements.

Related Party Transactions

During the years ended February 28, 2018 and February 28, 2017, the Domains had no related party transactions.

Subsequent Events

Subsequent to February 28, 2018, on March 16, 2018, all the Domains were acquired by Lifted. Lifted acquired the Domains, for 35,000,000 shares of Lifted at a value of \$0.01 Canadian dollars per share, which translated to a value of \$267,435.

Financial Instruments

Please refer to disclosure on Note 6 – Financial Instruments on the Carve-out Financial Statements for the years ended February 28, 2018 & 2017 for discussion and disclosure on Financial Instruments.

Risk Factors Related to the Company's Business

There are risks relating to the business carried on by the Company which prospective investors should carefully consider before deciding whether to purchase shares of the Company. The Company will face a number of challenges in the development of its business. Due to the nature of the Company's business and present stage of the business, the Company may be subject to significant risks. Readers should carefully consider all such risks.

The common shares of the Company should be considered highly speculative due to the nature of the Issuer's business and the present stage of its development. In evaluating the Company and an investment in its common shares, investors should carefully consider, in addition to the other information contained in this listing statement, the following risk factors. These risk factors are not a definitive list of all risk factors associated with an investment in the Issuer or in connection with the Issuer's operations.

The success of the Company's new and existing products and services is uncertain.

The Company is expected to commit significant resources and capital to develop and market existing product and service enhancements and new products and services. These products and services are relatively untested, and the Company cannot assure

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you that we will achieve market acceptance for these products and services, or other new products and services that we may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business of manufacturing and distributing vaporizers and accessories. In addition, new products, services and enhancements may pose a variety of technical challenges and require us to attract additional qualified employees. The failure to successfully develop and market these new products, services or enhancements or to hire qualified employees could seriously harm our business, financial condition and results of operations.

The business is dependent upon continued market acceptance by consumers.

The Company is substantially dependent on continued market acceptance of our vaporizer products by consumers. Although we believe that the use of vaporizers is gaining international acceptance, the Company cannot predict the future growth rate and size of this market.

Generating foreign sales will result in additional costs and expenses and may expose us to a variety of risks.

The Company sells products in a significant number of markets that require us to incur additional costs and expenses. Furthermore, our entry into foreign jurisdictions may expose the Company to various risks, which differ in each jurisdiction, and any of such risks may have a material adverse effect on our business, financial condition and results of operations. Such risks include the degree of competition, fluctuations in currency exchange rates, difficulty and costs relating to compliance with different commercial, legal, regulatory and tax regimes and political and economic instability.

The Company may not be able to establish sustainable relationships with large wholesalers or manufacturers.

The Company believes the best way to develop brand and product recognition and increase sales volume is to establish relationships with large retailers and manufacturers. The Company currently have established relationships with several large wholesalers and manufacturers and in connection therewith we have agreed to carry and offer their products for sale. The Company may not be able to sustain these relationships or establish other relationships with wholesalers or manufacturers or, even if we do so, sustain such other relationships. The Company's inability to develop and sustain relationships with large wholesalers or manufacturers will impede the ability to develop brand and product recognition and increase sales volume, which will have a material adverse effect on our business, results of operations and financial condition.

The Company may not be able to adapt to trends in our industry.

The Company may not be able to adapt as the vaporizer industry and customer demand evolves, whether attributable to regulatory constraints or requirements, a lack of financial resources or our failure to respond in a timely and/or effective manner to new technologies, customer preferences, changing market conditions or new developments in our industry. Any of the failures to adapt for the reasons cited herein or otherwise could make our products obsolete and would have a material adverse effect on our business, financial condition and results of operations.

The Company may be unable to promote and maintain brands.

The Company believes that establishing and maintaining the brand identities of products is a critical aspect of attracting and expanding a large customer base. Promotion and enhancement of brands will depend largely on success in continuing to provide high quality products. If customers and end users do not perceive the Company's products to be of high quality, or if the Company introduces new products or enters into new business ventures that are not favorably received by customers and end users, the Company will risk diluting brand identities and decreasing their attractiveness to existing and potential customers.

Moreover, in order to attract and retain customers and to promote and maintain brand equity in response to competitive pressures, the Company may have to increase substantially financial commitment to creating and maintaining a distinct brand loyalty among customers. If the Company incurs significant expenses in an attempt to promote and maintain brands, the business, results of operations and financial condition could be adversely affected.

The Company expects that new products and/or brands we develop will expose the Company to risks that may be difficult to identify until such products and/or brands are commercially available.

