



**ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED OCTOBER 31, 2018**

January 16, 2019

CANNABIS GROWTH OPPORTUNITY CORPORATION.
ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED OCTOBER 31, 2018

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INTRODUCTORY NOTES

In this annual information form (“**Annual Information Form**”, or “**AIF**”), unless otherwise noted or the context indicates otherwise, the “**Corporation**”, “we”, “us” and “our” refer to Cannabis Growth Opportunity Corporation.

Terms undefined herein have the meanings ascribed to them in the Corporation’s initial public offering prospectus dated January 16, 2018 (the “**Prospectus**”).

Currency

All sums of money that are referred to herein are expressed in Canadian dollars, unless otherwise specified.

Cautionary Notes and Forward-Looking Statements

This AIF contains information and statements that may constitute “forward-looking information” collectively referred to as “forward-looking statements” within the meaning of Canadian securities laws and are based on expectations, estimates and projections as of the date of this AIF. Forward-looking statements include, without limitation, statements with respect to:

- a) the availability of investment opportunities;
- b) the performance of the Corporation’s business and operations;
- c) applicable laws, regulations and any amendments thereof including, but not limited to, the legalization of cannabis and the timing thereto;
- d) the competitive and business strategies of the Corporation;
- e) statements related to the effect and consequences of certain regulatory initiatives;
- f) the expected growth of the cannabis sector;
- g) the competitive conditions of the industry;
- h) the Corporation’s investments in the U.S. and consequences of those investments under U.S. federal law; and
- i) the anticipated changes to laws regarding the recreational use of cannabis and the business impacts on the Corporation.

Forward-looking statements are based upon management’s perceptions of historical trends, current conditions and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by management as of the date on which the statements are made in this presentation, are inherently subject to significant business, economic and competitive uncertainties and contingencies which could result in the forward-looking statements ultimately being incorrect. In addition to the various factors and assumptions set forth in this presentation, the material factors and assumptions used to develop the forward-looking information include, but are not limited to: general economic, financial market, regulatory and political conditions in which the Corporation operates will continue to improve; the Corporation will be able to compete in the industry; the Corporation will be able to make investments on suitable terms; issuers in the Portfolio will be able to meet their objectives and financial estimates and that the risk factors noted below, collectively, do not have a material impact on the Corporation.

By its nature, forward-looking statements are subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. Known and unknown risk factors, many of which are beyond the control of the Corporation could cause actual results to differ materially from the forward-looking statements in this AIF. Such factors, without limitation, include the following, which are discussed in greater detail in the “*Risk Factors*” section of the AIF: there is no assurance that the Corporation will be able to achieve its investment objectives; risks relating to the Portfolio issuers; risks relating to medical cannabis; risks relating to changes in law and timing of legalization of recreational cannabis; regulatory risks; risks relating to the performance of the Portfolio issuers; risks relating to the licensing process; no current market for Common Shares or Warrants; risks relating to recent and future global financial developments; industry concentration

risks; risks associated with investment in illiquid and private securities; risk factors related to U.S. cannabis legislation; changes to the cannabis laws; United States anti-money laundering laws and regulations; investments in U.S. cannabis sector; short selling; use of the Prime Broker to hold assets; sensitivity to interest rates; reliance on the Manager and Investment Manager; conflicts of interest; risks related to dilution; loss of investment; risks relating to currency exposure; risks relating to foreign market exposure; lack of operating history; risks related to the exchange option; and tax risks. These risk factors are not intended to represent a complete list of the factors that could affect the Corporation and investors are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

No securities regulatory authority has expressed an opinion about the securities of the Corporation discussed in this AIF and it is an offence to claim otherwise. The securities of the Corporation discussed in this AIF have not been, and will not be, registered under the U.S. Securities Act, or the securities laws of any state of the United States and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This AIF does not constitute an offer to sell or solicitation of an offer to buy any of the securities of the Trust in the United States.

An investment in the securities offered by the Corporation must be considered speculative as the securities are subject to certain risk factors as set out under the heading "*Risk Factors*" in this AIF. An investment in the Corporation is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. Investors should also review the most recent financial statements and the Prospectus available on the Corporation website at www.cgocorp.com or under the profile at www.sedar.com.

CORPORATE STRUCTURE

Name, Address and Incorporation

Cannabis Growth Opportunity Corporation was incorporated under the provisions of the *Canada Business Corporations Act* (Canada) ("**CBCA**") on October 29, 2017. The Corporation's articles of incorporation were amended on November 24, 2017 to change the minimum and maximum number of directors to a minimum of 3 and a maximum of 10.

The Corporation's registered and head office is located at 240 Richmond St. W., Suite 4163, Toronto, Ontario M5V 1V6. It is currently a reporting issuer in the provinces of British Columbia, Alberta and Ontario. The Common Shares trade on the Canadian Securities Exchange ("**CSE**") under the symbol "CGOC".

GENERAL DEVELOPMENT OF BUSINESS

Three Year History

2018 (January 26, 2018 to October 31, 2018 – First fiscal year of operation)

On January 26, 2018, CGOC announced the completion of its initial public offering (the "**Offering**") of 15,513,250 units of the Corporation (the "**Units**") for aggregate gross proceeds of approximately \$38.7 million. Each Unit consisted of one common share (each, a "**Common Share**") and one Common Share

purchase warrant (each, a “**Warrant**”) in the capital of the Corporation. Each Warrant entitles the holder thereof to purchase one Common Share at a price of \$2.50, subject to adjustment, on or prior to 5:00 p.m. (Toronto time) on the date that is the earlier of (i) January 26, 2020, and (ii) the date specified in any warrant acceleration notice delivered by the Corporation as described in greater detail in the Prospectus. The Common Shares and Warrants commenced trading on Monday January 29, 2018, on the CSE under the symbols “CGOC” and “CGOC.WT”, respectively.

Since completion of the Offering, CGOC has endeavoured to invest the net proceeds of the Offering in an actively managed portfolio of securities of public and private companies operating in, or that derive a significant portion of their revenue or earnings from, products or services related to the cannabis industry

On January 30, 2018, CGOC granted a total of 1,500,000 incentive stock options to directors, officers and consultants under the Corporation’s stock option plan. The options are exercisable at \$2.35 per share. Subject to the rules of the Canadian Securities Exchange and the Corporation’s stock option plan, the options have a term of five years and will expire on January 30, 2023.

Private Portfolio - Completed Public Offerings and Acquisitions

On May 29, 2018, a Private Portfolio company, DreamWater Products Canada Inc. (“**DreamWater**”), announced it was successfully acquired by Harvest One Cannabis Inc. DreamWater was one of the Corporation’s initial investments in the cannabis sector.

On October 12, 2018, Next Green Wave announced it was approved for trading on the Canadian Securities Exchange at the opening of market on October 10, 2018, under the symbol Next Green Wave “NGW”.

Subsequent Events

On November 20, 2018, CGOC announced its intention to commence a normal course issuer bid (“**NCIB**”), to purchase up to an aggregate of 782,607 Common Shares, representing 5% of the issued and outstanding common shares as of November 15, 2018. Pursuant to the NCIB, the Corporation may, if considered advisable, purchase the Common Shares through the facilities of the CSE and/or alternative trading systems, from time to time over the subsequent 12 months.

Purchases commenced shortly after November 26, 2018 and will conclude on the earlier of the date on which purchases under the bid have been completed or November 26, 2019. All Common Shares purchased by the Corporation will be cancelled. The Corporation appointed BMO Nesbitt Burns Inc., to coordinate and facilitate its NCIB purchases. As of the date of this AIF, the Corporation had purchased a total of 190,700 Common Shares representing 1.3% of the issued and outstanding common shares of the Corporation.

DESCRIPTION OF THE BUSINESS

General

Cannabis Growth Opportunity Corporation (“**CGOC**”, or the “**Corporation**”), is an investment corporation that offers unique global exposure to the emerging global cannabis sector. CGOC’s main objective is to provide shareholders long-term total return through its actively managed portfolio of securities, both public and private, operating in, or that derive a portion of their revenue or earnings from products or services related to the cannabis industry.

