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STILLCANNA INC.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON AUGUST 27, 2020

AND

MANAGEMENT INFORMATION CIRCULAR

including with respect to a proposed

ACQUISITION

of

SATIVA GROUP PLC

by

STILLCANNA INC.

JULY 28, 2020

YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY.

Your vote is important regardless of the number of shares you own. Whether or not you are able to attend the meeting, we urge you to vote using your enclosed proxy or voting instruction form. Please carefully follow the instructions provided to vote your securities. If you have any questions or need assistance with voting, please contact: Ilona Kiss, at ilona@stillcanna.com

TABLE OF CONTENTS

LETTER FROM JASON DUSSAULT, CEO AND DIRECTOR	4
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS	6
GENERAL INFORMATION	8
Introduction.....	8
Information Contained in this Article.....	8
Cautionary Notice Regarding Forward-Looking Statements.....	9
Information for Beneficial Shareholders.....	11
Conventions	12
GLOSSARY OF TERMS	13
THE TRANSACTION	22
Acquisition.....	22
Shareholder Approval	23
Effective Date of the Acquisition	24
Recommendation of the Stillcanna Board	24
THE TRANSACTION AGREEMENTS	25
The Letter of Intent	25
The Bid Conduct Agreement	26
The Scheme of Arrangement	26
SECURITIES LAWS CONSIDERATIONS	28
Canadian Securities Laws	28
INTERESTS OF DIRECTORS AND EXECUTIVE OFFICERS OF STILLCANNA IN THE TRANSACTION	29
RISK FACTORS	29
GENERAL PROXY INFORMATION	30
Solicitation of Proxies.....	30
Record Date	30
Appointment of Proxyholder	31
Voting by Proxyholder.....	31
Registered Shareholders.....	31
Non-Registered (Beneficial) Shareholders	32
Revocation of Proxies	33
VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF	33
INFORMATION CONCERNING STILLCANNA	33
General Development of the Business.....	35
Selected Consolidated Financial Information	40
Dividends.....	41
Price Range and Trading Volume Data	41
Prior Sales	42
INFORMATION CONCERNING SATIVA	43
INFORMATION CONCERNING THE RESULTING COMPANY	43
ANNUAL GENERAL MEETING MATTERS AND OTHER MATTERS	43
Votes Necessary to Pass Resolutions.....	43
Election of Directors.....	43
Cease Trade Orders or Bankruptcies	44
Penalties and Sanctions.....	45
Stillcanna Option Plan	45
STATEMENT OF EXECUTIVE COMPENSATION	47

General.....	47
Director and NEO compensation, excluding compensation securities	47
External Management Companies	49
Stock Options and Other Compensation Securities	49
Stock Option Plans and Other Incentive Plans	51
Employment Contracts, Termination Benefits and Change of Control Benefits.....	52
Oversight and Description of Director and Name Executive Officer Compensation.....	52
EQUITY COMPENSATION PLAN INFORMATION	53
INDEBTEDNESS OF DIRECTORS AND OFFICERS.....	54
CORPORATE GOVERNANCE DISCLOSURE	54
Board of Directors.....	54
Directorships	55
Orientation and Continuing Education	55
Ethical Business Conduct	55
Nomination of Directors	56
Compensation	56
Other Board Committees	56
Assessments	57
AUDIT COMMITTEE	57
Audit Committee Charter.....	58
Composition of Audit Committee and Independence.....	59
Relevant Education and Experience	59
Audit Committee Oversight.....	60
Reliance on Certain Exemptions.....	60
Pre-Approval Policies and Procedures.....	60
External Auditor Service Fees	60
Exemption.....	61
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS	61
MANAGEMENT CONTRACTS	61
INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON	61
OTHER MATTERS	61
GENERAL.....	61
ADDITIONAL INFORMATION.....	62
DIRECTOR APPROVAL.....	63
APPENDIX A	64
APPENDIX B	65
APPENDIX C	80



LETTER FROM JASON DUSSAULT, CEO AND DIRECTOR

Re: Recommended Proposal for the Acquisition of Sativa Group PLC

Dear Stillcanna shareholders:

On April 21, 2020 and May 20, 2020 Stillcanna Inc. ("**Stillcanna**" or the "**Company**") announced that we had reached agreement on the terms of a recommended share for share exchange offer to be made by Stillcanna for the entire issued and outstanding share capital of Sativa (the "**Proposed Transaction**"). On June 3, 2020, the Company announced that we had signed a definitive agreement to acquire Sativa Group PLC ("**Sativa**"), one of the United Kingdom's first medical cannabis companies. The Company's shares have been halted from trading on the Canadian Securities Exchange (the "**CSE**") since market open on April 22, 2020, pending completion of the Proposed Transaction. Following completion of the Proposed Transaction, the Company will resume trading under the name "Sativa Wellness Group Inc.". In addition, the Company will publish a listing statement prior to the completion of the Proposed Transaction, which will be available on SEDAR (www.sedar.com), under the Company's existing issuer profile. Completion of the Proposed Transaction will be subject to the approval of the CSE, as well as the approval of a majority of Stillcanna shareholders at the special meeting of the shareholders of Stillcanna.

Stillcanna's and Sativa's beliefs and visions for the cannabis industry are aligned, and both companies feel strongly that only a fully integrated seed to consumer business will have the pricing, products, and stability to meet the cannabis market demand in the medium term. The Proposed Transaction is a share for share exchange, at a ratio of approximately 0.33507 Stillcanna shares in exchange for each share of Sativa (the "**Exchange Ratio**"). The Exchange Ratio attributes an implied value for the entire issued and outstanding share capital of Sativa of approximately £10,409,022 (based on the closing price of \$0.095 per Stillcanna Share on April 21, 2020).

Following completion of the Proposed Transaction, it is intended that the Company's board of directors will be made up of six directors, namely, Jonathan Wearing as Chairman (Sativa's existing Chairman), Henry Lees-Buckley as Chief Executive Officer (Sativa's existing Chief Executive Officer) and Joseph Colliver as Chief Financial Officer (Sativa's existing Chief Financial Officer), and Angus Kerr, Mark Blower and Jason Dussault as directors. Jeremy Thomas (Sativa's existing Deputy Chairman) will act as a consultant to the Company and will provide advice on strategy and growth. Each of Shae de Jaray, Bill MacDonald and Warren Robinson will step down as directors of the Company, however, it is anticipated that they will continue to provide support to the Stillcanna board of directors going forward, as consultants. Anne Tew (Sativa's existing Company Secretary) will perform the role of Corporate Secretary of the Company.

Following completion of the Proposed Transaction, the Company will continue to trade, or otherwise be quoted on the CSE, the OTC and the FSE and trading in the Company's shares is expected to resume following completion expected on or around September 2020. In addition, the Company intends to list its

shares on the Aquis Stock Exchange (the "AQSE"), subject to the regulatory requirements of the AQSE, on or shortly after the closing of the Proposed Transaction.

I believe trust is the most important commodity a brand must procure and maintain to be successful, and that this is especially crucial in a nascent sector such as CBD wellness. The merger of the Sativa and Stillcanna will secure this commodity through the stewardship of this special cannabinoid from seed through to cultivation and extraction, and now testing, bottling and distribution. I, alongside each of the directors of Stillcanna, consider the terms of the Proposed Transaction to be fair and reasonable and we unanimously recommend that the shareholders of Stillcanna vote in favour of the Proposed Transaction at the special meeting of shareholders of Stillcanna, to be held on August 27, 2020.

Yours truly,

(signed) "Jason Dussault"

Jason Dussault
CEO and Director

for and on behalf of
the Stillcanna Board of Directors



STILLCANNA INC.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the special meeting (the "**Meeting**") of holders (the "**Shareholders**") of common shares (the "**Stillcanna Shares**") of Stillcanna Inc. ("**StillCanna**" or the "**Company**") will be held at Macdonald Tuskey, Suite 409, 221 West Esplanade Street, North Vancouver, British Columbia on August 27, 2020 at 10:00 a.m. (Pacific time) for the following purposes:

1. to consider and if thought advisable, to pass, with or without variation, an ordinary resolution (the "**Acquisition Resolution**"), the full text of which is set forth in Appendix A to the accompanying Management Information Circular, approving: (i) the acquisition of Sativa Group PLC ("**Sativa**") and the transactions contemplated in that certain letter of intent dated April 17, 2020 between the Company and Sativa (the "**Letter of Intent**"), that certain bid conduct agreement dated June 2, 2020, among the Company, Sativa, and certain securityholders of Sativa (the "**Bid Conduct Agreement**") and that certain scheme of arrangement, among the Company, Sativa and certain securityholders of Sativa (the "**Scheme of Arrangement**"), and collectively with the Letter of Intent and the Bid Conduct Agreement, the "**Acquisition Agreements**"); and (ii) the issuance of certain stock options pursuant to the Acquisition Agreements;
2. to set the number of directors of the Company for the ensuing year at six (6);
3. to elect the directors of the Company for the ensuing year; and
4. to transact such other business, including amendments to the foregoing, as may properly come before the Meeting or any adjournment or adjournments thereof.

To proactively deal with the unprecedented health impact of the coronavirus pandemic ("COVID-19"), and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, we will provide access to the Meeting virtually. To access the meeting, follow the instructions below, as applicable to you:

- Log in online at <https://us02web.zoom.us/j/89331107131?pwd=WWdRZ0MxSm5lYUtrRTTR3R2UxWVpKUT09;>
- Enter the meeting ID: 893 3110 7131;
- Enter the passcode: 644547

To access the meeting through the dial in number, follow the instructions below, as applicable to you:

- +1 669 900 9128 US (San Jose)
- +1 253 215 8782 US (Tacoma)
- +1 301 715 8592 US (Germantown)
- +1 312 626 6799 US (Chicago)
- +1 346 248 7799 US (Houston)
- +1 646 558 8656 US (New York)
- [+1 778 907 2071](tel:+17789072071) Vancouver
- [+1 647 374 4685](tel:+16473744685) Toronto; and

- [+1 647 558 0588](tel:+16475580588) Toronto

To find your local number: <https://us02web.zoom.us/j/84454111111>

This Notice of Meeting is accompanied by a Management Information Circular of the Company (the "**Management Information Circular**") and either a form of proxy for registered Shareholders or a voting instruction form for beneficial Shareholders (collectively, the "**Meeting Materials**"). The nature of the business to be transacted at the Meeting is described in further detail in the accompanying Management Information Circular. The Management Information Circular is deemed to form part of this Notice of Meeting. Please read the Management Information Circular carefully before you vote on the matters to be presented at the Meeting.

The Directors of the Company have fixed the close of business on July 17, 2020 as the record date (the "**Record Date**") for determining Shareholders entitled to receive notice of and to vote at the Meeting. Only Shareholders whose names have been entered into the register of the holders of Stillcanna Shares as at July 17, 2020, will be entitled to receive notice of and to vote at the Meeting in respect of such Stillcanna Shares.

Registered shareholders (i.e., persons recorded in the Company's share registers as being a holder of Stillcanna Shares ("**Registered Shareholders**") may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders electing to submit a proxy may do so by using one of the following methods:

- (a) by completing, dating and signing the enclosed form of proxy and returning it to the Company's transfer agent, National Securities Administrators Ltd. ("**National**"), by fax at 604-559-8908, by mail to 702 – 777 Hornby Street, Vancouver, BC, V6Z 1S4, or by hand delivery to 702 – 777 Hornby Street, Vancouver, BC, V6Z 1S4; or
- (b) by using the internet through the website of the Company's transfer agent at www.eproxy.ca. Registered shareholders must follow the instructions that are given by the website and refer to the enclosed proxy form for the holder's account number and the proxy access number;

and in all cases ensuring that the proxy is received before 5:00 pm (Pacific time) on August 24, 2020 or no less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof.