The Company is currently developing, and in the future will continue to develop, new products and brands, the risks of which will be difficult to ascertain until these products and/or brands are commercially available. For example, the Company is developing new formulations, packaging and distribution channels. Any negative events or results that may arise as the Company develops new products or brands may adversely affect the business, financial condition and results of operations.

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Internet security poses a risk to e-commerce sales.

At present, the Company generates revenue through e-commerce sales on websites. The Company manages websites and an e-commerce platform internally and as a result any compromise of the security or misappropriation of proprietary information could have a material adverse effect on the business, financial condition and results of operations. The Company relies on encryption and authentication technology licensed from third parties to provide the security and authentication necessary to effect secure Internet transmission of confidential information, such as credit and other proprietary information. Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments may result in a compromise or breach of the technology used by us to protect client transaction data. Anyone who is able to circumvent our security measures could misappropriate proprietary information or cause material interruptions in our operations. The Company may be required to expend significant capital and other resources to protect against security breaches or to minimize problems caused by security breaches. To the extent that the Company's activities or the activities of others involve the storage and transmission of proprietary information, security breaches could damage our reputation and expose us to a risk of loss and/or litigation. Our security measures may not prevent security breaches. Our failure to prevent these security breaches may result in consumer distrust and may adversely affect our business, results of operations and financial condition.

The Company's results of operations could be adversely affected by currency exchange rates and currency devaluations.

The Company's functional currency is the U.S. dollar; substantially all purchases and sales are currently generated in U.S. dollars. Fluctuations in exchange rates between respective currencies could result in higher production and supply costs which would have a material adverse effect on our results of operations if the Company is not willing or able to pass those costs on to customers.

If the Company is able to expand operations, the Company may be unable to successfully manage future growth.

If the Company is able to expand operations internationally, where the Company believes products will be successful, as planned, the Company may experience periods of rapid growth, which will require additional resources. Any such growth could place increased strain on the management, operational, financial and other resources, and the Company will need to train, motivate, and manage employees, as well as attract management, sales, finance and accounting, international, technical, and other professionals. In addition, the Company will need to expand the scope of its infrastructure and physical resources. Any failure to expand these areas and implement appropriate procedures and controls in an efficient manner and at a pace consistent with business objectives could have a material adverse effect on the business and results of operations.

If the Company experiences product recalls, the Company may incur significant and unexpected costs and the business reputation could be adversely affected.

The Company may be exposed to product recalls and adverse public relations if its products are alleged to cause illness or injury, or if the Company is alleged to have violated governmental regulations. A product recall could result in substantial and unexpected expenditures and harm to the Company's reputation, which could have a material adverse effect on the business, results of operations and financial condition. In addition, a product recall may require significant management time and attention and may adversely impact on the value of brands. Product recalls may lead to greater scrutiny by federal or state regulatory agencies and increased litigation, which could have a material adverse effect on the business, results of operations and financial condition.

Product exchanges, returns and warranty claims may adversely affect the business.

If the Company is unable to maintain an acceptable degree of quality control of its products, the Company will incur costs associated with the exchange and return of the products as well as servicing its customers for warranty claims. Any of the foregoing on a significant scale may have a material adverse effect on the business, results of operations and financial condition.

The business may expose the Company to product liability claims for damages resulting from the design or manufacture of its products. Product liability claims, whether or not, the Company is ultimately held liable for them, could have a material adverse effect on the business and results of operations.

The Company may be subject to product liability claims if any of the Company's products are alleged to be defective or cause harmful effects. Product liability claims or other claims related to our products, regardless of their outcome, could require us to spend significant time and money in litigation, divert management time and attention, require the Company to pay significant damages, harm our reputation or hinder acceptance of our products. Any successful product liability claim may prevent the Company from obtaining adequate product liability insurance in the future on commercially desirable or reasonable terms.

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The Company depends upon key personnel, the loss of which could seriously harm our business.

Operating performance is substantially dependent on the continued services of executive officers and key employees, Brandon Ward, Chief Executive Officer, and Brian Ma, Chief Financial Officer. The unexpected loss of the services of Mr. Ward, or Mr. Ma could have a material adverse effect on the business, operations, financial condition and operating results, as well as the value of common shares.

The Company will require additional capital to finance operations in the future, but that capital may not be available when it is needed and could be dilutive to existing shareholders.

The Company will require additional capital for future operations. The Company plans to finance anticipated ongoing expenses and capital requirements with funds generated from the following sources:

- cash provided by operating activities;
- available cash and cash investments; and
- capital raised through debt and equity offerings.