CGOC Management Corp. (the “**Manager**”) is the manager and promoter of the Corporation and provides specific management services required by the Corporation pursuant to a management agreement between the Corporation and the Manager dated January 16, 2018 (the “**Management Agreement**”). The

Corporation makes investment decisions with respect to its private equity investments (the “**Private Portfolio**”) and StoneCastle Investment Management Inc. (the “**Investment Manager**”) acts as the Corporation’s investment manager with respect to its investments in publicly traded equity securities (the “**Public Portfolio**”). The relationship between the Corporation and the Investment Manager is governed pursuant to the terms of an investment management agreement among the Corporation, the Investment Manager and the Manager dated January 16, 2018 (the “**Investment Management Agreement**”).

Investment Strategy

To seek to achieve its investment objectives, the Corporation invests in an actively managed portfolio of securities of public and private companies operating in, or that derive a significant portion of their revenue or earnings from, products or services related to the cannabis industry. The Corporation aims to provide investors with exposure to publicly traded companies in Canada and the U.S. as well as a unique opportunity to directly invest in the private cannabis sector, which the Corporation believes is poised for growth, particularly in the U.S., as a result of future legalization. Ultimately, the Corporation believes its public/private diversification, together with geographic and subsector diversification, through investments across a broad spectrum of cannabis companies across the value chain in the cannabis industry, including but not limited to, companies involved in cultivation, testing, extraction, retailers and more, will result in less volatility and reduce investment risk. .

As a result of the Corporation’s active management strategy, the Portfolio composition will vary over time depending on the Corporation’s and the Investment Manager’s assessment of overall market conditions, opportunities and outlook including the allocation between the Public Portfolio and the Private Portfolio which will be determined by the Corporation.

Based on its investment activities to date, the Corporation believes its operations and investment strategy is appropriate due to the following reasons:

(a) **Rapid Regulatory Change:** Due to rapid local and global regulatory changes in the cannabis sector, active portfolio management is essential to the Corporation’s success. The ability of the Investment Manager, with respect to the Public Portfolio, and the Corporation, with respect to the Private Portfolio, to time the Corporation’s investments will be instrumental in determining the Corporation’s success.

(b) **Attractiveness of the U.S. Market is Increasing:** The U.S. cannabis market contains experienced operators with meaningful revenue and earnings. While there has been a rapid increase of Canadian capital flowing into the U.S. cannabis industry, because of U.S. federal law U.S. cannabis businesses often lack access to institutional capital. As a result, the Corporation believes that U.S. cannabis businesses are undervalued and will therefore continue to focus on actively managing its Private Portfolio to include U.S. cannabis opportunities available for investment.

(c) **Private Issuers Need Help Navigating Capital Markets:** Given the return on investment available in the private sector, the Corporation intends to continue building the Corporation’s capabilities to assist its private investees to navigate and succeed in the capital markets and with M&A opportunities.

(d) **The Corporation’s “Network Effect” is Working:** The Corporation will continue to act as a conduit to connect investors with public and private cannabis companies.

Investment Restrictions

The Corporation is subject to the investment restrictions set out below that, among other things, limit the securities that the Corporation may acquire for the Portfolio. The Corporation’s investment restrictions may not be changed without the approval of the holders of the Common Shares by Extraordinary Resolution at a meeting called for such purpose.

The Corporation’s investment restrictions provide that the Corporation may not:

- (i) purchase securities, other than securities of Cannabis Issuers, provided that the Corporation may purchase securities of issuers operating in subsectors ancillary to the cannabis industry in an amount up to 25% of the total assets of the Corporation;
- (ii) invest more than 40% of its total assets in securities of private issuers;
- (iii) invest more than 10% of its total assets in securities of any single issuer other than securities issued or guaranteed by the government of Canada or a province or territory thereof or securities issued or guaranteed by the U.S. government or its agencies and instrumentalities;
- (iv) invest in securities of issuers that are in breach of the Cannabis Act and/or the regulatory framework enacted by the applicable U.S. state;
- (v) borrow money or employ any other forms of leverage greater than 25% of the value of the Public Portfolio;
- (vi) have short exposure, other than for purposes of hedging, in excess of 20% of the total assets of the Corporation as determined on a daily marked-to-market basis;
- (vii) conduct any activity that would result in the Corporation failing to qualify as a “public corporation” within the meaning of the Tax Act;
- (viii) invest in or hold:(i) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Corporation (or the partnership) would be required to include any significant amounts in income pursuant to section 94.1 of the Tax Act, (ii) an interest in a trust (or a partnership which holds such an interest) which would require the Corporation (or the partnership) to report income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or (iii) any interest in a non-resident trust (or a partnership which holds such an interest) other than an “exempt foreign trust” for the purposes of section 94 of the Tax Act; (ix) invest in any security that is or would be a tax shelter investment within the meaning of the Tax Act; and (x) enter into any arrangement (including the acquisition of securities for the Portfolio) where the result is a “dividend rental arrangement” for the purposes of the Tax Act, or engage in securities lending that does not constitute a “securities lending arrangement” for purposes of the Tax Act. If a percentage restriction on investment or use of assets set forth above is adhered to at the time of the transaction, later changes to the market value of the investment or the total assets of the Corporation will not be considered a violation of the restriction (except for the restrictions in paragraphs ((vii)) or (viii)).

The Global Cannabis Market

The size of the cannabis industry in Canada is currently estimated to be \$1.4 billion.¹ By 2025, the size of the Canadian cannabis industry is forecasted to be approximately \$12.16 billion, which would put the cannabis market on par with the size of the Canadian beer and tobacco markets.² Going forward, the Corporation anticipates that the Canadian cannabis industry will see an increase in investments from pharmaceutical, tobacco and alcohol companies as it matures. In addition, the Corporation anticipates that the Canadian cannabis sector will consolidate as a result of an increase in mergers and acquisitions in the industry. The Corporation also expects that, following legalization of recreational adult use of cannabis in Canada which happened on October 17, 2018, a supply-demand imbalance will exist which will create opportunities for growth for companies involved in cannabis sector. Finally, the Corporation believes that

¹ Cowen and Company. (2018). Happy Hour Handbook.

² Cowen and Company. (2018). Happy Hour Handbook.

the Canadian industry will see an increase of and reliance on supply and retail distribution agreements and that extracted products will eventually become subject to government regulation.

The size of the cannabis industry in the United States continues to grow while facing challenges in the current regulatory environment. Despite regulatory uncertainty, research estimates suggest significant long-term potential for the cannabis industry in the United States. In 2018, the size of the U.S. cannabis sector is estimated to be approximately US\$9 billion to US\$10 billion.³ By 2030, the size of the U.S. cannabis market is projected to be approximately US\$63 billion.⁴ Going forward, the Corporation expects that the U.S. cannabis industry will continue to be subject to state legislation, with additional states regulating the medical and recreational use of cannabis. In November 2018, Congress passed the Farm Bill which included the legalization of hemp which will change how hemp and hemp-derived products like cannabidiol (“**CBD**”) are regulated in the U.S., which is expected to be regulated by the USDA. Despite the uncertain regulatory environment, the Corporation expects that public offerings of U.S. cannabis issuers will continue. Finally, similar to Canada, the Corporation expects that the US cannabis market will consolidate as a result of an increase in mergers and acquisitions in the industry. See “*Regulatory Overview – Issuers with U.S. Cannabis Related Activities.*” And “*Risk Factors – Risk Factors Related to the United States*”.