All non-registered Shareholders (i.e. persons whose Stillcanna Shares are held through a broker, investment dealer, bank, trust company, nominee or other intermediary) who receive these materials through a broker or other intermediary should complete and return the materials in accordance with the instructions provided to them by such broker or intermediary.

DATED at Vancouver, British Columbia, as of this 28th day of July, 2020.

(signed) "Jason Dussault"

By order of the Board of Directors
Jason Dussault
Chief Executive Officer



STILLCANNA INC.
503 - 905 W Pender St.
Vancouver, British Columbia V6C 1L6

**MANAGEMENT INFORMATION CIRCULAR
AS AT AND DATED JULY 28, 2020**
(unless otherwise noted)

GENERAL INFORMATION

Introduction

This Management Information Circular ("**Circular**") accompanies the Notice of the Special Meeting ("**Notice of Meeting**") of holders ("**Shareholders**") of common shares (the "**Stillcanna Shares**") of Stillcanna Inc. ("**Stillcanna**" or the "**Company**") scheduled to be held on August 27, 2020 (the "**Meeting**"), and is furnished in connection with a solicitation of proxies by management of the Company for use at that Meeting and at any adjournment or postponement thereof. No person has been authorized to give any information or make any representation in connection with the Transaction (as defined herein) or any other matters to be considered at the Meeting other than those contained in this Circular (or incorporated by reference herein) and, if given or made, any such information or representation must not be relied upon as having been authorized.

All summaries of, and references to, the acquisition of all of the issued and outstanding shares (the "**Transaction**" or the "**Acquisition**") of Sativa Group PLC ("**Sativa**") in this Circular are qualified in their entirety by reference to the complete text of that certain letter of intent dated April 17, 2020 between Stillcanna and Sativa (the "**Letter of Intent**") that certain bid conduct agreement dated June 2, 2020 among Stillcanna, Sativa and certain securityholders of Sativa (the "**Bid Conduct Agreement**") and that certain scheme of arrangement between Stillcanna, Sativa and certain securityholders of Sativa (the "**Scheme of Arrangement**" and collectively with the Letter of Intent and the Bid Conduct Agreement the "**Acquisition Agreements**") which are available under the Company's profile on SEDAR at www.sedar.com.

You are urged to carefully read the full text of the Letter of Intent, the Bid Conduct Agreement and the Scheme of Arrangement.

Information Contained in this Article

The information contained in this Circular is given as at July 28, 2020, except where otherwise noted, and information contained in documents incorporated by reference herein is given as of the dates noted in those documents.

Neither the delivery of this Circular nor any distribution of the securities referred to in this Circular will, under any circumstance, provide any assurance or create any implication that there has been no change in the information set forth herein since the date as of which such information is given in this Circular.

The information concerning Sativa herein has been provided by Sativa. Although Stillcanna has no knowledge that would indicate that any of such information is untrue or incomplete, Stillcanna assumes no responsibility for the accuracy or completeness of such information or the failure by Sativa to disclose events that may have occurred or may affect the completeness or accuracy of such information.

This Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Shareholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own professional advisors in considering the relevant legal, tax, financial or other matters contained in this Circular.

If you hold Stillcanna Shares through a broker, investment dealer, bank, trust company, nominee or other intermediary (collectively, an "**Intermediary**"), you should contact your Intermediary for instructions and assistance in voting at the Meeting.

Cautionary Notice Regarding Forward-Looking Statements

This Circular, including documents incorporated by reference herein, contains forward-looking statements and information (collectively referred to as "**forward-looking information**"). All statements other than statements of historical fact are forward-looking information. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "potential", and similar expressions are intended to identify forward-looking information. Forward-looking information presented in such statements or disclosures may, among other things, relate to:

- (i) the anticipated benefits from the Transaction (defined herein);
- (ii) the expected completion and implementation date of the Transaction;
- (iii) the expected Closing Date of the Transaction;
- (iv) the percentage of Stillcanna Shares held by both Sativa Shareholders and former Sativa Shareholders upon completion of the Transaction;
- (v) the listing of the Stillcanna Shares issuable pursuant to the Transaction on the CSE;
- (vi) certain combined operational and financial information;
- (vii) the nature of Stillcanna's operations following the Transaction;
- (viii) forecasts of capital expenditures, including general and administrative expenses, unallocated working capital and savings;

- (ix) expectations regarding the ability to raise capital;
- (x) fluctuations in currency exchange rates;
- (xi) Stillcanna's business focus and outlook following the Transaction;
- (xii) plans and objectives of management for future operations;
- (xiii) the effect of the issuance of stock options, MIP shares and value-capped options on Stillcanna's share capital;
- (xiv) the timing of and holding of the Meeting;
- (xv) anticipated operational and financial performance; and
- (xvi) the effect of the Transaction on Stillcanna's share capital.

Care should be taken when considering forward-looking information, which is inherently uncertain, is based on estimates and assumptions, and is subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking information will not occur. There can be no assurance that the plans, intentions or expectations upon which forward- looking information is based will in fact be realized. Actual results may differ, and the difference may be material and adverse to Stillcanna and/or Sativa. Forward-looking information is provided for the purpose of providing information about Stillcanna' and Sativa's management's current expectations and plans relating to the future. Reliance on such information may not be appropriate for other purposes, such as making investment decisions.

Various assumptions or factors are typically applied in drawing conclusions or making forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to Stillcanna and Sativa and while consideration has been given to list what the companies think are the most important factors, the list should not be considered exhaustive. In some instances, material assumptions and factors are presented or discussed elsewhere in this Circular in connection with the statements or disclosure containing the forward-looking information. The factors and assumptions include, but are not limited to:

- the approval of the Transaction by the regulatory authorities;
- the timing of and holding of the Meeting;
- the approval of the Acquisition Resolution (defined herein) by the Shareholders;
- the satisfaction or waiver of all conditions to the completion of the Transaction in accordance with the terms of the Acquisition Agreements;
- no material changes in the legislative and operating framework for the businesses of Stillcanna and Sativa, as applicable;
- stock market volatility and market valuations;

- no material adverse changes in the business of either or both of Stillcanna and Sativa;
- the effect of the issuance of the value-capped options, MIP shares, and stock options on the share capital of Stillcanna;
- the ability of Sativa to access capital subsequent to the Transaction; and
- no significant event occurring outside the ordinary course of business of Stillcanna or Sativa, as applicable, such as a natural disaster or other calamity

The forward-looking information in statements or disclosures in this Circular (including the documents incorporated by reference herein) is based (in whole or in part) upon factors which may cause actual results, performance or achievements of Stillcanna or Sativa, as applicable, to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Those factors are based on information currently available to Stillcanna and Sativa, as applicable, including information obtained from third-party industry analysts and other third party sources. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While Stillcanna and Sativa do not know what impact any of those differences may have, their business, results of operations, and financial condition may be materially adversely affected.

The reader is further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change or may impact asset values and net earnings as further information becomes available, and as the economic environment changes.

Readers should also consider the risk factors described under "*Risk Factors*" and other risks described elsewhere in this Circular and in the documents incorporated by reference herein, including "Forward-Looking Statements" in Stillcanna's and Sativa's Management's Discussion and Analyses. Additional information on these and other factors that could affect the operations or financial results of Stillcanna are included in documents on file with applicable Canadian Securities Administrators and may be accessed on Stillcanna' profile through SEDAR (www.sedar.com). Such documents, unless expressly incorporated by reference herein, and websites, although referenced, do not form part of this Circular.

The forward-looking information contained in this Circular (including the documents incorporated by reference herein) is made as of the date hereof and thereof and Stillcanna and Sativa undertake no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable Canadian Securities Laws.

Information for Beneficial Shareholders

Only those persons whose name appears on the register of Stillcanna as the owner of Stillcanna Shares ("Registered Holders") or duly appointed proxyholders are permitted to vote at the Meeting. Many shareholders are "non-registered" shareholders because the Stillcanna Shares they own are registered in the name of an Intermediary through which they hold the Stillcanna Shares. More particularly, a person is not a Registered Holder in respect of Stillcanna Shares which are held on behalf of that person (the "**Beneficial Shareholder**") but which are registered either:

- (i) in the name of an Intermediary that the Beneficial Shareholder deals with in respect of the Stillcanna Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered

retirement savings plans, registered retirement income funds, registered education savings plans and tax free savings accounts and similar plans); or

- (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. or Cede & Co) in which the Intermediary is a participant.

In Canada, the vast majority of such shares are registered under the name of CDS, which company acts as nominee for many Canadian brokerage firms. Stillcanna Shares held by Intermediaries can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Stillcanna Shares held for Beneficial Shareholders. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Stillcanna Shares are communicated to the appropriate person or that the Stillcanna Shares are duly registered in their name.**

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be followed carefully by Beneficial Shareholders in order to ensure that their Stillcanna Shares are voted at the Meeting. Often, the voting instruction form supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided to Registered Holders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**").

Broadridge typically mails its voting instruction form (a "**VIF**"), which may be scanned, in lieu of the form of proxy. The Beneficial Shareholders will be requested to complete and return the VIF to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can vote by telephone or via the internet at www.proxyvote.com. The various methods of voting will be provided by Broadridge on its VIF. Stillcanna may utilize the Broadridge QuickVoteM service to assist shareholders with voting their shares. A Beneficial Shareholder receiving a VIF from Broadridge cannot use that VIF to vote Stillcanna Shares directly at the Meeting as the VIF must be returned as directed by Broadridge in advance of the Meeting in order to have the Stillcanna Shares voted.

Conventions

Words importing the singular include the plural and *vice versa*.

In this Circular, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars and references to "dollars" or "\$" are to Canadian dollars, references to "US\$" are to United States dollars, references to "£", "sterling pound", "GBP", "pence", "p" or "sterling" are to the lawful currency of the United Kingdom and references to "€", "EUR" or "euros" are to the lawful currency of the European Union.

This Circular contains defined terms. For a list of certain defined terms used herein, see *Glossary of Terms* on the following page of the Circular.