The ability to raise additional capital will depend on conditions in the capital markets, economic conditions and a number of other factors, many of which are outside the Company's control, and on the Company's financial performance. Accordingly, the Company cannot assure you that it will be able to successfully raise additional capital at all or on terms that are acceptable to the Company. If the Company cannot raise additional capital when needed, it may have a material adverse effect on its liquidity, financial condition, results of operations and prospects. Furthermore, if the Company raises capital by issuing shares, the holdings of existing shareholders will be diluted and the market price of common shares could decline.

If the Company raises capital by issuing debt securities, such debt securities would rank senior to common share upon our bankruptcy or liquidation. If the Company raises capital by issuing equity securities, they may be senior to common shares for the purposes of dividend and liquidating distributions, which may adversely affect the market price of common shares. Finally, upon dissolution or liquidation, holders of debt securities and preferred shares and lenders with respect to other borrowings will receive a distribution of available assets prior to the holders of our common shares. Risks Related to Government Regulation

Changes in laws, regulations and other requirements could adversely affect the business, results of operations or financial condition.

The business, results of operations or financial condition could be adversely affected by new or future legal requirements imposed by legislative or regulatory initiatives, including, but not limited to, those relating to health care, public health and welfare and environmental matters. At present, it is not clear if vaporizers, which omit no smoke or noxious odors, are subject to such restrictions. If vaporizers are subject to restrictions on smoking in public and other places, the business, operating results and financial condition could be materially and adversely affected. New legislation or regulations may result in increased costs directly for compliance or indirectly to the extent such requirements increase the prices of goods and services because of increased costs or reduced availability. The Company cannot predict whether such legislative or regulatory initiatives will result in significant changes to existing laws and regulations and/or whether any changes in such laws or regulations will have a material adverse effect on the business, results of operations or financial condition.

Risks Related to the Company's Common Shares

The market price of the Company's common shares could be very extremely volatile and could be subject to further significant fluctuations due to changes in sentiment in the market regarding operations or business prospects, among other factors.

Among the factors that could affect the share price are:

- actual or anticipated fluctuations in our quarterly financial and operating results and operating results that vary from the expectations of management or of securities analysts and investors
- failure to meet the expectations of the investment community and changes in investment community;
- recommendations or estimates of future operating results;
- announcements of strategic developments, acquisitions, dispositions, financings, product developments and other materials events by the Company or competitors;
- regulatory and legislative developments;
- litigation;
- general market conditions;
- other domestic and international macroeconomic factors unrelated to the Company's performance; and
- additions or departures of key personnel.

The Domains known as <EveryoneDoesIt.com>, <NamasteVaporizers.com>, <DistributionGoods.com>, & <LeafScience.com>
Management Discussion & Analysis
For the years ended February 28, 2018 & 2017
(in US Dollars)

Sales by shareholders of a substantial number of common shares in the public market could adversely affect the market price of common shares.

A substantial portion of total outstanding common shares may be sold into the market. Such sales could cause the market price of common shares to drop, even if the business is doing well. Such sales may include sales by officers and directors of the Company. Furthermore, the market price of common shares could decline as a result of the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for the Company to sell equity securities in the future at a time and price that the Company deems appropriate.

The Company does not expect to pay any cash dividends in the foreseeable future.

The Company intends to retain future earnings, if any, in order to reinvest in the development and growth of the Company business and, therefore, do not intend to pay cash dividends on common shares for the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend on financial condition, results of operations, capital requirements, and such other factors as the Board of Directors deems relevant. Accordingly, investors may need to sell their shares to realize a return on their investment, and they may not be able to sell such shares at or above the price paid for them.

The Company can sell additional common shares without consulting shareholders and without offering common shares to existing shareholders, which would result in dilution of existing shareholders' interests and could depress the price.

The Articles of Incorporation authorize an unlimited number of common shares. Although the Board of Directors intends to utilize its reasonable business judgment to fulfill its fiduciary obligations to existing shareholders in connection with any future issuance of common shares, the future issuance of additional common shares or preferred shares convertible into common shares would cause immediate, and potentially substantial, dilution to existing shareholders, which could also have a material effect on the market value of the common shares.

CERTIFICATE OF THE COMPANY

Dated: September 27, 2018

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

LIFTED INNOVATIONS INC.

(signed) "Brandon Ward"

Brandon Ward
Chief Executive Officer

(signed) "Brian Ma"

Brian Ma
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) "Alan Ritter"

Alan Ritter
Director

(signed) "Gary Shnier"

Gary Shnier
Director

CERTIFICATE OF THE UNDERWRITER

Dated: September 27, 2018

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of British Columbia, Alberta and Ontario.

CANACCORD GENUITY CORP.

(signed) "Graham Saunders"

Graham Saunders
Vice Chairman, Managing Director and Head
of Capital Markets Origination