The Corporation estimates that the size of the global cannabis industry could reach \$180 billion over the next 10 to 15 years as recreational cannabis use is legalized and as a result of standard market growth. It is projected that between 2018 and 2022, the global market for medical cannabis alone will grow at an annual compounded rate of 21%.⁵ The Corporation believes the growth potential of the global cannabis industry presents Canadian cannabis issuers and investors with significant opportunities given Canada’s current position as a change leader in the global industry. Specifically, global health regulators look to, and are increasingly relying on, Canada’s expertise in the cannabis industry. As a result, the Cannabis Act is quickly becoming the de facto international standard for cannabis regulation which will allow Canadian issuers, as experts and early movers in this sector, an opportunity to expand into other jurisdictions either independently or through international partnerships. A few Canadian companies have already begun taking advantage of global expansion opportunities, with 14 Canadian cannabis issuers expanding across 13 markets worldwide. The Corporation expects that the international cannabis industry will grow through supply agreements and via the adoption of medical marijuana programs.

Cannabis Value Chain

The majority of publicly traded cannabis companies’ business models focus on the base market – i.e. production and extraction. However, if ancillary industries related to the cannabis market are added, the total economic impact on the Canadian economy has been estimated to approach approximately \$23 billion per year after factoring in ancillary services such as security, testing labs, infused products, growers, etc., but before accounting for taxes, licensing fees, tourism and paraphernalia.⁶

In addition to the traditional industry investments, CGOC has also invested in a number of companies across the non-traditional industry.

³ Eight Capital. (2018). What’s Going on Down There? A \$63 B Market Cannot be Ignored.

⁴ Eight Capital. (2018). What’s Going on Down There? A \$63 B Market Cannot be Ignored.

⁵ Arcview. (2018). The State of Legal Marijuana Markets.

⁶ Deloitte Touche Tohmatsu Limited. (2016). Recreational Marijuana, Insights and Opportunities.

SUPPLIERS			PRODUCERS			
Seeds, fertilizers, etc...	Production equipment, security & infrastructure	Software	Cultivation	Extraction	Research & development	Analytical equipment & services
CONSUMER PRODUCTS				RETAIL & DISTRIBUTION		
Flower & oil extracts	Edibles, tinctures, topicals and infused products, etc...	Delivery systems (vap's, pipes, rolling papers, etc...)	Apparel	Online/ e-commerce	Stores & consumption locations	Packaging & distribution
SERVICES		CANNABANOID THERAPEUTICS		FINANCE	REAL ESTATE	HEMP
Business, regulatory, legal, etc...	Marketing	Pharmaceuticals	Nutraceuticals	Capital, structuring	Buildings, equipment	Fiber, seeds, food

Traditional Industry	CGOC has also invested in the non-traditional industry	Ancillary industry and support services
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Employees

As of the date of this AIF, there are currently 0 full-time equivalent employees (excluding consultants) of the Corporation and its affiliates involved in the operations, commercial, accounting and administrative functions of the business of the Corporation, which are provided to the Corporation by the Manager pursuant to the Management Agreement.

RISK FACTORS

An investment in the securities of the Corporation is speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Corporation and the business, prospects, financial position, financial condition or operating results of the Corporation. Additional risks and uncertainties not presently known to the Corporation or that the Corporation currently deems immaterial may also impair the Corporation's business operations.

Readers should carefully consider all information contained in this AIF, including all documents incorporated by reference, and in particular should give special consideration to the risk factors under the section titled "Risk Factors" in the Prospectus, which is available on the Corporation's SEDAR profile at www.sedar.com, and the information contained in the section entitled "Cautionary Statement Regarding Forward-Looking Statements".

The risks and uncertainties described or incorporated by reference in this AIF are not the only ones the Corporation may face. Additional risks and uncertainties that the Corporation is unaware of, or that the Corporation currently deems not to be material, may also become important factors that affect the Corporation. If any such risks actually occur, the Corporation's business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Common Shares could decline and purchasers could lose all or part of their investment. Additionally, investors should consider the following risk factors:

Changes in Laws, Regulations and Guidelines

There is no guarantee that provincial legislation regulating the distribution and sale of cannabis for adult use purposes will be enacted according to the terms announced by such provinces, or at all, or that any such legislation, if enacted, will create the opportunities for growth anticipated by the Corporation. For example, the Provinces of Québec and New Brunswick have announced sales and distribution models that

would create government controlled monopolies over the legal retail and distribution of cannabis for adult use purposes in such provinces, which could limit the opportunities in those provinces.

The Corporation relies on international advisors and consultants

The legal and regulatory requirements in the foreign countries in which the Corporation invests with respect to the cultivation and sale of cannabis, banking system and controls, as well as local business culture and practices are different from those in Canada. The Corporation must rely, to a great extent, on the Corporation's local legal counsel and local consultants retained by the Corporation in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect the Corporation's investments. The Corporation also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of the cultivation and sale of marijuana as well as in respect of banking, financing, labour, litigation and tax matters in these jurisdictions. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond the control of the Corporation. The impact of any such changes may adversely affect the business of the issuers and, in turn, the Corporation.

The Corporation may invest in other geographic areas, which could increase the Corporation's operational, regulatory and other risks

In addition to the jurisdictions described in the Prospectus, the Corporation may in the future invest in issuers in other geographic areas, which could increase the Corporation's operational, regulatory, compliance, reputational and foreign exchange rate risks. Future international investments could require the Corporation to incur a number of up-front expenses, including those associated with obtaining regulatory advice, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance.

Reliance on third-party suppliers, manufacturers and contractors

Due to the uncertain regulatory landscape for regulating cannabis in Canada and the United States, the Corporation's investees' third-party suppliers, manufacturers and contractors may elect, at any time, to decline or withdraw services necessary for their operations. Loss of these suppliers, manufacturers and contractors may have a material adverse effect on the Corporation's investees which could in turn have a material adverse effect on the Corporation's business and operational results.

Investments may be Pre-Revenue

The Corporation may make investments in entities that have no significant sources of operating cash flow and no revenue from operations. As such, the Corporation's investments are subject to risks and uncertainties that new companies with no operating history may face. In particular, there is a risk that the Corporation's investees will not be able to:

- implement or execute their current business plan, or create a business plan that is sound;
- maintain their anticipated management team; and/or
- raise sufficient funds in the capital markets or otherwise to effectuate their business plan.

If the Corporation's investees cannot execute any one of the foregoing, their businesses may fail, which could have a materially adverse impact on the business, financial condition and operating results of the Corporation.

Lack of Control over Operations of Investments

The Corporation relies on its investees to execute on their business plans and holds no contractual rights or minority equity interest relating to the operation of its investees. The operators of the investees have significant influence over the results of operations of the Corporation's investments. Further, the interests of the Corporation and the operators of the Corporation's investees may not always be aligned. As a result, the cash flows of the Corporation are dependent upon the activities of third parties which creates the risk that, at any time, those third parties may: (i) have business interests or targets that are inconsistent with those of the Corporation; (ii) take action contrary to the Corporation's policies or objectives; (iii) be unable or unwilling to fulfill their obligations under their agreements with the Corporation; or (iv) experience financial, operational or other difficulties, including insolvency, which could limit or suspend a third party's

ability to perform its obligations. In addition, payments may flow through the Corporation's investments, and there is a risk of delay and additional expense in receiving such revenues. Failure to receive payments in a timely fashion, or at all, under the agreements to which the Corporation is entitled may have a material adverse effect on the Corporation. In addition, the Corporation must rely, in part, on the accuracy and timeliness of the information it receives from the Corporation's investees, and uses such information in its analyses, forecasts and assessments relating to its own business. If the information provided by investees to the Corporation contains material inaccuracies or omissions, the Corporation's ability to accurately forecast or achieve its stated objectives, or satisfy its reporting obligations, may be materially impaired.

Private Companies and Illiquid Securities

The Corporation may invest in securities of private companies. In some cases, the Corporation may be restricted by contract or generally by applicable securities laws from selling such securities for a period of time. Such securities may not have a ready market and the inability to sell such securities or to sell such securities on a timely basis or at acceptable prices may impair the Corporation's ability to exit such investments when the Corporation considers it appropriate.

The market for securities of private issuers is particularly illiquid and the risks associated with the Corporation's inability to dispose of such securities or inability to dispose of such securities at a reasonable price will increase relative to the Corporation's investments in private cannabis issuers.