GLOSSARY OF TERMS

In this Circular, including the Appendices attached hereto, the following terms shall have the respective meanings set out below, unless otherwise defined herein or unless there is something in the subject matter inconsistent therewith:

"**Acquisition Agreements**" has the meaning ascribed thereto in section *General Information – Introduction*;

"**Acquisition Resolution**" has the meaning ascribed thereto in Appendix B;

"**Acquisition Finders' Fee Agreement**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Additional Finders' Fee Agreements**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Additional Subscription Receipts**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Advisory Warrants**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Agency Agreement**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Allenby**" has the meaning ascribed thereto in Appendix C;

"**Amending Agreement**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Annual Financial Statements**" means the statement of financial position as at July 31, 2019, 2018 and 2017, of Stillcanna and the statements of comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended;

"**Annual MD&A**" means Stillcanna's MD&A for the year ended July 31, 2019 and 2018;

"**April 2019 Private Placement**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Auditors**" means Dale Matheson Carr-Hilton Labonte, a corporation having an office address of 1140 W Pender St. #1500-1700, Vancouver, BC V6E 4G1;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended, including the regulations promulgated thereunder;

"**Beneficial Holder**" or "**Beneficial Shareholder**" has the meaning ascribed thereto in section *General Information – Information for Beneficial Shareholders*;

"**Bid Conduct Agreement**" means that certain Bid Conduct Agreement dated June 2, 2020 among Stillcanna, Sativa Group PLC and the securityholders of Sativa Group PLC;

"**Bioscience**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**BLE**" has the meaning ascribed thereto in Appendix C;

"**Board**" means the board of directors of the Issuer;

"**Borganic**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Borganic SEA**" or the "**Borganic Acquisition**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Borganic Shareholders**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Break Fee Provisions**" has the meaning ascribed thereto in section *The Transaction Agreements*;

"**Broadridge**" has the meaning ascribed thereto in section *General Information – Information for Beneficial Shareholders*;

"**Broker Warrant Certificate**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**BtMG**" has the meaning ascribed thereto in Appendix C;

"**Business Day**" means a day on which banks are generally open for business in Vancouver (apart from Saturdays, Sundays and bank holidays);

"**BVL**" has the meaning ascribed thereto in Appendix C;

"**Canaccord**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**CBD**" means cannabidiol;

"**Circular**" means this management information circular as at and dated July 28, 2020;

"**Closing**" means the closing of the Transaction;

"**Closing Date**" means the date of Closing of the Transaction;

"**CML**" as the meaning ascribed thereto in Appendix C;

"**Common Shares**" means the common shares in the capital of the Issuer;

"**company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

"**Compensation Warrants**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Condition Precedent**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Conditions**" has the meaning ascribed thereto in section *The Transaction Agreements – The Scheme of Arrangement*;

"**Consideration Shares**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Court**" means the High Court of Justice in England and Wales;

"**Court Hearing**" means the hearing by the Court of the application to sanction the Scheme under Part 26 of the UK Companies Act;

"**Court Meeting**" means the meeting of the Scheme Shareholders to be convened by an order of the Court pursuant to section 896 of the UK Companies Act, to be held at The Blue Building, Stubbs Lane, Beckington, Frome, Somerset, BA11 6TE, United Kingdom on August 28, 2020 for the purpose of considering, and if thought fit, approving the Scheme (with or without amendment), including an adjournment, postponement or reconvention thereof;

"**Court Order**" means the order of the Court sanctioning the Scheme under section 899 of the UK Companies Act;

"**Credit Agreement**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**CREST**" means the relevant system (as defined in the CREST Regulations in respect of which Euroclear is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form;

"**CREST Regulations**" means the Uncertificated Securities Regulations 2001 (SI 2001.3755), as amended from time to time;

"**CSE**" or the "**Exchange**" means the Canadian Securities Exchange;

"**C&M Finders Fee Agreements**" has the meaning ascribed thereto in *Information Concerning Stillcanna*;

"**Dragonfly**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Dragonfly Dispute**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Dragonfly Litigation**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Dragonfly Crops**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Engagement Letter**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Escrow Agent**" means Computershare Trust Company of Canada, in its capacity as escrow agent for the Common Shares held in escrow under the Escrow Agreement to be entered into prior to Closing;

"**Escrow Agreement**" has the meaning ascribed to such term in Section 11 of this Listing Statement;

"**Escrow Release Conditions**" has the meaning ascribed to such term in Section 3.2 of this Listing Statement;

"**Euroclear**" means Euroclear UK & Ireland Limited;

"**Exchange Price**" has the meaning ascribed thereto in section *The Transaction Agreements*;

"**Exchange Ratio**" means 0.33507 Resulting Issuer Shares for each Scheme Share;

"**Finders Warrants**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**forward-looking information**" has the meaning ascribed thereto in section *General Information – Cautionary Notice Regarding Forward Looking Information*;

"**FSA**" has the meaning ascribed thereto in Appendix C;

"**FSA Guidance**" has the meaning ascribed thereto in Appendix C;

"**GBL**" as the meaning ascribed thereto in Appendix C;

"**GBL SPA**" has the meaning ascribed thereto in Appendix C;

"**GMP**" means good manufacturing practices;

"**Goodbody Wellness**" as the meaning ascribed thereto in Appendix C;

"**HACCP**" means the hazard analysis and critical control points system;

"**Holder**" means, in respect of Sativa Shares, a registered holder of such Sativa Shares (and "**Holder**" includes any person entitled by transmission);

"**Hurdle**" has the meaning ascribed thereto in section *The Transaction Agreements*;

"**Interim Financial Statements**" means the unaudited financial statements for the nine month period ended April 30, 2020 of the Issuer, and the statements of comprehensive loss, changes in shareholder's equity (deficiency), and cash flows for the period then ended;

"**Interim MD&A**" means the Issuer's MD&A for the nine month period ended April 30, 2020;

"**Intermediary**" has the meaning ascribed thereto in section *General Information – Information Contained in this Article*;

"**In-House Results**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Issue Price**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Issuer**" means Sativa Wellness Group Inc., as it exists following the Closing of the Transaction;

"**Lapsed Options**" has the meaning ascribed thereto in Appendix C;

"**Lead Agent**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Letter of Intent**" has the meaning ascribed thereto in section *General Information – Introduction*;

"**Listing Statement**" means the listing statement in relation to the Transaction, which will be posted under the Company's SEDAR profile at www.sedar.com;

"**Mackie**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Management Appointees**" has the meaning ascribed thereto in section *General Proxy Information*;

"**MD&A**" means management's discussion and analysis;

"**Meeting**" has the meaning ascribed thereto in section *General Information – Introduction*;

"**MIP**" has the meaning ascribed to such term in section *The Transaction Agreements – Value Capped Options and MIP Shares*;

"**MIP Shares**" means growth shares in the capital of Goodbody Botanicals, a wholly-owned subsidiary of Sativa, to be issued to Sativa Directors pursuant to the MIP;

"**National**" has the meaning ascribed thereto in section *General Proxy Information*;

"**Nexus Facility**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Notice of Meeting**" has the meaning ascribed thereto in section *General Information – Introduction*;

"**Novel Foods Regulation**" has the meaning ascribed thereto in Appendix C;

"**Offer**" means the recommended share for share exchange offer being made by Stillcanna to acquire the entire issued and to be issued ordinary share capital of Sativa to be implemented by means of the Scheme and, where the context admits, any subsequent revision, variation, extension or renewal thereof;

"**Offered Subscription Receipts**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Olimax NT**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Olimax NT SPA**" or "**Olimax NT Acquisition**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Olimax RC**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Olimax RC SPA I**" or "**Olimax RC Share Purchase**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Olimax RC SPA II**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Option Quantum**" has the meaning ascribed thereto in section *The Transaction Agreements*;

"**Options**" means stock options of the Issuer, including the Stillcanna Options, the Replacement Options, the Value Capped Options and the MIP Shares;

"**Origin Facility**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Panel**" means the Panel on Takeovers and Mergers of England and Wales;

"**PEI**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**PEI Shareholders' Agreement**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**person**" means a company or individual;

"**Placing Agreement**" has the meaning ascribed thereto in Appendix C;

"**Plan**" has the meaning ascribed to such term in Section 9 of this Listing Statement;

"**Product**" or "**Specification**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Proprietary Extraction Process**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Pro-Forma Financial Statements**" means the unaudited pro forma statement of financial position for the Issuer as at March 31, 2020 to give effect to the Transaction as if it had taken place as of March 31, 2020, which is attached as Schedule "A" of this Listing Statement;

"**PVL**" has the meaning ascribed thereto in Appendix C;

"**PVL SPA**" has the meaning ascribed thereto in Appendix C;

"**Registered Shareholders**" has the meaning ascribed thereto in section General Information – Information for Beneficial Shareholders;

"**Replacement Warrants**" means the common share purchase warrants of the Issuer issued pursuant to the Transaction;

"**Replacement Options**" has the stock options in the capital of the Issuer issued pursuant to the Transaction;

"**Sativa**" means Sativa Group plc, a public limited company incorporated in England and Wales, whose registered office is at The Blue Building Stubbs Lane, Beckington, Frome, Somerset, England;

"**Sativa Board**" means the board of directors of Sativa;

"**Sativa Germany**" has the meaning ascribed thereto in Appendix C;

"**Sativa Options**" means stock options of Sativa;

"**Sativa Shares**" means ordinary shares of 0.25 pence each in the capital of Sativa;

"**Sativa Subsidiaries**" has the meaning ascribed thereto in Appendix C;

"**Sativa Warrants**" means common share purchase warrants in the capital stock of Sativa;

"**Scheme of Arrangement**" or "**Scheme**" means that certain scheme of arrangement under Part 26 of the UK Companies Act between Sativa and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Sativa and Stillcanna;

"**Scheme Effective Date**" means the date on which the Scheme of Arrangement becomes effective in accordance with the terms;

"**Scheme Record Time**" means 6.00pm (London time) on the day two Business Days before the Scheme Effective Date;

"**Scheme Shareholders**" means Holders of Scheme Shares;

"**Scheme Shares**" means the Sativa Shares:

- (i) in issue at the date of the Scheme of Arrangement and which remain in issue at the Scheme Record Time;
- (ii) (if any) issued after the date of this document and before the Voting Record Time and which remain in issue at the Scheme Record Time; and
- (iii) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time on terms that the holder thereof shall be bound by the Scheme or in respect of which the original or any subsequent holders thereof are, or have agreed in writing to be, bound by the Scheme and, in each case, which remain in issue at the Scheme Record Time;

excluding, in each case, any Sativa Shares held by or on behalf of Stillcanna or the Stillcanna Group at the Scheme Record Time.

"**SC&E**" has the meaning ascribed thereto in Appendix C;

"**Securities Act**" means the *Securities Act* (British Columbia), as amended;

"**SEDAR**" means System for Electronic Document Analysis and Retrieval;

"**Sequoia**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Shareholders**" has the meaning ascribed thereto in section *General Information – Introduction*;

"**Special Meeting**" means the meeting of the shareholders of Stillcanna on August 27, 2020, for the purpose of considering, and if thought fit, approving the Transaction (with or without amendment), including an adjournment, postponement or reconvention thereof;

"**Stillcanna**" or the "**Company**" means Stillcanna Inc., a company incorporated in Canada with a registered address at 503-905 West Pender Street, Vancouver, BC, V6C 1L6, Canada, including all of its parents and subsidiaries;

"**Stillcanna Options**" means options in Stillcanna;

"**Stillcanna Shares**" means the common shares in the capital stock of Stillcanna Inc., as it existed prior to the Closing of the Transaction;

"**Stillcanna Warrants**" means the common share purchase warrants of Stillcanna;

"**Stillcanna Subsidiaries**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Subscription Receipt Agreement**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Tessellate**" has the meaning ascribed thereto in Appendix C;

"**THC**" means Tetrahydrocannabinol;

"**Transaction**" or the "**Acquisition**" means the acquisition by Stillcanna of the entire issued and to be issued share capital of Sativa, to be effected by the Scheme as described in the Scheme of Arrangement;

"**Transaction Agreements**" means that certain Letter of Intent, that certain Bid Conduct Agreement, and that certain Scheme of Arrangement;

"**Transfer Agent**" means the Issuer's transfer agent, Computershare Trust Company of Canada, 510 Burrard Street, Vancouver, BC, V6C 3B9;

"**Value Capped Options**" means the value capped options to be issued to certain Sativa Directors pursuant to the MIP;

"**UK Companies Act**" means the Companies Act 2006 of the United Kingdom, as amended from time to time;

"**Unit**" or "**Units**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*, as the context requires;

"**Vendors**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Vesting Date**" has the meaning ascribed thereto in section *The Transaction Agreements*;

"**Voting Record Time**" means 6.00pm on the day two days prior to the date of the Court Meeting or any adjournment thereof (as the case may be), in each case excluding any day that is not a Business Day;

"**Warrant Indenture**" has the meaning ascribed thereto in section *Information Concerning Stillcanna*;

"**Warrants**" means common share purchase warrants of the Issuer.

