



It is my sincere pleasure to write this inaugural letter to our shareholders and supporters. It has been a very exciting, busy and tumultuous year for us here at Cannabis Growth Opportunity Corporation (CGOC), and we thank you for your continued patience and support.

The thesis behind CGOC was to provide a unique investment opportunity for those looking to invest in the Cannabis sector. We believed that an actively managed and diversified portfolio would provide an opportunity for investors to participate in this exciting new industry (reducing their exposure to downside risk and volatility), while allowing them to gain investment exposure. The Board of Directors and management still believe in this model the value we can offer to investors, especially in the coming years. Before we look to the future however, I'd like to take a step back and look at the industry as a whole, and how it has evolved.

Canadian Cannabis Industry

Canada is one of the first of the G20 countries to fully legalize cannabis for medical, as well as recreational consumption, and allow the sale and distribution of such to both domestic and international markets. This created an opportunity for a new industry to flourish and for Canada to become a global leader.

As with any new industry, the years leading up to legalization saw a lot of uncertainty in the path forward with: rapidly changing rules and regulations; uncertainty around timing and consistency of legislation; disjointed valuation models that were sometimes hard to

understand; and the flood of companies coming to market. The differences in provincial regulations added to the confusion of understanding competition post-legalization. The sheer number of Licensed Producers, and affiliate companies created a huge problem for investors – too many investment opportunities to choose from, and not knowing how to pick the winners. These factors contributed to a lot of the volatility in the market and created a challenging environment for the average investor.

With the first stage of legalization settling in, there are still a lot of uncertainties ahead as the Canadian cannabis landscape continues to mature and additional countries move closer towards legalization.

How does one define its investment goals and objectives in an undefined market? CGOC answers this question and provides investors an alternative to having to navigate the sector on their own.

CGOC offers investors a diversified, actively managed portfolio of public and private investments, as well as exposure to US private companies and legal international and emerging jurisdictions.

2018 Performance

Taking a look at our performance for the year, we will first look at the performance of the portfolio itself. The portfolio split is approximately 60% invested in public companies and approximately 40% in private companies (mainly in the US). Throughout a turbulent year, the net asset value of the portfolio saw early gains and remained relatively stable up to the end of 2018. Within the private portfolio, we saw a number of

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investments flourish, with subsequent financings receiving strong support, and a few completed their go public events, or are in the final stages of going public in early 2019. We also saw an acquisition of one of our private companies, by one of our public holdings, an interesting turn of events that clearly demonstrates the niche network effect we have created.

As supportive investors, we are happy to assist our investee companies with their growth strategies which in turn results in long-term, positive gains for our shareholders. We are able to assist our private companies by marketing their stories across broader distribution channels. We continuously foster the growth of the network by way of strategic guidance and thoughtful introductions which has also created sustainable deal flow. All very positive in nature and in line with our overall goals and objectives.

Unfortunately, we have seen a decline in our share price since inception, which we feel is very telling that the true value of the business is not fully understood. We realize the need to conduct more outreach to a larger and diversified investor audience.

In November 2018 we commenced investor outreach to target potential investors in an effort to strengthen and diversify the shareholder base. As well, we enacted a marketing plan to efficiently and effectively tell our story. Our enhanced marketing program incorporates; traditional marketing, social media outreach and media advertising; investor and analyst outreach and relationship building; as well as marketing initiatives to a broader investor base in North America and in legal global markets. We also implemented a Normal Course Issuer Bid to allow us to be opportunistic and repurchase the shares at what we believe is a significantly discounted price. We have seen an initial positive impact of some of these initiatives take effect in the new year, buoyed by more positive markets and industry expectations for growth.

We are strong proponents of providing a sound, educated investment opportunity as evidenced by the portfolio NAV, which we trust will be reflected in the share price as our outreach continues.

The Big Picture

There remains a general consensus that legalization of medical use marijuana, followed by recreational use will continue to advance on a global scale. Many are modeling roll-out plans off the Canadian legislative and regulatory platform. Canada also remains a thought leader for technology, and pharmaceutical implementation advances. This burgeoning industry has a long road ahead of it, and we hope to provide sound investment advice and the opportunity for investors seeking stable and knowledge-based returns.

Medicinal marijuana is now legal in 25 countries (mainly Europe and South America), with recreational use being legal in Canada and Uruguay, with Mexico expected to join this group within the first half of 2019. The market for marijuana is currently estimated between \$15-\$50 billion, with some estimating the potential for the market to grow to upwards of \$500 billion if cannabis were to be legalized on a global scale.

United States

2019 will be another year of continued growth and progress within the US landscape. In November 2018, following the mid-term election, a total of 33 states legalized medical cannabis with 10 states legalizing recreational cannabis. We also saw the passing of the Farm Bill allowing the legalization of hemp production and CBD extraction. There are a number of additional reforms expected to be voted on in 2019 that will help support the evolution of the US market by granting more regulatory power on an individual basis such as the STATES Act. Changes like this, will allow the US market to mature and grow in spite of federal legalization. This is a major factor in our belief that the US

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market has a lot more gains to offer investors in the longer-term.

CANADA – Second Wave

In Canada, producers and investors are looking forward to what is being referred to as the “second wave” of legalization, as edibles, drinks and vaping products become legal in the second half of 2019.

Since legalization, the demand for cannabis products has been high in many provinces, and has significantly outweighed supply. Shipping for orders from the Ontario Cannabis Store took longer than promised due to the volume of orders and lack of supply. Edibles and infused beverages may come with even higher demand, as some consumers might consider eating and drinking the products to be more socially acceptable than smoking them, especially first-time users. This creates another opportunity for

investors, and at the same time, another overload of companies to choose from.

In Summary

These past few years have been very exciting and has also been very disconcerting for the average investor. We understand we are new, having only been in operation since January 2018, however we strongly believe that we offer a competitive advantage to investors that will provide long-term success.

The continued growth of this industry will lead to new and diverse areas of investment through a multitude of jurisdictions, product variety, new technologies and ancillary products and services.

This clearly creates a need for an actively managed portfolio that can provide more stable returns, while being able to participate in a variety of investment opportunities as they become available.

The CGOC Advantage is Simple:

A Diversified actively managed portfolio

We are invested in public and private companies globally

Access to private companies

Gain exposure to private companies where an investment opportunity would have been limited

We represent Smart Capital

We see more private flow through our network effect – supporting sustainable deal flow from the extended network

Your gateway to the US

The majority of our recent investments have been in the US, to take advantage of the valuation discrepancy

We look forward to another exciting year, in an extremely fast paced and exciting industry. Cannabis is a new frontier, with vast opportunity.

Sincerely,

Jamie Blundell

President & Chief Operating Officer

This letter 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 letter. 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. Please refer to the Company’s AIF for the fiscal year 2018, as filed on SEDAR, for an in-depth discussion on additional risk factors, and assumptions that may affect forward-looking statements.