Unfavourable Publicity or Consumer Perception

The regulated cannabis industry in the United States and Canada is at an early stage of its development. The Corporation believes the medical and recreational cannabis industry is highly dependent on consumer perception regarding the safety and efficacy of recreational and medical cannabis. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. 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, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Corporation. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on the business of the Corporation's investments and on the Corporation. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consumer such products legally, appropriately or as directed.

Public opinion and support for medical and recreational cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. Legalization of medical and recreational cannabis remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, legalization of medical marijuana as opposed to legalization in general).

Each of the investees' ability to gain and increase market acceptance of its products may require it to establish and maintain brand names and reputation. Federal protection of trademarks may be difficult or impossible for investees to obtain given the federal illegality of cannabis in the United States and the necessity of making "lawful use" of the trademark in commerce to obtain federal protection. While state-level protection is available in the United States, this nevertheless increases the risks in protecting brands until such time as the Controlled Substances Act is amended by federal legislation. Furthermore, in order to obtain such protection, substantial expenditures on product development, strategic relationships and marketing initiatives may be required. There can be no assurance that these initiatives will be successful and their failure may have an adverse effect on the Corporation's investments and on the Corporation.

Limited Operating History

The Corporation and certain of its investments have varying and limited operating histories, which can make it difficult for investors to evaluate the Corporation's operations and prospects and may increase the risks associated with investment into the Corporation.

The Corporation has not generated significant profits or revenues in the periods covered by its financial statements incorporated by reference herein, and, as a result, has only a very limited operating history upon which its business and future prospects may be evaluated. Although the Corporation expects to generate some revenues from its investments, many of the investments will only start generating revenues in future periods and accordingly, the Corporation and its investments are therefore expected to remain subject to many of the risks common to early-stage enterprises for the foreseeable future, including challenges related to laws, regulations, licensing, integrating and retaining qualified employees; making effective use of limited resources; achieving market acceptance of existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers; and developing new solutions. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Concentration Risk

The Corporation is invested in securities of companies operating on, or that derive a significant portion of their revenue or earnings from, products or services related to the cannabis industry. The Corporation's holdings will be concentrated in the cannabis industry and may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. If the Corporation's holdings become concentrated in the securities of a few issuers, the Corporation's holdings will be less diversified and the general risks relating to equity investments of an issuer may be relatively greater.

Competition

The Corporation competes with other companies for financing and investment opportunities in the cannabis industry. Some of these companies may possess greater financial resources than the Corporation. Such competition may result in the Corporation being unable to enter into desirable strategic agreements or similar transactions, to recruit or retain qualified employees or to acquire the capital necessary to fund its investments. Existing or future competition in the cannabis industry, including, without limitation, the entry of large multinational entities into the industry, could materially adversely affect the Corporation's prospects for entering into additional agreements in the future. In addition, the Corporation currently competes with other cannabis streaming and royalty companies, some of which may possess greater financial resources than the Corporation.

There is potential that the Corporation 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 Corporation. Increased competition by larger and better financed competitors, including competitors to the Corporation's investments, could materially and adversely affect the business, financial condition and results of operations of the Corporation.

Because of the early stage of the industry in which the Corporation will operate, the Corporation expects to face additional competition from new entrants. Additional competition from new entrants could materially and adversely affect the business, financial condition and results of operations of the Corporation. Banking Since the production and possession of cannabis is currently illegal under U.S. federal law, it is possible that banks may refuse to open bank accounts for the deposit of funds from businesses involved with the cannabis industry. The inability to open bank accounts with certain institutions could materially and adversely affect the business of the Corporation.

U.S. Tax Ramifications

There is a risk that the Corporation may be construed as a Passive Foreign Investment Company or controlled Foreign Corporation. If the Corporation is subject to either of these two U.S. taxation regimes, its U.S. shareholders may be subject to adverse U.S. tax consequences. As such, U.S. shareholders should consult their own tax advisors regarding the potential adverse tax consequences to owning the

Corporation's securities, and whether they are able to and should make any elections or take other actions to mitigate such potential adverse tax consequences.

Bankruptcy or Insolvency of Investments

There is no guarantee that the Corporation will be able to effectively enforce any interests it may have in the Corporation's investments. A bankruptcy or other similar event related to an investment of the Corporation that precludes a party from performing its obligations under an agreement may have a material adverse effect on the Corporation. Further, as an equity investor, should an investment have insufficient assets to pay its liabilities, it is possible that other liabilities will be satisfied prior to the liabilities owed to the Corporation. In addition, bankruptcy or other similar proceedings are often a complex and lengthy process, the outcome of which may be uncertain and could result in a material adverse effect on the Corporation.

Liability, Enforcement Complaints, etc.

The Corporation's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities against the Corporation or its investees. Litigation, complaints, and enforcement actions involving either of the Corporation or its investments could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

Product Liability

Certain of the Corporation's investees manufacture, process and/or distribute products designed to be ingested by humans, and therefore face an inherent risk of exposure to product liability claims, regulatory action and litigation if products are alleged to have caused significant loss or injury. In addition, previously unknown adverse reactions resulting from human consumption of cannabis alone or in combination with other medications or substances could occur. A product liability claim or regulatory action against an investment entity of the Corporation could result in increased costs, could adversely affect the Corporation's reputation, and could have a material adverse effect on the results of operations and financial condition of the Corporation.

Reliance on Key Inputs

The cultivation, extraction and processing of cannabis and derivative products is dependent on a number of key inputs and their related costs including raw materials, electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of certain of the investees in which the Corporation invests. Some of these inputs may only be - 43 - available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the relevant investment entity might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of an investment entity, and consequently, the Corporation.

Resale of Securities

Although the Common Shares and Warrants are listed on the CSE, there can be no assurance that an active and liquid market for the Common Shares and/or Warrants will develop or be maintained; and an investor may find it difficult to resell any securities of the Corporation. In addition, there can be no assurance that the publicly-traded stock price of the Corporation will be high enough to create a positive return for investors. Further, there can be no assurance that the stock of the Corporation will be sufficiently liquid so as to permit investors to sell their position in the Corporation without adversely affecting the stock price. In such event, the probability of resale of the Corporation's Common Shares and/or Warrants would be diminished.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset

values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares and Warrants will be subject to market trends generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows or earnings. The value of the Common Shares and/or Warrants will be affected by such volatility.

Dividends

The Corporation has not paid dividends in the past, and the Corporation does not anticipate paying any dividends in the foreseeable future. Dividends paid by the Corporation would be subject to tax and, potentially, withholdings. Any decision to declare and pay dividends in the future will be made at the discretion of the Corporation's board of directors and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Corporation's board of directors may deem relevant. As a result, investors may not receive any return on an investment in the Common Shares unless they sell their Common Shares for a price greater than that which such investors paid for them.

Difficulty Implementing Business Strategy

The growth and expansion of the Corporation is heavily dependent upon the successful implementation of its business strategy. There can be no assurance that the Corporation will be successful in the implementation of its business strategy.

Risks Factors Related to the United States

The Corporation is indirectly involved (through investments in third-party corporate entities in Canada and the United States) in the cannabis industry in the United States where local state law permits such activities. Outlined below is a summary of certain risks with respect to investments in the U.S. cannabis industry that the Corporation has identified as being appropriate to highlight to investors at this time. These risks will continue to be considered, evaluated, reassessed, monitored and analyzed on an on-going basis and will be supplemented, amended and communicated to investors as necessary or advisable in the Corporation's future public disclosure.

While cannabis is legal in many U.S. state jurisdictions, it continues to be a controlled substance under the United States Federal Controlled Substances Act (21 U.S.C. §811) ("CSA")

Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of cannabis under the Cannabis Act, investors are cautioned that in the United States, cannabis is largely regulated at the state level. To the Corporation's knowledge, there are to date a total of 29 states, plus the District of Columbia, Puerto Rico and Guam that have legalized cannabis in some form. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the CSA and as such, violates federal law in the United States.