"**£**", "**sterling pound**", "**GBP**", "**pence**", "**p**" or "**sterling**" means the lawful currency of the United Kingdom, from time to time;

"**€**", "**EUR**" or "**euros**" means the lawful currency of the European Union, from time to time; and

"\$", "CAD", "cents" or "dollar" means the lawful currency of Canada, from time to time.

THE TRANSACTION

Acquisition

On June 3, 2020, the boards of directors of each of Stillcanna and Sativa announced that they had reached agreement on the terms of a recommended share for share exchange offer for the entire issued share capital of Sativa by Stillcanna. It is intended that the Acquisition will be implemented by way of a Court-sanctioned Scheme of Arrangement between Sativa and Scheme Shareholders pursuant to Part 26 of the UK Companies Act.

Under the terms of the Acquisition, which is subject to, among other things, the Conditions, Scheme Shareholders whose names appear on the register of members of Sativa at the Scheme Record Time will be entitled to receive 0.33507 Stillcanna Shares for each Sativa Share. This Exchange Ratio attributes an implied value for the entire existing issued share capital of Sativa of approximately £10,662,680 (based on the closing price of CAD 0.095 per Stillcanna Share on April 21 2020, being the last Business Day in Toronto prior to the Possible Offer Announcement Date and using an exchange rate of \$0.5885/£1).

It is the opinion of the Stillcanna Board that the transaction represents a truly unique opportunity to create a leading European CBD seed to consumer business, through the combination of two companies delivering good synergy with minimal overlap. Following the successful completion of the Acquisition, Stillcanna Shareholders will hold approximately 35% of the issued and outstanding share capital of the Company, including all option and warrant instruments outstanding on a fully diluted basis.

The purpose of the Scheme is to provide for Stillcanna to become the owner of the entire issued and to be issued ordinary share capital of Sativa. This is to be achieved by the transfer by Scheme Shareholders of all of the Scheme Shares to Stillcanna, in consideration for which, Scheme Shareholders will receive the Stillcanna Shares on the basis of the Exchange Ratio. The transfer to Stillcanna of the Scheme Shares will result in Sativa becoming a wholly-owned subsidiary of Stillcanna.

Conditions to the Scheme

Implementation of the Scheme is subject to, amongst other things, the approval of the Scheme by a majority in number of the Scheme Shareholders present and voting by proxy at the Court Meeting, representing not less than 75 percent. in value of the Scheme Shares held by such Scheme Shareholders, passing of the special resolution necessary to implement the Scheme at the Court Meeting, the sanction of the Scheme by the Court, Stillcanna obtaining the approval of a majority of Stillcanna Shareholders at the Meeting and Stillcanna having taken all necessary actions so that the New Stillcanna Shares begin trading, and the existing Stillcanna Shares resume trading, on the CSE, OTC Pink and the FSE by not later than 14 days after the Effective Date. It is expected that the Scheme will become Effective on September 1 2020, subject to the Conditions and certain further terms. This date is indicative only and will depend, among other things, on the date upon which the Court sanctions the Scheme.

The Scheme can only become Effective in accordance with its terms if all the Conditions have been satisfied or, where relevant, waived. Subject to satisfaction (or, where applicable, waiver) of the Conditions, the Scheme is expected to become Effective in accordance with its terms by the Longstop Date or such later date (if any) as Stillcanna or Sativa may agree, and (if required) the Panel and the Court may allow.

The Court Meeting and the General Meeting will be held at 11.00 a.m. and 11.15 a.m. respectively on August 17, 2020 at The Blue Building, Stubbs Lane, Beckington, Frome, Somerset, BA11 6TE, United

Kingdom. The Scheme must also be sanctioned by the Court at the Court Hearing. All Scheme Shareholders are entitled to virtually attend the Court Hearing in person or by proxy, with voting only being permitted by proxy. Once the Scheme becomes Effective, it will be binding on all Scheme Shareholders, whether or not they voted in favour of the Scheme and related issues at the Court Meeting and at the General Meeting.

Under the terms of the Scheme, the Sativa Shares being acquired will be fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever (except for any arising by operation of law) and together with all rights attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the Effective Date.

If, after the Announcement Date but prior to the Effective Date, any dividend or other distribution is declared, paid or made or payable by Sativa, Stillcanna will have the right to reduce the consideration payable under the Offer in respect of a Scheme Share by making an adjustment to the Exchange Ratio so as to reduce the implied value under the terms of the Acquisition by an amount up to the amount of such dividend or distribution. To the extent that such a dividend or distribution has been declared, paid, made or is payable or will be: (i) transferred pursuant to the Acquisition on a basis which entitles Stillcanna to receive the dividend or distribution and to retain it; or (ii) cancelled, the Exchange Ratio will not be subject to any such change. Any exercise by Stillcanna of its rights referred to in this paragraph will be the subject of an announcement and, for the avoidance of doubt, will not be regarded as constituting any revision or variation of the Acquisition.

Fractional entitlements to Stillcanna Shares for each Scheme Shareholder will be rounded up to the nearest integral number.

Shareholder Approval

The Acquisition constitutes a material change of business for Stillcanna pursuant to policy 8 of the CSE. Accordingly, Stillcanna Shares were halted from trading on the CSE with effect from 8.42 a.m. PST on April 17, 2020 pending completion of the Acquisition. As a consequence of the trading halt on the CSE, the OTC Pink and the FSE also halted trading in the Stillcanna Shares on April 17, 2020 pending completion of the Acquisition. As a consequence of these halts, the AQSE also suspended trading in the Sativa Shares on April 22, 2020 pending a firm intention to make an offer pursuant to Rule 2.7 of the Takeover Code with trading resuming on June 4, 2020. Upon completion of the Acquisition, Stillcanna intends resume trading under the name "Sativa Wellness Group Inc." and ticker "SATI". As the Acquisition constitutes a fundamental change of the Stillcanna business, Stillcanna is expected to publish a Listing Statement in respect of the Acquisition (subject to CSE approval), which is expected to be available on SEDAR (www.sedar.com), under Stillcanna's existing issuer profile. Completion of the Acquisition will be subject, inter alia, to Stillcanna obtaining the approval of the CSE, as well as the approval of a majority of Shareholders at the Meeting. In connection with the resolutions proposed to be put to Stillcanna Shareholders at the Stillcanna Shareholder Meeting, the Company has obtained undertakings to vote in favour of the Acquisition from certain Stillcanna Shareholders in respect of the 35,820,212 Stillcanna Shares and representing approximately 32.3 per cent. of Stillcanna's existing issued and outstanding share capital.

The policies of the CSE require that a "fundamental change" must be approved by the Shareholders prior to completion of the Transaction in order to qualify the Resulting Company Shares for Listing. Accordingly, at the Meeting, Shareholders will be asked to consider the Acquisition Resolution to approve the Acquisition.

To be effective, the Acquisition Resolution must be approved by at least 50% of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat.

Effective Date of the Acquisition

If the Acquisition Resolution is passed, and all other conditions disclosed under *The Scheme of Arrangement — Conditions to Closing the Transaction and Required Approvals* herein are satisfied or waived, the Transaction will become effective on a date determined by Sativa and Stillcanna. Stillcanna and Sativa currently expect that the Transaction will be completed in the third quarter of 2020.

Recommendation of the Stillcanna Board

After careful considerations, the Stillcanna Board has unanimously determined that the Transaction is fair to the Shareholders, and is in the best interests of Stillcanna. The Stillcanna Board unanimously recommends that Shareholders vote **FOR** the Acquisition Resolution.

Reasons for the Transaction and Recommendations

In making its determination and recommendations, the Stillcanna Board consulted with Stillcanna's management and legal counsel and considered the Transaction with reference to the general industry, economic and market conditions as well as the financial condition of Stillcanna, its prospects, strategic alternatives, competitive position and the risks related to Stillcanna's ongoing financing requirements. The following includes forward-looking information and readers are cautioned that actual results may vary.

The Stillcanna Board has considered and relied upon a number of substantive factors, including among others:

- *Alternative Option.* The Stillcanna Board considered a number of alternatives to maximize the value of Stillcanna Shares, and the Transaction represents the best alternative among the opportunities available to improve the ability of Stillcanna to increase shareholder value. The Transaction is anticipated to enhance value for Shareholders through ownership in a company with growth potential;
- *Stronger Financial Position.* The Company is expected to have a stronger financial position and greater resources than Stillcanna alone;
- *Strong Management Ability and Skills.* The Company will have an experienced management team with strong knowledge of the cannabis industry;
- *Negotiated Transaction.* The Acquisition Agreements were the result of a comprehensive negotiation process with respect to the key elements of the Acquisition Agreement, which includes terms and conditions that are reasonable in the judgment of the Stillcanna Board; and
- *Shareholder Approval.* The Acquisition Resolution must be approved by a majority shareholder approval required pursuant to the policies of the CSE. See *The Transaction - Shareholder Approval*.

The Stillcanna Board also considers a variety of risks and other potentially negative factors.

In making its determination and recommendations, the Stillcanna Board, in consultation with Stillcanna's management and advisors, considered a number of potential issues regarding and risks (as described in greater detail under the heading *Risk Factors*) relating to the Transaction, including:

1. the risks to the Company and the Shareholders if the Transaction is not completed, including the costs to the Company of pursuing the Transaction and the diversion of the Company's management from the conduct of the Company's business in the ordinary course;
2. Stillcanna may not have been able to verify the reliability of all information regarding Sativa included in this Circular and information not known to Stillcanna may result in unanticipated liabilities or expenses, or adversely affect the operation plans of the Company and its results of operations and financial condition;
3. Stillcanna and Sativa may fail to realize the anticipated benefits of the Transaction;
4. the dilution effect on the interest of the Shareholders;
5. the conditions to Sativa's obligations to complete the Transaction; and
6. the right of Sativa to terminate the Transaction under certain circumstances.

The Stillcanna Board's reasons for recommending the approval of the Acquisition Resolution include certain assumptions relating to forward-looking information, and such information and assumptions, are subject to various risks. The Stillcanna Board believes that, overall, the anticipated benefits of the Transaction to Stillcanna outweigh these risks and negative factors. See *Cautionary Notice Regarding Forward-Looking Statements* and *Risk Factors* in this Circular.

The foregoing summary of information and factors considered by the Stillcanna Board is not intended to be exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the Transaction, the Stillcanna Board did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its determination and recommendation. The Stillcanna Board's recommendations were made after considering all of the above-noted factors and in light of its knowledge of the business, financial condition and prospects of Stillcanna, and was also based on the advice of advisors. Individual directors may have assigned or given different weights to different factors. **The Stillcanna Board was, however, unanimous in its determination that the Transaction is in the best interests of Stillcanna and the Shareholders and in its recommendation that Shareholders vote IN FAVOUR OF the Acquisition Resolution.**

THE TRANSACTION AGREEMENTS

The Letter of Intent

On April 17, 2020, Sativa and Stillcanna entered into the Letter of Intent in relation to the Transaction pursuant to which Stillcanna expressed its intention to pursue a potential transaction resulting in its acquisition of the Sativa Shares. Pursuant to the Letter of Intent, Stillcanna undertook to operate within its projected monthly burn rate and to not amend the terms of its employment contracts with its executive directors. The proposed Transaction is only terminable by Stillcanna in specific circumstances, including

where there is a material adverse change applicable to Stillcanna or Sativa, or with the mutual consent of both parties. If Stillcanna does not complete the proposed Transaction, in certain circumstances, it will be required to pay Sativa a break fee equal to the greater of £1,000,000, or if Stillcanna enters into an alternative transaction, 25% of the value paid by Stillcanna for the Stillcanna securities or assets (as the case may be) in such alternative transaction (collectively, the "**Break Fee Provisions**"). Appended to the Letter of Intent is a confidentiality and exclusivity deed. From the signing of the Letter of Intent, each of Stillcanna and Sativa agreed to allow the other to have access to all relevant information in order to carry out due diligence in connection with the Transaction. Each of Sativa and Stillcanna have undertaken to keep confidential information relating to the other party and not to disclose it to third parties (other than permitted persons) unless required by law or regulation. These confidentiality obligations will remain in force for a period of 24 calendar months. The Letter of Intent is governed by Canadian law.

The Bid Conduct Agreement

On June 2, 2020, Sativa and Stillcanna entered into the Bid Conduct Agreement in connection with the Transaction. Among other things, Stillcanna and Sativa agreed to:

- (i) provide each other with such information as necessary for Sativa to prepare the Scheme Document;
- (ii) implement certain proposals with respect to the Sativa Options and Sativa Warrants; and
- (iii) co-operate with each other and to provide such information as may be necessary to obtain any required regulatory clearances.

The Bid Conduct Agreement records the intention of Sativa and Stillcanna to implement the Transaction by way of the Scheme, subject to the ability of Stillcanna to proceed by way of a Takeover Offer in certain circumstances and the consent of the Panel. It also contains customary termination provisions which permit Sativa to terminate the Bid Conduct Agreement in certain circumstances, such as where the Sativa Directors withdraw or adversely modify their recommendation of the Transaction.

Furthermore, the Break Fee Provisions provided for in the Letter of Intent are repeated in the Bid Conduct Agreement. The Bid Conduct Agreement is governed by the laws of England and Wales.

The Scheme of Arrangement

The Scheme is an arrangement made between Sativa and the Scheme Shareholders under section 895 of the UK Companies Act subject to the approval of the Court, which involves an application by Sativa to the Court to sanction the Scheme. The purpose of the Scheme is to provide for Stillcanna to become the owner of the entire issued and to be issued ordinary share capital of Sativa. This is to be achieved by the transfer by Scheme Shareholders of all of the Scheme Shares to Stillcanna, in consideration for which, Scheme Shareholders will receive Common Shares on the basis of 0.33507 Common Shares for each Scheme Share. The transfer to Stillcanna of the Scheme Shares will result in Sativa becoming a wholly-owned subsidiary of Stillcanna.

To become Effective, the Scheme requires, among other things:

- the approval of a majority in number of Scheme Shareholders present and voting by proxy at the Court Meeting, representing not less than 75 percent in value of the Scheme Shares held by such Scheme Shareholders;

- the passing by the Sativa Shareholders of the special resolution necessary to implement the Scheme at the Sativa General Meeting;
- the sanction of the Court and delivery of the Court Order to the Registrar of Companies;
- Stillcanna obtaining the approval of the CSE, as well as the approval of a majority of Stillcanna Shareholders at the Special Meeting; and
- Stillcanna having taken all necessary actions so that the Common Shares begin trading, and the existing Common Shares resume trading, on the CSE, OTC Pink and FSE by not later than 14 days after the Closing of the Transaction.

(collectively, the "**Conditions**")

The Scheme will become effective following satisfaction or, where relevant, waiver, of the Conditions listed in the Scheme of Arrangement prior to the longstop date or such later date (if any) as Stillcanna and Sativa may agree, and if the Panel and the Court may allow. The procedure for implementing the Scheme involves an application by Sativa to the Court to call the court meeting to approve the Scheme and, upon the receipt of the requisite approval, an application to the Court to sanction the Scheme and thereby transfer all of the Scheme Shares to Stillcanna, in consideration for which Scheme Shareholders will receive Common Shares.

The Scheme is currently expected to become Effective on September 1, 2020 and, in any event not later than September 30, 2020 (or such later date (if any) as Sativa and Stillcanna may agree, and (if required) the Panel and the Court may allow).

Fractional entitlements to Common Shares for each Scheme Shareholder will be rounded up to the nearest integral number. The Scheme is governed by English law and is subject to the exclusive jurisdiction of the Courts of England and Wales. The rules of the Takeover Code apply to the Scheme.

Treatment of Sativa Options and Sativa Warrants

In connection with the Scheme, Stillcanna proposes to offer the holders of Sativa Options and Sativa Warrants the opportunity to exchange their interests for Stillcanna Options and Stillcanna Warrants or, in the case of the MIP Shares to vary the terms applicable to those MIP Shares such that they can be "put" to Stillcanna, rather than Sativa. To the extent that any such exchange offer is not accepted, Sativa Options and Sativa Warrants that are not exercised or exchanged will lapse to the extent unexercised, in due course, in accordance with their terms, following the Effective Date. The number of Replacement Options and Replacement Warrants to be issued shall be determined in line with the Exchange Ratio and shall be subject to the same vesting terms and conditions as the existing Sativa Options and Sativa Warrants.

Value Capped Options and MIP Shares

Immediately following the announcement of the Transaction, Sativa implemented a new management incentive plan ("**MIP**") to replace certain of the existing Sativa Options held by the Sativa Directors. Pursuant to the MIP, the Sativa Directors will be entitled to exchange their Sativa Options for an equivalent award consisting of Value Capped Options and MIP Shares. Such Sativa Options, which currently subsist over a specific number of Sativa Shares (the "**Option Quantum**"), will be exchanged for MIP Shares and/or Value Capped Options which relate up to the same Option Quantum. The MIP Shares

and the Value Capped Options will, together, deliver the same gross value to the holders of the Sativa Options. Both the MIP Shares and the Value Capped Options were granted with reference to a hurdle set at or above the market value for tax purposes of a Sativa Share at the time the MIP Shares and Value Capped Options are issued (the "**Hurdle**"). The MIP Shares will be a new class of shares in the capital of Goodbody Botanicals, a wholly owned subsidiary of Sativa (save for the MIP Shares). Subject to a certain conditions, the MIP Shares can in the future be sold to Sativa pursuant to the provisions of the articles of association of Goodbody Botanicals and the individual's subscription documentation for an aggregate value equivalent to the value of the Sativa Shares at the relevant time, less the Hurdle, multiplied by the Option Quantum (the "**Exchange Price**").

The MIP Shares are not entitled to receive a dividend and have no voting rights. The holders of MIP Shares will be entitled to sell all of their MIP Shares to Sativa for the Exchange Price at a specified date which will be no earlier than the date on which such participant was entitled to exercise their Sativa Options foregone in exchange for the MIP Shares (the "**Vesting Date**"). Sativa may, at its discretion, purchase the MIP Shares for cash or by issuing Sativa Shares, in either case with a value equal to the Exchange Price.

The Value Capped Options will be options granted over such number of New Sativa Shares as equates to the Option Quantum and will have an aggregate exercise price equal to the aggregate exercise price of the Options foregone. The Value Capped Options may be exercised on or after the Vesting Date, with the number of Sativa Shares which may be acquired on exercise being restricted to such number as is equal to the sum of the Hurdle and MIP Share subscription price, multiplied by the Option Quantum, divided by the share price of a Sativa Share at the time of exercise.

The number of Sativa Shares which may be issued pursuant to the exchange of the MIP Shares and the exercise of the Value Capped Options will never exceed the number of Sativa Shares subject to the Sativa Options foregone in exchange for the MIP Shares and Value Capped Options. As the MIP was implemented prior to the Scheme, Stillcanna is proposing to offer the holders of Value Capped Options the ability to exchange these for equivalent Value Capped Options in Stillcanna, with the number of options in question being determined by reference to the Exchange Ratio. Similarly, the terms of the MIP Shares will be altered such that it will be Stillcanna, rather than Sativa, that the holder of the MIP Shares can "put" them to, with the Exchange Price being determined by reference to the Exchange Ratio.

SECURITIES LAWS CONSIDERATIONS

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal or business advice to any particular Shareholder. This summary does not include any information regarding securities law considerations for jurisdictions other than Canada. Shareholders are urged to obtain independent advice in respect of the consequences to them of the Transaction having regard to their particular circumstances.

The following is a brief summary of the Canadian Securities Laws considerations applicable to the Transaction and the transactions contemplated thereby.

Canadian Securities Laws

Stillcanna is a reporting Company in British Columbia, Alberta and Ontario. Stillcanna Shares currently trade on the CSE.

The Stillcanna Shares to be issued in exchange for Sativa Shares pursuant to the Transaction will be

issued in reliance upon exemptions from the prospectus requirements of securities legislation in each province and territory of Canada. Subject to certain disclosure and regulatory requirements and to customary restrictions applicable to distributions of shares that constitute "control distributions", Stillcanna Shares issued pursuant to the Transaction will be freely tradeable and may be resold in each province and territory in Canada.

INTERESTS OF DIRECTORS AND EXECUTIVE OFFICERS OF STILLCANNA IN THE TRANSACTION

Other than as disclosed herein and in the Stillcanna MD&A for the last financial year, there is no material interests, direct or indirect, of current directors, executive officers any persons nominated for election as directors, or any Shareholders who beneficially owns, directly or indirectly, more than 10% of the outstanding Stillcanna Shares, or any known associates or affiliates of such persons, in any transaction within the last financial year or in any proposed transaction which has materially affected or would materially affect Stillcanna.

RISK FACTORS

Completion of the Transaction is subject to certain risks. In addition to the risk factors described in each of the Stillcanna MD&A, which is specifically incorporated by reference into this Circular and the risk factors described in Appendix C, the following are additional and supplemental risk factors which Shareholders should carefully consider before making a decision to approve the Acquisition Resolution. Readers are cautioned that such risk factors are not exhaustive.

Stillcanna and Sativa may not satisfy all regulatory requirements or obtain the necessary approvals for completion of the Transaction on satisfactory terms or at all.

Completion of the Transaction is subject to the satisfaction of certain regulatory requirements and the receipt of all necessary regulatory approvals, the Shareholder approval of the Acquisition Resolution and the approval of the CSE. There can be no certainty, nor can either party provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a Material Adverse Effect on the business and affairs of Sativa, or the trading price of Stillcanna Shares, after completion of the Transaction. Moreover, if any or all of the Acquisition Agreements are terminated, there is no assurance that the Stillcanna Board will be able to find another transaction to pursue.

The market price for Stillcanna Shares may decline

If the Acquisition Resolution is not approved by the Shareholders, the market price of the Stillcanna Shares may decline to the extent that the current market price of the Stillcanna Shares reflects a market assumption that the Transaction will be completed. If the Acquisition Resolution is not approved by the Shareholders, and the Stillcanna Board decides to seek another business combination, there can be no assurance that Stillcanna will be able to find a transaction as attractive to Stillcanna as the Transaction.

Sativa and Stillcanna expect to incur significant costs associated with the Transaction

Sativa and Stillcanna will collectively incur significant direct transaction costs in connection with the Transaction. Actual direct transaction costs incurred in connection with the Transaction may be higher than expected. In addition, certain of Sativa's and Stillcanna's costs related to the Transaction, including legal, financial advisory services, accounting, printing and mailing costs, must be paid even if the

Transaction is not completed.