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

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

medical cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Corporation 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.

This AIF involves an entity which invests in certain issuers which derive a portion of their revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. While the Corporation's business activities are compliant with applicable state and local law, such activities remain illegal under United States federal law. The enforcement of relevant laws is a significant risk.

The approach to the enforcement of cannabis laws may be subject to change or may not proceed as previously outlined

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. The response to this inconsistency was addressed in the Cole Memorandum addressed to all United States district attorneys acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several U.S. states have enacted laws relating to cannabis for medical purposes.

The Cole Memorandum outlined certain priorities for the Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that 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, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard.

In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the Department of Justice should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority. In March 2017, newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit; however, he disagreed that it had been implemented effectively and, on January 4, 2018, Attorney General Jeff Sessions issued the Sessions Memorandum, which rescinded the Cole Memorandum. The Sessions Memorandum rescinded previous nationwide guidance specific to the prosecutorial authority of United States attorneys relative to cannabis enforcement on the basis that they are unnecessary, given the well-established principles governing federal prosecution that are already in place. Those principles are included in chapter 9.27.000 of the United States Attorneys' Manual and require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community.

As a result of the Sessions Memorandum, federal prosecutors will now be free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how actively federal prosecutors will be in relation to such activities. Furthermore, the Sessions Memorandum did not discuss the treatment of medical cannabis by federal prosecutors.

Medical cannabis is currently protected against enforcement by enacted legislation from United States Congress in the form of the Rohrabacher-Blumenauer Amendment which similarly prevents federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to Congress restoring such funding. Subsequent to the issuance of the Sessions

Memorandum on January 4, 2018, the United States Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained the Rohrabacher-Blumenauer Amendment language (referred to in 2018 as the Rohrabacher-Leahy Amendment) and continued the protections for the medical cannabis marketplace and its lawful participants from interference by the Department of Justice up and through the 2018 appropriations deadline of September 30, 2018. See “Regulatory Overview – Issuers with U.S. Cannabis-Related Activities – U.S. Enforcement Proceedings”. Due to the ambiguity of the Sessions Memorandum in relation to medical cannabis, 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 Corporation or third parties, while diverting the attention of key executives.

Such proceedings could have a material adverse effect on the Corporation’s business, revenues, operating results and financial condition as well as the Corporation’s reputation, even if such proceedings were concluded successfully in favour of the Corporation. In the extreme case, such proceedings could ultimately involve the prosecution of key executives of the Corporation or the seizure of corporate assets; however as of the date hereof, the Corporation believes and has obtained legal advice in respect thereof that proceedings of this nature are remote.

The Corporation’s investments in the United States are subject to applicable anti-money laundering laws and regulations

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

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

In the event that any of the Corporation’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 Corporation to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Corporation has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, in the event that a determination was made that any of its current or future investments in the United States could reasonably be shown to constitute proceeds of crime, the Corporation may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

The Corporation’s investments in the United States may be subject to heightened scrutiny

For the reasons set forth above, the Corporation’s existing investments in the United States, and any future investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Corporation 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 Corporation’s ability to invest in the United States or any other jurisdiction, in addition to those described herein.

Given the heightened risk profile associated with cannabis in the United States, CDS may implement procedures or protocols that would prohibit or significantly curtail the ability of CDS to settle trades for cannabis companies that have cannabis businesses or assets in the United States. Although the TMX MOU has confirmed that there is currently no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, 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 the Corporation and holders of Common Shares and Warrants to make and settle trades. In particular, the effected securities would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the securities through the facilities of a stock exchange. While there can be no assurance that this would occur, and while it would be subject to regulatory approval, a third party has publicly expressed interest in providing clearing services should CDS decide not to do so.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018, the Canadian Securities Administrators revised their previously released CSA Staff Notice 51-352 – Issuers with U.S. Marijuana- Related Activities setting out their disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. CSA Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. CSA Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry. The Corporation views CSA Staff Notice 51-352 favourably, as it provides increased transparency and greater certainty regarding the views of its exchange and its regulator of existing - 39 - operations and strategic business plan as well as the Corporation's ability to pursue further investment and opportunities in the United States.

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 medical cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which the Corporation could expand. Any inability to fully implement the Corporation's expansion strategy may have a material adverse effect on the Corporation's business, financial condition and results of operations.

DESCRIPTION OF CAPITAL STRUCTURE

CGOC's authorized capital consists of an unlimited number of Common Shares issuable in series, of which 15,461,440 Common Shares are issued and outstanding as of the date of this AIF. Additionally, the Corporation has 1,500,000 stock options, 15,513,250 Common Share purchase warrants, and 851,025 Agents' Warrants outstanding. If all warrants and options are exercised, it would bring the fully diluted issued and outstanding Common Shares to a total of 33,325,715.

Common Shares

All holders of Common Shares are entitled to receive notice of, and to vote at every meeting of shareholders of the Corporation, and to have one vote thereat for each Common Share so held. In the event of liquidation, dissolution or winding up of the Corporation or upon any distribution of the assets of CGOC among shareholders being made (other than by way of dividend out of monies properly applicable to the payment of dividends) the holders of Common Shares shall be entitled to share such assets pro rata.

Warrants

As of the date of this AIF, CGOC has unexercised warrants outstanding to purchase an aggregate of 15,513,250 Common Shares. The table below describes the issued and outstanding warrants to purchase Common Shares.

Date Issued	Description of Security	Number Outstanding as at January 16, 2019	Exercise Price	Expiry Date
January 26, 2018	Warrants	15,513,250	\$2.50	January 26, 2020
January 26, 2018	Agent Warrants	851,025	\$2.50	January 26, 2020

Options

On January 16, 2018 the directors of CGOC adopted a stock option plan (the “**Option Plan**”). The purpose of the Option Plan is to advance the interests of the Corporation and its shareholders by attracting, retaining and motivating the performance of selected directors, officers, key employees or consultants of the Corporation and to encourage and enable such persons to acquire and retain a proprietary interest in the Corporation through ownership of common shares.

The Option Plan provides that the aggregate number of securities reserved for issuance, set aside and made available for issuance under the Option Plan will be 10% of the Corporation’s issued and outstanding common shares, from time to time. The number of Common Shares which may be reserved in any 12-month period for issuance to any one individual upon exercise of all stock options held by that individual may not exceed 5% of the issued and outstanding Common Shares of the Corporation at the time of the grant. The number of Common Shares which may be reserved in any 12-month period for issuance to any one consultant may not exceed 2% of the issued and outstanding Common Shares and the maximum number of Common Shares which may be reserved in any 12-month period for issuance to all persons engaged in investor relations activities may not exceed 2% of the issued and outstanding Common Shares of the Corporation.

The Option Plan provides that options granted to any person engaged in investor relations activities will vest in stages over 12 months with no more than ¼ of the stock options vesting in any three-month period. The Option Plan will be administered by the Board or a special committee of directors, either of which will have full and final authority with respect to the granting of all stock options thereunder. Stock options may be granted under the Option Plan to such directors, officers, employees or consultants of the Corporation, as the Board may from time to time designate.

The exercise price of any stock options granted under the Option Plan shall be determined by the Board, but may not be less than the market price of the Common Shares on the CSE on the date of the grant (less any discount permissible under CSE rules). The term of any stock options granted under the Option Plan shall be determined by the Board at the time of grant but, subject to earlier termination in the event of termination or in the event of death, the term of any stock options granted under the Option Plan may not exceed ten years. Options granted under the Option Plan are not to be transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession. Subject to certain exceptions, in the event that a director or officer ceases to hold office, options granted to such director or officer under the Option Plan will expire 90 days after such director or officer ceases to hold office.

As of the date of this AIF, CGOC has unexercised options outstanding to purchase an aggregate of 1,500,000 Common Shares. The table below describes the issued and outstanding options to purchase Common Shares.