If the Transaction is not completed, Stillcanna's future business and operations could be harmed

If the Transaction is not completed, Stillcanna may be subject to a number of additional material risks, including the following:

- Stillcanna may have lost other opportunities that would have otherwise been available had the Acquisition Agreements not been executed, including, without limitation, opportunities not pursued as a result of affirmative and negative covenants made by it in the Acquisition Agreements, such as covenants affecting the conduct of its business outside the ordinary course of business; and
- Stillcanna may be unable to obtain additional sources of financing or conclude another sale, merger or amalgamation on as favourable terms as the Transaction, in a timely manner, or at all.

Stillcanna has not verified the information regarding Sativa included in, or which may have been omitted from, this Circular.

All historical information regarding Sativa contained in this Circular, including all Sativa financial information, has been provided by Sativa. Although Stillcanna has no reason to doubt the accuracy or completeness of such information, any inaccuracy or material omission in the information about or relating to Sativa contained in this Circular could result in unanticipated liabilities or expenses, increase the cost of integrating the companies or adversely affect the operational plans of Sativa and its results of operations and financial condition.

GENERAL PROXY INFORMATION

Solicitation of Proxies

Solicitations will be made by mail and possibly supplemented by telephone, electronic means or other personal contact to be made without special compensation by directors, officers and employees of the Company. The Company may reimburse shareholders' nominees or agents for the cost incurred in obtaining from their principal's authorization to execute forms of proxy.

No person has been authorized to give any information or to make any representation other than as contained in this Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Circular shall not create, under any circumstances, any implication that there has been no change in the Information set forth herein since the date of this Circular. This Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

Record Date

The directors of Stillcanna have fixed July 17, 2020 as the Record Date for the determination of Shareholders entitled to receive notice of the Meeting Shareholders of record on that date are entitled to vote at the Meeting.

Appointment of Proxyholder

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Those shareholders so desiring may be represented by proxy at the Meeting. The persons named in the form of proxy accompanying this Circular are directors and/or officers of the Company ("Management Appointees"). **A Shareholder has the right to appoint a person or company (who need not be a shareholder) to attend and act on the Shareholder's behalf at the Meeting other than the Management Appointees.** To exercise this right, the Shareholder must either insert the name of the desired person in the blank space provided in the form of proxy accompanying this Circular and strike out the names of the Management Appointees or submit another proper form of proxy.

Voting by Proxyholder

The Management Appointees named in the proxy will vote or withhold from voting the Stillcanna Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Stillcanna Shares will be voted accordingly. The proxy confers discretionary authority on the Management Appointees named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified,
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting

In respect of a matter for which a choice is not specified in the proxy, the Management Appointee acting as a proxyholder will vote in favour of each matter identified on the proxy, including FOR the approval of the Acquisition Resolution as described in this Circular.

Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders electing to submit a proxy may do so by using one of the following methods:

- (a) by completing, dating and signing the enclosed form of proxy and returning it to the Company's transfer agent, National Securities Administrators Ltd. ("**National**"), by fax at 604-559-8908, by mail to 702 – 777 Hornby Street, Vancouver, BC, V6Z 1S4, or by hand delivery to 702 – 777 Hornby Street, Vancouver, BC, V6Z 1S4; or
- (b) by using the internet through the website of the Company's transfer agent at www.eproxy.ca. Registered shareholders must follow the instructions that are given by the website and refer to the enclosed proxy form for the holder's account number and the proxy access number;

and in all cases ensuring that the proxy is received before 5:00 pm (Pacific time) on August 24, 2020 or no less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof. Notwithstanding the foregoing, the Chair of the Meeting has the discretion to accept proxies received after such deadline

Non-Registered (Beneficial) Shareholders

Only Registered Shareholders whose names appear on the records of the Company or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are not registered shareholders because the shares they own are not registered in their names. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (a "**Beneficial Holder**") but which are registered either (a) in the name of an intermediary (an "**Intermediary**") that the Beneficial Holder deals with in respect of the shares including, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans; or (b) in the name of a clearing agency such as CDS of which the Intermediary is a participant. In accordance with securities regulatory policy, the Company has distributed copies of the Notice of Meeting, this Circular and the form of proxy accompanying this Circular (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries.

Current securities regulatory policy requires Intermediaries to forward the Meeting Materials to, and to seek voting instructions from, Beneficial Holders unless a Beneficial Holder has waived the right to receive them. Intermediaries will often use service companies to forward the Meeting Materials to Beneficial Holders. Generally, Beneficial Holders who have not waived the right to receive Meeting Materials will either:

- (a) Be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Beneficial Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Beneficial Holder when submitting the proxy. In this case, the Beneficial Holder who wishes to submit a proxy should otherwise properly complete this form of proxy and **submit it to the Company, c/o National Securities Administrators Ltd., 702 – 777 Hornby Street, Vancouver, BC, V6Z 1S4;** or
- (b) more typically, be given a voting instruction or proxy authorization form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Beneficial Holder and **returned to the Intermediary or its service company**, (such as Broadridge Financial Solutions Inc.), will constitute voting instructions (often called a "proxy authorization form") which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for this proxy form to validly constitute a proxy authorization form, the Beneficial Holder must remove the label from the instructions and affix it to the proxy form, properly complete and sign the proxy form and return it to the Intermediary or its service company, or otherwise communicate voting instructions to the Intermediary or its service company (by way of telephone or the Internet, for example) in accordance with the instructions of the Intermediary or its service company. **A Beneficial Holder cannot use a proxy authorization form to vote shares directly at the Meeting.**

In either case, the purpose of this procedure is to permit Beneficial Holders to direct the voting of the Stillcanna Shares which they beneficially own.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Stillcanna Shares registered in the name of its Intermediary, he or she may attend the Meeting as a proxyholder for the Registered Holder and vote his or her Stillcanna Shares in that capacity. Should a Beneficial Shareholder wish to vote at the Meeting in person, it should enter its own name in the blank space on the form of proxy or voting information form provided to the Beneficial Shareholder and return the document to its Intermediary (or the agent of such Intermediary) in accordance with the instructions provided by such Intermediary or agent well in advance of the Meeting.

Beneficial Shareholders should carefully follow the voting instructions they receive, including those on how and when voting instructions are to be provided, in order to have their shares voted at the Meeting.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Registered Shareholder or the Registered Shareholder's attorney authorized in writing, or if the Registered Shareholder is a corporation, by a duly authorized officer or attorney thereof, and deposited either at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, or, as to any matter in respect of which a vote shall not already have been cast pursuant to such proxy, with the Chairman of the Meeting on the day of the Meeting, or any adjournment or postponement thereof, and upon either of such deposits the proxy is revoked.

Only Registered Shareholders have the right to revoke a proxy. Beneficial Holders who wish to change their vote must arrange for their Intermediaries to revoke the proxy on their behalf.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value. As at July 14, 2020, there were 110,874,727 Stillcanna Shares issued and outstanding without par value that are entitled to be voted at the Meeting. The directors have determined that all Shareholders of record as of July 17, 2020 will be entitled to receive notice of and to vote at the Meeting.

At the Meeting, on a show of hands, every Registered Shareholder present in person and entitled to vote and every proxyholder duly appointed by a Registered Shareholder who would have been entitled to vote shall have one vote and, on a poll, every Registered Shareholder present in person or represented by proxy or other proper authority and entitled to vote shall have one vote for each Stillcanna Share of which such shareholder is the registered holder. Shares represented by proxy will only be voted as to the number of Stillcanna Shares represented if a poll or ballot is called for. A poll or ballot may be requested by a Registered Shareholder or proxyholder present and entitled to vote at the Meeting.

To the knowledge of the directors and executive officers of the Company, as at the date of this Circular, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the outstanding voting rights of the Company.

INFORMATION CONCERNING STILLCANNA

Stillcanna was incorporated under the BCBCA on February 14, 2011 as "Symbio Capital Corp.". On April 30, 2012, the Company completed its initial public offering and was listed on the TSX-V as a capital pool company. On August 6, 2014 the Company completed a qualifying transaction, as defined in

TSX-V Policy 2.4, and changed its name from "Symbio Capital Corp." to "Blackeagle Development Corp.". During the year ended July 31, 2016, the Company de-listed from the TSX-V, re-listed on the CSE, and changed its name from "Blackeagle Development Corp." to "EVI Global Group Developments Corp.". On March 19, 2019, the Company transitioned from a mining Company to a life sciences Company and changed its name to "Stillcanna Inc."

Stillcanna has the following subsidiaries:

Name of Subsidiary	Jurisdiction of Incorporation	Shareholders and Interest held
Olimax NT Sp. Z.O.O.	Poland	Stillcanna Inc. (100%)
Olimax Reality Co.	Poland	Stillcanna Inc. (100%)
Borganic Consulting Inc.	British Columbia	Stillcanna Inc. (100%)
Premium Extractions Inc.	Bulgaria	Borganic Consulting Inc. (49%);

(collectively, the "**Stillcanna Subsidiaries**").

The following subsidiaries were organized in order to enable Stillcanna to implement its business plan throughout the European Union, as follows:

Olimax NT Sp. Z.O.O.

On May 7, 2019, Stillcanna entered into a share purchase agreement pursuant to which it acquired the entire issued share capital of Olimax NT Sp. Z.O.O. ("**Olimax NT**"), a Polish company which operates a hemp agriculture business in Poland.

Olimax Reality Co.

On March 11, 2020, Stillcanna purchased the entire issued and outstanding share capital of Olimax Nieruchomosci SP S.O.O. ("**Olimax RC**"), a Polish company which operates a hemp agriculture business in Poland.

Borganic Consulting Inc.

On October 15, 2018, Stillcanna entered into a share exchange agreement pursuant to which it agreed to acquire the entire issued share capital of Borganic Consulting Inc. ("**Borganic**"), a private Canadian company incorporated under the BCBCA.

Premium Extractions Inc.

Premium Extractions Inc. ("**PEI**") PEI is the joint venture vehicle for the Company's joint venture with Dragonfly Biosciences Ltd. ("**Dragonfly**") (see *General Development of the Business – Stillcanna*). The operations of PEI are governed by a management committee of five members. Two members of the management committee are representatives of Stillcanna, two members are representatives of Dragonfly and one member is independent of both of Stillcanna and Dragonfly.

General Development of the Business

During the three most recently completed financial years, Stillcanna pivoted from the mining industry to the life sciences business due to the challenging investment environment in the mining industry. Stillcanna identified new opportunities and transitioned from being a mining Company to a life sciences Company on the CSE. Stillcanna has ceased its mining business and all operations related to mining and has written down the value of and/or transferred its mining assets (see *Corporate Structure*).

During the year ended July 31, 2017

Throughout the year ended July 31, 2017, the Company was in exploration stage and was in the process of exploring mineral properties in Canada. In July 2017, the Company acquired a 100% interest in the Northern Silica project, a silica sand occurrence located east of Prince George, British Columbia from the Northern Silica syndicate. The Company ceased exploration activities on the Northern Silica project.

During the year ended July 31, 2018

As of July 31, 2018, the Company was in the exploration stage and was in the process of exploring mineral properties in Canada in addition to sourcing other business ventures and opportunities. In January 2018, the Company announced that it had entered into two option agreements for a 100% interest in mineral projects in Peru. Ultimately, the Company did not complete these transactions and holds no interest in any mineral projects in Peru.

During the year ended July 31, 2019 and to the date of this Listing Statement

On September 25, 2018, Stillcanna (under its former name EVI Global Group Developments Corp.) entered into finder's fee agreements with Canaccord Genuity Corp. ("**Canaccord**") and Mackie Research Capital Corporation ("**Mackie**") pursuant to which each of Canaccord and Mackie agreed to seek to introduce investors to subscribe for up to 12,000,000 units of Stillcanna (the "**Units**") at a price per Unit of \$0.25 in connection with a private placement of Stillcanna Shares; each Unit comprised of one Stillcanna Share and one-half of one share purchase warrant (one whole warrant entitling the holder to purchase one Stillcanna Share at a price per share of \$0.50 for a period of 12 months from the date of closing of the offering), (together, the "**C&M Finders' Fee Agreements**"). Pursuant to the C&M Finders' Fee Agreements, Stillcanna agreed to pay a finder's fee to each of Canaccord and Mackie consisting of: (i) cash equal to 6 per cent of the total gross proceeds from subscribers introduced to Stillcanna by each finder; and (ii) the issuance of such number of share purchase warrants (the "**Finder's Warrants**") equal to 6 percent of the total number of Units issued to subscribers introduced by each finder. Each of the Finders' Warrants was exercisable into one additional Stillcanna Share at a price per share of \$0.50 per share for a period of one year from closing.

Stillcanna also entered into finder's fee agreements on September 17, 2018 and October 29, 2018 with third parties (together, the "**Additional Finders' Fee Agreements**") on similar terms as those pertaining to the C&M Finders' Fee Agreements. The C&M Finders' Fee Agreements and the Additional Finders' Fee Agreements are governed by the laws of British Columbia and the laws of Canada applicable therein.

On October 15, 2018, the Company entered into a share exchange agreement (the "**Borganic SEA**") with Borganic and the previous owners of the entire issued share capital of Borganic (the "**Borganic Shareholders**"), being 13,098 common shares (the "**Borganic SEA**" or the "**Borganic Acquisition**", as the context requires). The Borganic SEA contained certain adjustment provisions for calculating the number of Stillcanna Shares that would be exchanged with the Borganic Shareholders. Borganic and

Stillcanna entered into an amending agreement dated February 26, 2019, pursuant to which they agreed to amend certain provisions of the Borganic SEA (the "**Amending Agreement**"), specifically those pertaining to the exchange ratio applicable to the relevant number of shares being exchanged. The parties agreed in the Amending Agreement that the consideration payable for the Borganic Acquisition was 15,000,000 Stillcanna Shares, and in connection therewith, Stillcanna also issued 1,800,000 Stillcanna Shares to certain intermediaries and 2,000,000 Stillcanna Shares to its financial advisors. The Borganic SEA contained customary representations and warranties for a transaction of that nature and is, together with the Amending Agreement, governed by the laws of British Columbia and the federal laws of Canada applicable therein.

Borganic focuses on the commercial extraction of CBD from industrial hemp and has engineered a proprietary commercial scale ethanol extraction process (the "**Proprietary Extraction Process**") that is more cost efficient than other traditional extraction processes. The Proprietary Extraction Process utilizes a food grade ethanol extraction method that is cleaner than many other commercial operations, which use harmful and potentially carcinogenic products for extraction. Prior to the Borganic Transaction, Borganic raised approximately \$700,000 for purposes of developing the Proprietary Extraction Process.

Pursuant to a tripartite agreement entered into between Borganic, PEI and Stillcanna (under its former name EVI), it was agreed that: (i) Stillcanna would transfer the sum of US\$400,000 to PEI no later than December 31, 2018 in consideration and fulfillment of Borganic's obligation to PEI to provide certain funding in connection with the building of and certain operational matters in connection with the Origin Facility, and Stillcanna would have no recourse to the aforesaid funds which were considered to be in settlement of the then existing financial obligations of Borganic owed to PEI. The parties agreed that all clauses and agreements between them regarding the arrangements concluded between them would remain in force.

On December 4, 2018, Borganic entered into a shareholders' agreement with Dragonfly pursuant to which PEI, a joint venture company incorporated in Bulgaria, was established in which Borganic owns a 49% interest and Dragonfly owns the remaining 51% (the "**PEI Shareholders' Agreement**"). Borganic and Dragonfly jointly own, through their ownership of PEI and subject to their respective ownership interests, a CBD processing facility located in the southwestern region of Dolj in Romania, which is operated by Borganic (the "**Origin Facility**").

Pursuant to the PEI Shareholders' Agreement, Dragonfly undertook, amongst other things: (i) to deliver all crops of industrial hemp harvested from the land farmed by it in Bulgaria in each of the calendar years 2018, 2019 and 2020 (the "**Dragonfly Crops**") to the Origin Facility (or any replacement facility or facilities of PEI that may be nominated by Dragonfly) for PEI to process into THC-free CBD (or, at Dragonfly's option, CBD with trace THC after heat and ultraviolet treatment) complying with a pre-agreed specification (the "**Product**" or "**Specification**", as the context permits); and (ii) to certify that each batch Dragonfly is unable to provide the Certification, PEI shall be entitled to charge Dragonfly any additional costs reasonably incurred by PEI in extracting any pesticides and/or heavy metals, provided such costs are agreed by the parties in advance.

PEI is obliged under the PEI Shareholders' Agreement, amongst other things: (i) to process the Dragonfly Crops whether before or after December 31, 2020, in each case making them available FOB (otherwise known as 'free on board') for collection by Dragonfly, within 12 months of delivery in batches of at least four kilograms of Product; and (ii) to test the first batch of product produced each month by way of gas chromatography and promptly providing Dragonfly with the results of those tests ("**In-House Results**"). Dragonfly may elect to re-test, at its own cost, a batch of Product comprised within the In-House Results and, if the results of a re-test are provided to PEI within 30 days of delivery of Product and show a

variance of more than 3% of the Specification, Dragonfly shall be entitled: (a) to either reject the batch and make it available for collection by PEI or to pay such amount for it as shall reflect the actual variance from the Specification; and (b) to require PEI to test each subsequent batch until such time that the In-House Results show that a batch complies with the Specification. Borganic was obliged under the PEI Shareholders' Agreement to, amongst other things, meet all operational expenses of PEI until such time that it had funds itself to meet them and second its employee Shae de Jaray to PEI with effect from July 1, 2018. The PEI Shareholders' Agreement is governed by the laws of England and Wales and subject to the exclusive jurisdiction of the courts of England and Wales.

Borganic and DragonFly are currently in a dispute regarding the implementation of the PEI Shareholders' Agreement, specifically with respect to the ongoing management and governance of PEI (the "**Dragonfly Dispute**"). Borganic has fully funded the construction of the Origin Facility and is seeking further contractual protections in order to safeguard this significant capital investment. Legal proceedings have been commenced against DragonFly by Borganic (collectively, the "**Dragonfly Litigation**"). The Company continues to have constructive dialogue with Dragonfly and is seeking resolve the Dragonfly Dispute without the need to advance the Dragonfly Litigation. Dragonfly may initiate its own legal action against Borganic. As of the date of this Listing Statement, counsel for each of Borganic and Dragonfly have exchanged formal correspondence with the goal of resolving the Dragonfly Dispute and the Dragonfly Litigation. There is no guarantee that the Company will be able to resolve the Dragonfly Dispute and/or the Dragonfly Litigation, nor that the Origin Facility will return to the same rates of productions, if at all.

Stillcanna (under its former name EVI) entered into an engagement letter dated March 12, 2019 with Canaccord (as defined above) (the "**Engagement Letter**"), pursuant to which Canaccord, on its own behalf and (if applicable) on behalf of a syndicate of agents, offered to sell, on a commercially reasonable efforts basis, up to that number of subscription receipts amounting to aggregate gross proceeds of up to \$20,000,000 by way of a private placement of Stillcanna Shares. It was acknowledged that certain of the funds raised pursuant to the private placement would be utilized for the purpose of consummating the Olimax NT Acquisition (as defined below). The Engagement Letter contained a customary indemnity, given by Stillcanna in favour of Canaccord, for a transaction of that nature and is governed by the laws of Ontario.

On March 15, 2019, the Company changed its name from "EVI Global Group Developments Corp." to "Stillcanna Inc."

On March 18, 2019, Stillcanna (under its former name EVI notwithstanding that it has changed its name to Stillcanna on March 15, 2019) entered into a line of credit agreement with Olimax NT, pursuant to which Stillcanna would loan money and advance credit from time to time to Olimax NT on a revolving credit facility basis up to a total maximum of \$1,000,000 (the "**Credit Agreement**"). All advances under the Credit Agreement were to be utilized by Olimax NT to finance its business operations, and the principal sum borrowed thereunder would attract an annual interest rate of 5 percent. The Credit Agreement is governed by the laws of British Columbia and the federal laws of Canada applicable therein, and the parties submitted to the non-exclusive jurisdiction of the courts of British Columbia.

On March 18, 2019 Stillcanna entered into a share purchase agreement with Krystyna Bojek, Zofia Vahlberg and Renata Aprano, pursuant to which it acquired the entire issued share capital of Olimax NT Sp. Z.O.O. (the "**Olimax NT SPA**" or "**Olimax NT Acquisition**", as the context requires). The purchase price payable for the Olimax NT shares was 24,000,000 Stillcanna Shares (the "**Consideration Shares**") and \$2,000,000 in cash. 20,064,000 of the 24,000,000 Consideration Shares were subject to a contractual restriction on trading whereby 1/12 of the Consideration Shares issued were released from such

contractual restriction every three months from the date of issuance. In addition, all of the Consideration Shares issued were subject to a four-month and a day hold period from the date of issuance, in accordance with applicable Canadian securities laws. In connection with the Olimax NT Acquisition, Stillcanna issued 450,000 Stillcanna Shares to certain intermediaries and 700,000 Stillcanna Shares to certain consultants in exchange for financial advisory services in connection therewith. The Olimax NT SPA contained customary representations and warranties for a transaction of this nature. The parties to the Olimax NT SPA agreed to be bound by an arbitration process, such that any dispute shall be settled by arbitration in accordance with the provisions of the Arbitration Act (British Columbia). Any arbitration shall take place in Vancouver, British Columbia, and shall be governed by the substantive law of British Columbia and the federal laws of Canada applicable therein.

The Olimax NT Acquisition (as defined above) came with permission to cultivate and process industrial hemp in Poland. Following the acquisition, Stillcanna built a new extraction facility (the "**Nexus Facility**"), and has confirmed its compliance to Polish General Pharmaceutical Inspectorate regulations through independent legal opinions on existing CBD extraction operations and the preparation of an application for a full license for manufacturing, transforming, converting, import and distribution of narcotics or psychotropic substances in Poland. Upon completion of the Olimax NT Acquisition, Stillcanna procured that Olimax NT planted 1500 hectares of hemp. Stillcanna was building its sales channel and began shipping product to customers in December 2019, but those shipments, and Stillcanna's operations in Poland, have since been interrupted by the Covid-19 pandemic. Stillcanna intends to recommence manufacturing at its Polish facility as soon as possible and begin activating its opportunity pipeline. However, Olimax NT will be taking a different approach to agriculture in 2020 based on the experience gained in 2019. In particular, it is intended that Olimax NT shall grow its own biomass in Poland and augment that biomass with partnership contracts with European-based farmers that will supply high-grade biomass to Stillcanna. These partnerships are structured as tolling agreements under which hemp growers supply high quality biomass to Olimax NT without cash payment in exchange for the return, at a set price, of a portion of the CBD isolate extracted from the biomass delivered.