Date Issued	Number Outstanding as at January 16, 2019	Exercise Price	Expiry Date
January 30, 2018	1,500,000	\$2.35	January 30, 2023

DIVIDEND POLICY

The Corporation has not declared or paid any cash dividends on any of its issued shares since incorporation. The Corporation's dividend policy will be reviewed from time to time by the Board in the context of the Corporation's earnings, financial condition, capital requirements and other relevant factors. Although dividends may be paid at some point in the future, the Corporation currently intends to retain all available funds and any future earnings to fund its investment strategy and the Corporation does not anticipate paying any cash dividends in the foreseeable future.

MARKET FOR SECURITIES

The Common Shares are currently listed on the CSE under the symbol "CGOC". The following table sets forth the reported intraday high and low prices and the trading volume for the Common Shares on the CSE for the most recently completed financial year.

Month	High (\$)	Low (\$)	Volume
January 2018	2.700	2.000	1,488,764
February 2018	2.250	1.920	999,369
March 2018	2.160	1.520	1,497,941
April 2018	1.940	1.220	506,988
May 2018	1.820	1.550	364,891
June 2018	2.090	1.520	1,180,038
July 2018	2.050	1.620	572,130
August 2018	1.890	1.500	964,682
September 2018	2.190	1.720	1,904,821
October 2018	2.010	1.200	1,508,621

PRIOR SALES

The following table summarizes details of the Common Shares issued by the Corporation during the most recently completed financial year.

Date	Security	Price per Security (\$)	Number of Securities
January 26, 2018	Common Shares	1.94	15,513,250
April 26, 2018	Common Share	1.80	138,889

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The names, province/state and country of residence, position(s) held with the Corporation, principal occupation during the last five years, and the periods during which each director has served as a director are set forth below. The term of office of each director will expire at the next annual meeting of the Corporation, unless his office is earlier vacated.

Name and Municipality of Residence, Position with Company	Present Principal Occupation If Different From Office Held & Principal Occupation For The Past 5 Years	Date Elected/Appointed	Common Shares Owned or Over Which Control or Direction is Exercised ⁽²⁾
Paul Andersen ⁽¹⁾ Toronto, Ontario, Canada Chief Financial Officer, Director	Managing Partner of Forbes Andersen LLP. Mr. Andersen has over 25 years of experience as a director and senior officer of numerous public and private companies, and has experience working with cannabis companies both domestically and internationally	November 1, 2017	nil
Jamie Blundell ⁽³⁾ Toronto, Ontario, Canada President & Chief Operating Officer, Director	25+ years of experience in senior leadership roles and managing teams of over 1,000 employees and extensive experience with mergers and acquisitions, private equity firms and large corporate divestitures.	November 1, 2017	40,000
Bruce Campbell ⁽⁴⁾ Kelowna, British Columbia, Canada Portfolio Manager	Founder and President of Stone Castle Investment Management Inc.	November 1, 2017	100,000
John Durfy ⁽¹⁾ ⁽³⁾ Oakville, Ontario, Canada Chief Investment Officer, Director	Chief Operating Officer and Chief Financial Officer of Sphere Exchange Traded Funds. Previously Chief Investment Officer at Sphere overseeing all portfolio management activities and prior to that, Managing Director of Global Equities for the Ontario Municipal Employees Retirement System ("OMERS") from 2008-2011	November 1, 2017	18,200
Nick J. Richards ⁽¹⁾ ⁽³⁾ Littleton, Colorado, United States Independent Director	Partner, Dill Dill Carr Stonebraker & Hutchings, PC Mr. Richards is a practicing tax attorney, adjunct professor of law and legal specialist to the United States cannabis industry, advising businesses and owners throughout the U.S.	November 1, 2017	nil
Brayden Sutton Chilliwack, British Columbia, Canada Independent Director	President, Sutton Ventures Ltd. Mr. Sutton co-founded and served as EVP for Supreme Pharmaceuticals from 2013 – 2014 and played an instrumental role in the early days of Invictus MD Strategies Corp., Aurora Cannabis Inc. and CannaRoyalty Corp	November 1, 2017	60,000
Gary Yeoman Toronto, Ontario, Canada Independent Director	Chairman, Golden Leaf Holdings; Executive Chair, iLOOKABOUT Corp. From 2005 to 2011, Mr. Yeoman served as the CEO of Altus Group, and led the company through a seven-year growth period, increasing revenues from \$75MM to \$325MM approximately.	November 1, 2017	nil

(1) Member of the Audit Committee.

(2) The number of Common Shares beneficially owned, or over which control or direction is exercised, was provided by the respective nominee.

(3) Member of the Investment Committee.

(4) Bruce Campbell manages the Public Portfolio of the Corporation.

Directors and executive officers of the Corporation, as a group, beneficially own, or control or direct, directly or indirectly, an aggregate of 218,200 Common Shares, representing approximately 1.4% of the issued and outstanding Common Shares. The information with respect to share ownership is not within the knowledge of the Company and has been furnished by the respective executive officers and directors and is as of the date of this AIF.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

As at the date of this Circular, no director or executive officer of the Corporation or promoter of the Corporation is, or was within 10 years prior to the date of this Circular, a director, chief executive officer or chief financial officer of any company that:

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

Penalties or Sanctions

At the date of this AIF, no director or executive officer of the Corporation or promoter of the Corporation or any unitholder holding a sufficient number of securities to affect materially the control of the Corporation, is or had been, within 10 years prior to the date of this AIF, subject to:

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

Bankruptcies

No director or executive officer of the Corporation or promoter of the Corporation, or a unitholder holding a sufficient number of securities to affect materially the control of the Corporation:

- (i) is, at the date of this AIF, or has been within 10 years prior to the date of this AIF, a director or executive officer of any company (including the Corporation) 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
- (ii) has, within 10 years prior to the date of this AIF become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, - 36 - arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer, promoter or unitholder.

Conflicts of Interest

To the best of the Corporations knowledge, and other than as disclosed herein, there are no known or potential conflicts of interest between the Corporation and any directors or officers of the Corporation except that certain directors and officers may service from time to time as directors, officers, promoters and

members of management of other public companies and/or cannabis or cannabis related companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Corporation and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Corporation are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Corporation will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the CBCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

CORPORATE GOVERNANCE

In accordance with *National Instrument 58-101 — Disclosure of Corporate Governance Practices*, the following describes the corporate governance practices of the Corporation.

Board of Directors

The Board has a written mandate to assist it in the better execution of its responsibilities. The mandate provides guidelines for Board composition and conduct.

The Board is currently comprised of 6 directors, 4 of whom are independent (John Durfy, Nick Richards, Brayden Sutton, and Gary Yeoman). The independent directors maintain their independence by having no direct or indirect material participation with the management of the Corporation. In the view of the Board, no independent directors other directorships or principal occupation would reasonably be expected to interfere with the exercise of a member's independent judgement.

Directorships

None of the current directors of the Corporation presently serve on the board of directors of any other reporting issuers (or the equivalent) in a Canadian jurisdiction or a foreign jurisdiction, other than as set out below.

Name of Director	Name of Other Issuer
Jamie Blundell	Legend Power Systems Inc.
Brayden Sutton	1933 Industries Waterfront Capital Corp Firstlight Capital Corp
Gary Yeoman	iLookabout Corp.

Orientation and Continuing Education

The Board is responsible for providing an appropriate orientation program for new directors and encouraging ongoing self-education on the business and strategies of the Corporation. In particular, new board members are referred to the Corporation's website and Board mandate to provide them with an understanding of the business of the Corporation and their ongoing responsibilities.

Ethical Business Conduct

The Corporation is committed to conducting its business in compliance with all applicable laws and regulations and in accordance with the highest ethical principles. At the Board level, this commitment is maintained by holding regularly scheduled meetings in a formal meeting environment, supplemented by event driven meetings as necessary, in each case, following generally accepted rules of conduct. The Corporation and the Board have developed and implemented a written mandate intended to promote ethical business conduct and proper risk assessment.

Directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer may have an interest. Management strives to ensure that directors are aware of prospective material counterparties. The Board is tasked with monitoring and supervising tactical progress and conflicts of interest. Further, the Board oversees the Manager and ensures the Corporation's investment mandates are adhered to.

Nomination of Directors

The Board does not have a formal nominating committee, therefore the entire Board is tasked with identifying, assessing and making recommendations as to candidates for election to the Board. Though there is no formal process for identifying candidates, the Board will make use of their formal and informal networks to locate suitable candidates. Directors are nominated with a view to the independence and expertise required for effective governance and compliance with applicable regulatory requirements, including consideration of nominees recommended by shareholders, if any.

Compensation

The Corporation does not have a formal compensation committee so responsibility for matters relating to the overall compensation philosophy and guidelines for the directors and officers of the Corporation lies with the Board as a whole. The Corporation's independent directors receive cash compensation of \$25,000 per annum, but the Corporation does not pay any fees or salaries to its officers or non-independent directors. Any payments to the officers and directors of the Corporation (other than the independent directors) was made by the Manager out of the Management Fee. All directors, officers, employees, and consultants may participate in the Corporation's Stock Option Plan.

Other Board Committees

The Corporation has established an investment committee (the "**Investment Committee**") to monitor its Portfolio on an ongoing basis and to review the status of its investments at least once a month or on an as-needed basis. The Investment Committee is subject to the direction of the Board, and is comprised of three members: Jamie Blundell, President and Director; Nick Richards, independent director; and John Durfy, independent director. Bruce Campbell attends Investment Committee meetings, but is not a voting member. The members of the Investment Committee are appointed annually by the Board at the first Board meeting subsequent to the annual meeting of Shareholders or on such other date as the Board determines, and nominees to the Investment Committee shall be recommended by the Board. Members of the Investment Committee may be removed or replaced by the Board and officers of the Corporation may be members of the Investment Committee. Each member of the Investment Committee shall be financially literate. The Board has adopted a written charter for the Investment Committee setting out its responsibilities. Pursuant to the charter, the Investment Committee has the authority to approve certain transactions.

Assessments

Individual director and board effectiveness assessments are done on an informal basis and are determined by examining a number of factors including, but not limited to, attendance at and participation in meetings, meeting preparedness, ability to communicate ideas clearly and overall contribution to effective Board performance.

PROMOTER

The Manager is considered to be the promoter of the Corporation by reason of its initiative in organizing the business of the Corporation and taking the steps necessary for the public distribution of the Common Shares. As at the date hereof, neither the Manager nor any of its directors, officers or shareholders beneficially owns, controls or directs, directly or indirectly, any Common Shares, other than Jamie Blundell, shareholder of the Manager and President and COO of CGOC, who holds 40,000 Common Shares. In its role as manager, the Manager will receive payment from the Corporation for services provided to the Corporation in respect of the ongoing management of the Corporation and the Portfolio securities

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings or regulatory actions that the Corporation is or was a party to, or that any of its property is or was the subject of, since the beginning of its most recently completed financial year. In addition, the Corporation is not aware of any such proceedings known to be contemplated.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The Corporation's auditor is MNP LLP, of Toronto, Ontario. MNP LLP has advised the Corporation that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

The Corporation's transfer agent and registrar is Odyssey Trust Company, at its principal office in Calgary, Alberta. The Warrant Agent in respect of the Warrants is Odyssey Trust Company, Corporation, at its principal office in Calgary, Alberta.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, as of the Closing Date, the only material contracts which the Corporation has entered into or will enter into are set out below. Copies of such agreements will be available under the Corporation's profile on SEDAR at www.sedar.com.

- (i) Warrant Indenture (see "Description of the Securities — Warrants" in the Prospectus);
- (ii) Management Agreement (see "Organization and Management Details of the Corporation — The Management Agreement" in the IPO Prospectus);
- (iii) Investment Management Agreement (see "Organization and Management Details of the Corporation — The Investment Manager — Investment Management Agreement" in the Prospectus); and
- (iv) Agency Agreement (see "Plan of Distribution — Agency Agreement" in the Prospectus).

AUDIT COMMITTEE DISCLOSURE

The overall purpose of the Audit Committee is to assist the Board in its oversight of the integrity of the Corporation's financial statements and other relevant public disclosures, the Company's compliance with legal and regulatory requirements relating to financial reporting, the external auditors' qualifications and independence and the performance of the internal audit function and the external auditors.

Audit Committee Composition

The audit committee of the Corporation is comprised of Messrs. Durfy, Yeoman and Andersen, the majority of whom are "independent" within the meaning of National Instrument 52-110 — *Audit Committees*. The

audit committee will assist the Corporation in fulfilling its responsibilities of oversight and supervision of its accounting and financial reporting practices and procedures, the adequacy of internal accounting controls and procedures, and the quality and integrity of its financial statements. In addition, the audit committee will be responsible for directing the auditors' examination of specific areas, for the selection of the Corporations' independent auditors and for the approval of all non-audit services for which its auditors may be engaged.

The Board has adopted a written charter for the audit committee which sets out the audit committee's responsibility in reviewing the financial statements of the Corporation and public disclosure documents containing financial information and reporting on such review to the Board, review of the Corporation's public disclosure documents that contain financial information, oversight of the work and review of the independence of the external auditors and reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management. The written charter of the audit committee is set out in Schedule "A" to this AIF.

John Durfy: Mr. Durfy is a graduate of the MBA program at the DeGroote School of Business (McMaster University) and received a Bachelor of Commerce degree from Memorial University of Newfoundland. Mr. Durfy is a Chartered Financial Analyst (CFA) and a Chartered Professional Accountant (CPA, CMA).

Gary Yeoman: Mr. Yeoman is currently serving as Executive Chair of iLOOKABOUT Corp. Mr. Yeoman is also the President of Yeoman and Associates Inc., a private real estate consulting company. From 2005 to 2011, Mr. Yeoman served as Chief Executive Officer of Altus Group, a TSX listed company. Mr. Yeoman was previously employed at the Ontario Ministry of Finance, Assessment Division.

Paul Andersen: Mr. Andersen is current Managing Partner of Forbes Andersen LLP. After spending nearly a decade as an entrepreneur, Mr. Andersen joined the firm in 1999. A graduate of the University of Toronto, Mr. Andersen currently holds the Canadian CPA, CA designation and the U.S. CPA and CGMA designations.

Audit Committee Oversight

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

Reliance on Certain Exemptions

The Corporation relies on the exemption in section 6.1 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee of the Corporation has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee's charter attached hereto as Schedule "A".

External Auditor Service Fees (By Category)

The Corporation paid or accrued the following fees in the most recently completed financial year, being the first year of operation:

Fiscal Year Ended	Audit Related Fees	Tax Fees	Other Fees	Total Fees
October 31, 2018	\$64,000	nil	\$21,000	\$75,000

ADDITIONAL INFORMATION

Additional information about us may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our Common Shares and Common Shares authorized for issuance under equity compensation plans, where applicable, is contained in the information circular for the annual meeting of shareholders.

Additional financial information is provided in the annual audited financial statements and management's discussion & analysis for our most recently completed financial year.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

CANNABIS GROWTH OPPORTUNITY CORPORATION

1. PURPOSE

- 1.1 The board of directors of the Corporation (the "**Board**") shall appoint an audit committee (the "**Committee**") to assist the Board in fulfilling its responsibilities. The overall purpose of the Committee of the Corporation is to monitor the Corporation's system of internal financial controls, to evaluate and report on the integrity of the financial statements of the Corporation, to enhance the independence of the Corporation's external auditors and to oversee the financial reporting process of the Corporation.

2. PRIMARY DUTIES AND RESPONSIBILITIES

- 2.1 The Committee's primary duties and responsibilities are to:
- (a) serve as an objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements;
 - (b) review the performance of the Corporation's external auditors; and
 - (c) provide an open avenue of communication among the Corporation's external auditors, the Board and senior management of the Corporation.

3. COMPOSITION, PROCEDURES AND ORGANIZATION

- 3.1 The Committee shall be comprised of at least three directors of the Corporation as determined by the Board, two of whom shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.
- 3.2 At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of this Audit Committee Charter, the definition of "financially literate" is 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 presumably be expected to be raised by the Corporation's financial statements.
- 3.3 The Board shall appoint the members of the Committee. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee. Any member of the Committee ceasing to be a director of the Corporation shall cease to be a member of the Committee.
- 3.4 Unless a chair is elected by the Board, the members of the Committee shall elect a chair from among their number (the "**Chair**"). The Chair shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings and reporting to the Board.
- 3.5 The Committee, through its Chair, shall have access to such officers and employees of the Corporation and to the Corporation's external auditors and its legal counsel, and to such

information respecting the Corporation as it considers to be necessary or advisable in order to perform its duties.

- 3.6 Notice of every meeting shall be given to the external auditors, who shall, at the expense of the Corporation, be entitled to attend and to be heard thereat.
- 3.7 Meetings of the Committee shall be conducted as follows:
 - (a) the Committee shall meet four times annually, or more frequently as circumstances dictate, at such times and at such locations as the Chair shall determine;
 - (b) the external auditors or any member of the Committee may call a meeting of the Committee;
 - (c) any director of the Corporation may request the Chair to call a meeting of the Committee and may attend such meeting to inform the Committee of a specific matter of concern to such director, and may participate in such meeting to the extent permitted by the Chair; and
 - (d) the external auditors shall, when required by the Committee, attend any meeting of the Committee.
- 3.8 The external auditors shall be entitled to communicate directly with the Chair and may meet separately with the Committee. The Committee, through the Chair, may contact directly any employee of the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper practices or transactions.
- 3.9 Compensation to members of the Committee shall be limited to directors' fees, either in the form of cash or equity, and members shall not accept consulting, advisory or other compensatory fees from the Corporation.
- 3.10 The Committee is granted the authority to investigate any matter brought to its attention, with full access to all books, records, facilities and personnel of the Corporation. The Committee has the power to engage and determine funding for outside and independent counsel or other experts or advisors as the Committee deems necessary for these purposes and as otherwise necessary or appropriate to carry out its duties and to set Committee members compensation. The Committee is further granted the authority to communicate directly with internal and external auditors.

4. DUTIES

- 4.1 The overall duties of the Committee shall be to:
 - (a) assist the Board in the discharge of their duties relating to the Corporation's accounting policies and practices, reporting practices and internal controls and the Corporation's compliance with legal and regulatory requirements;
 - (b) establish and maintain a direct line of communication with the Corporation's external auditors and assess their performance and oversee the co-ordination of the activities of the external auditors; and
 - (c) be aware of the risks of the business and ensure the Corporation has adequate processes in place to assess, monitor, manage and mitigate these risks as they arise.
- 4.2 The Committee shall be directly responsible for overseeing the work of the external auditor, who shall report directly to the Committee, engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between the Corporation and the external auditors and the overall scope and plans for the audit, and in carrying out such oversight, the Committee's duties shall include:

- (a) recommending to the Board the selection and compensation and, where applicable, the replacement of the external auditor nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;
- (b) reviewing, where there is to be a change of external auditors, all issues related to the change, including the information to be included in the notice of change of auditor called for under NI 51-102 or any successor legislation, and the planned steps for an orderly transition;
- (c) reviewing all reportable events, including disagreements, unresolved issues and consultations, as defined in NI 51-102 or any successor legislation, on a routine basis, whether or not there is to be a change of external auditor;
- (d) reviewing and pre-approving all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors to the Corporation or any subsidiary entities;
- (e) reviewing the engagement letters of the external auditors, both for audit and non-audit services;
- (f) consulting with the external auditor, without the presence of the Corporation's officers about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements;
- (g) reviewing annually the performance of the external auditors, who shall be ultimately accountable to the Board and the Committee as representatives of the unitholders of the Corporation, including the fee, scope and timing of the audit and other related services and any non-audit services provided by the external auditors; and
- (h) reviewing and approving the nature of and fees for any non-audit services performed for the Corporation by the external auditors and consider whether the nature and extent of such services could detract from the firm's independence in carrying out the audit function.

4.3 The duties of the Committee as they relate to document and reports reviews shall be to:

- (a) review the Corporation's financial statements, management's discussion and analysis of financial results ("**MD&A**") and any financial press releases before the Corporation publicly discloses this information; and
- (b) review and periodically assess the adequacy of procedures in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the Corporation's financial statements, MD&A and financial press releases.

4.4 The duties of the Committee as they relate to audits and financial reporting shall be to:

- (a) in consultation with the external auditor, review with the integrity of the Corporation's financial reporting process, both internal and external, and approve, if appropriate, changes to the Corporation's auditing and accounting practices;
- (b) review the audit plan with the external auditor;
- (c) review with the external auditor any proposed changes in accounting policies, the presentation of the impact of significant risks and uncertainties, and key estimates and judgments of the Corporation that may in any such case be material to financial reporting;
- (d) review the contents of the audit report;

- (e) question the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
- (f) review the scope and quality of the audit work performed;
- (g) review the adequacy of the Corporation's financial and auditing personnel;
- (h) review the co-operation received by the external auditor from the Corporation's personnel during the audit, any problems encountered by the external auditors and any restrictions on the external auditor's work;
- (i) review the internal resources used;
- (j) review the evaluation of internal controls by the internal auditor (or persons performing the internal audit function) and the external auditors, together with the Corporation's response to the recommendations, including subsequent follow-up of any identified weaknesses;
- (k) review the appointments of the chief financial officer, internal auditor (or persons performing the internal audit function) of the Corporation and any key financial executives involved in the financial reporting process;
- (l) review and approve the Corporation's annual audited financial statements and those of any subsidiaries in conjunction with the report of the external auditors thereon, and obtain an explanation from the Corporation of all significant variances between comparative reporting periods before release to the public;
- (m) establish procedures for (A) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters; and (B) the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters; and
- (n) review the terms of reference for an internal auditor or internal audit function.

4.5 The duties of the Committee as they relate to accounting and disclosure policies and practices shall be to:

- (a) review changes to accounting principles of the Canadian Institute of Chartered Accountants which would have a significant impact on the Corporation's financial reporting as reported to the Committee by the Corporation and the external auditors;
- (b) review the appropriateness of the accounting policies used in the preparation of the Corporation's financial statements and consider recommendations for any material change to such policies;
- (c) review the status of material contingent liabilities as reported to the Committee by the Corporation or the external auditors;
- (d) review the status of income tax returns and potentially significant tax problems as reported to the Committee by the Corporation;
- (e) review any errors or omissions in the current or prior year's financial statements;
- (f) review, and approve before their release, all public disclosure documents containing audited or unaudited financial information including all earnings, press releases, MD&A, prospectuses, annual reports to unitholders and annual information forms, as applicable; and
- (g) oversee and review all financial information and earnings guidance provided to analysts and rating agencies.

4.6 The other duties of the Committee shall include:

- (a) reviewing any related-party transactions not in the ordinary course of business;
- (b) reviewing any inquires, investigations or audits of a financial nature by governmental, regulatory or taxing authorities;
- (c) formulating clear hiring policies for partners, employees or former partners and employees of the Corporation's external auditors;
- (d) reviewing annual operating and capital budgets;
- (e) reviewing and reporting to the Board on difficulties and problems with regulatory agencies which are likely to have a significant financial impact;
- (f) inquiring of the Corporation and the external auditors as to any activities that may be or may appear to be illegal or unethical;
- (g) ensuring procedures are in place for the receipt, retention and treatment of complaints and employee concerns received regarding accounting or auditing matters and the confidential, anonymous submission by employees of the Corporation of concerns regarding such; and
- (h) reviewing any other questions or matters referred to it by the Board.