On April 24, 2019, Stillcanna entered into an agency agreement (the "**Agency Agreement**") with Canaccord (the "**Lead Agent**"), following Stillcanna's entry into the Olimax NT SPA, in connection with the proposed issue and sale of 17,400,000 subscription receipts of Stillcanna (the "**Offered Subscription Receipts**") at a price of \$1.15 per Offered Subscription Receipt on a private placement basis to raise aggregate gross proceeds of up to \$20,100,000 (the "**April 2019 Private Placement**"). Pursuant to the Agency Agreement, Stillcanna granted the Lead Agent an option to increase the size of the offering by up to an additional 4,350,000 subscription receipts (the "**Additional Subscription Receipts**") for additional gross proceeds of up to approximately \$5,000,000. Each Offered Subscription Receipt and Additional Subscription Receipt was, upon satisfaction of certain escrow release conditions, automatically converted into one unit of Stillcanna (a "**Unit**"), with each Unit being comprised of one Stillcanna Share and one half of one Stillcanna Share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant entitled the holder thereof to purchase one Stillcanna Share for a period of 12 months following the date of the escrow release conditions were satisfied at a price of \$1.73 per Stillcanna Share. The Agency Agreement was governed by the laws of British Columbia and the federal laws of Canada applicable therein, and the parties submitted to the exclusive jurisdiction of the courts of British Columbia.

On April 25, 2019, Stillcanna issued 16,409,591 Subscription Receipts pursuant to the brokered portion of the April 2019 Private Placement, 4,125,822 Subscription Receipts pursuant to the non-brokered portion of the April 2019 Private Placement, being an aggregate of 21,187,587 Subscription Receipts at a price of \$1.15 per Subscription Receipt (the "**Issue Price**"). As consideration for its services in connection with the April 2019 Private Placement, the Lead Agent was paid a commission equal to 7.0% of the gross proceeds of the brokered portion and also received warrants (the "**Compensation**

Warrants"), pursuant to the terms and conditions of a broker warrant certificate (the "**Broker Warrant Certificate**"), to acquire that number of Units equal to 7.0% of the aggregate number of Subscription Receipts sold under the brokered portion. Each Compensation Warrant is exercisable at the Issue Price for a period of 12 months following the date the escrow release conditions were satisfied. The Agent also received an advisory fee of \$384,628.68 and 334,410 advisory warrants (the "**Advisory Warrants**") in connection with the April 2019 Private Placement. Each Advisory Warrant is exercisable at the Issue Price for a period of 12 months following the date the escrow release conditions were satisfied. The Broker Warrant Certificate is governed by the laws of British Columbia and the federal laws of Canada applicable therein.

On April 24, 2019, Stillcanna entered into a subscription receipt agreement (the "**Subscription Receipt Agreement**") with National Securities Administrators Ltd. ("**NSA**") and the Lead Agent, pursuant to the terms of the April 2019 Private Placement. In addition, on April 24, 2019, Stillcanna and NSA entered into a warrant indenture (the "**Warrant Indenture**"), in connection with the April 2019 Private Placement. The Subscription Receipt Agreement and the Warrant Indenture are governed by the laws of British Columbia and the federal laws of Canada applicable therein, and the parties submitted to the exclusive jurisdiction of the courts of British Columbia.

On May 6, 2019, Stillcanna entered into a preliminary share purchase agreement with Krystyna Bojek and Zofia Valhberg (together, the "**Vendors**"), pursuant to which Stillcanna agreed to acquire the issued share capital of Olimax Nieruchomosci SP Z.O.O. ("**Olimax RC**") from the Vendors for a consideration of \$100 (the "**Olimax RC SPA I**" or "**Olimax RC Share Purchase**", as the context requires). The Olimax RC Share Purchase was conditional on Stillcanna obtaining a permit issued by the Minister responsible for interior affairs of the Republic of Poland consenting to the transaction (the "**Condition Precedent**"). The Olimax RC SPA I contained customary representations and warranties for a transaction of this nature. The parties to the Olimax RC SPA agreed to be bound by an arbitration provision, such that any dispute shall be settled by arbitration in accordance with the provisions of the Arbitration Act (British Columbia). Any arbitration shall take place in Vancouver, British Columbia, and shall be governed by the substantive law of British Columbia and the federal laws of Canada applicable therein. On March 11, 2020, Stillcanna entered into a share purchase agreement with the Vendors pursuant to which Stillcanna completed the Olimax RC Share Purchase (the "**Olimax RC SPA II**"), on the terms provided for in Olimax RC SPA I, on the basis that the Condition Precedent had been fulfilled. The Olimax RC SPA II is governed by the same arbitration provisions as those provided for in the Olimax RC SPA I.

In May of 2019, Stillcanna signed a definitive agreement with Bioscience Enterprises, Inc. ("**Bioscience**") of California to supply up to CAD\$36 million worth of CBD isolate manufactured in its Polish Nexus Facility. Bioscience Enterprises Inc. is a leading contract manufacturer of CBD products and also acts as an escrow company that enables bulk CBD purchases globally. Their secure 18,000 square foot California based facility is capable of a monthly output of 1.5 million glass tinctures, 2 million vape PET products, 1.5 million cartridges and 1.5 million disposable pens. Biosciences Enterprises, Inc. manufacture multiple brands and supply VBD to various Fortune 500 Companies. The contract with Bioscience is adjusted to market rates at the time of each sale.

In August 2019, Stillcanna signed a definitive agreement to supply Sequoia Cannabis Ltd. ("**Sequoia**"), located in Poland, with hemp biomass. The contract has a value of approximately CAD\$850,000. The Company has begun shipping hemp biomass to Sequoia as outlined in the supply agreement dated August 23, 2019. The fulfillment of the orders of biomass to Sequoia was based on orders from Sequoia at a fixed price. Since the signing of the agreement and due to an abundance of available biomass worldwide, the cost of biomass has dropped and the current contracted price between the companies is no longer palatable. Stillcanna remains in contact with Sequoia, with ongoing business discussions but as of

the date of this Listing Statement Stillcanna does not anticipate shipping additional biomass to Sequoya.

On April 21, 2020, the Company announced its intention to acquire all of the issued and outstanding Sativa Shares from Sativa Group Shareholders. On July 20, 2020, the Company entered into a finder's fee agreement with Canaccord (the "**Acquisition Finders' Fee Agreement**"). The Acquisition Finders' Fee Agreement acknowledged the Finder's role in identifying and negotiating the Transaction. Pursuant to the Acquisition Finders' Fee Agreement, the Company will issue 1,000,000 Stillcanna Shares to Canaccord concurrently with the Closing of the Transaction.

Additional information pertaining to Stillcanna including financial information, is contained in the various disclosure documents of Stillcanna filed with applicable securities commissions and made available under Stillcanna' SEDAR profile at www.sedar.com.

Selected Consolidated Financial Information

The following table sets forth selected financial information for Stillcanna for the years ended July 31, 2019, 2018 and 2017. Such information is derived from the Annual Financial Statements and should be read in conjunction with the Annual Financial Statements.

The following table is a summary of selected financial information of Stillcanna for the years ended July 31, 2019, 2018 and 2017:

	Year Ended July 31, 2019 (audited)	Year Ended July 31, 2018 (audited)	Year Ended July 31, 2017 (audited)
	\$	\$	\$
Revenue	88,814	Nil	Nil
Net Income (Loss)	(20,697,056)	(596,933)	(287,426)
Basic and diluted earnings from continued operations (loss) per share	(0.38)	(0.03)	(0.03)
Total Assets	43,932,691	101,868	263,306
Total Liabilities	1,030,707	34,791	61,732

A copy of the Annual Financial Statements previously filed with applicable securities commissions are available on the Company's SEDAR profile at www.sedar.com.

The summary of quarterly results for each of the eight most recently completed quarters preceding the date of this Circular is as follows:

Summary of quarterly results	Q3 2020 \$	Q2 2020 \$	Q1 2020 \$	Q4 2019 \$	Q3 2019 \$	Q2 2019 \$	Q1 2019 \$	Q4 2018 \$
Revenues	130,104	231,998	5,632	88,814	Nil	Nil	Nil	Nil
Net loss	(23,960,263)	(2,160,556)	(2,305,460)	(7,572,956)	(12,413,002)	(157,253)	(437,755)	(500,773)
Comprehensive Loss	(24,359,443)	(3,040,018)	(1,945,766)	(7,689,046)	(12,413,002)	(157,253)	(437,755)	(500,773)
Loss per share ⁽¹⁾	(0.22)	(0.03)	(0.05)	(0.03)	(0.04)	(0.10)	(0.01)	(0.01)

Note:

(1) Basic and diluted loss per share has been calculated using the weighted average number of shares outstanding

Copies of the respective unaudited interim financial statements for the periods listed above for Stillcanna are available on Stillcanna' SEDAR profile at www.sedar.com.

Dividends

Stillcanna does not have a formal dividend policy. No dividends on Stillcanna Shares have been paid to date.

Price Range and Trading Volume Data

The Common Shares are listed on the CSE under the symbol "STIL". The following table sets out the high and low trading price and volume of trading of the Common Shares on the CSE during the last 12 months:

Period	High (\$)	Low (\$)	Volume
May, June 2020 ⁽¹⁾	-	-	Nil
April 2020	\$0.110	\$0.055	1,572,628
March 2020	\$0.140	\$0.050	5,639,804
February 2020	\$0.240	\$0.100	5,205,003
January 2020	\$0.265	\$0.140	4,933,544
December 2019	\$0.330	\$0.230	1,848,380
November 2019	\$0.450	\$0.250	3,327,069
October 2019	\$0.630	\$0.365	4,428,759
September 2019	\$0.620	\$0.370	3,876,372
August 2019	\$0.900	\$0.550	3,790,858
July 2019	\$1.140	\$0.820	4,299,629
June 2019	\$1.240	\$0.870	3,972,239

Notes:

(1) the Issuer's shares were halted from trading pending the Closing of the Transaction on April 21, 2020, being the last day of trading prior to the Offer.

Prior Sales

The following table summarizes the issuances of securities of the Issuer within 12 months prior to the date of this Listing Statement:

Date of Issue	Description	Number of Securities	Price per Security/Exercise Price	Total Issue Price
June 6, 2019	Warrant Exercise	250,000 Common Shares	\$0.50	\$125,000
June 10, 2019	Warrant Exercise	200,000 Common Shares	\$0.10	\$20,000
July 8, 2019	Warrant Exercise	300,000 Common Shares	\$0.10	\$30,000
August 6, 2019	Warrant Exercise	162,500 Common Shares	\$0.10	\$16,250
August 9, 2019	Warrant Exercise	80,000 Common Shares	\$0.10	\$8,000
August 23, 2019	Warrant Exercise	80,000 Common Shares	\$0.50	\$40,000
August 26, 2019	Warrant Exercise	600,000 Common Shares	\$0.50	\$300,000
October 8, 2019	Warrant Exercise ⁽¹⁾	215,500 Common Shares	\$0.50	\$107,750
October 9, 2019	Warrant Exercise ⁽²⁾	892,335 Common Shares	\$0.50	\$446,167
October 10, 2019	Warrant Exercise ⁽³⁾	1,020,000 Common Shares	\$0.50	\$510,000
Closing Date	Acquisition of Sativa Group PLC ⁽⁴⁾	190,720,026 Common Shares ⁽⁵⁾	\$0.095 ⁽⁶⁾	\$18,118,402

Notes:

- (1) Three warrant exercises: (i) 80,500 Common Shares (\$40,250); and (ii) 135,000 Common Shares (\$67,500).
- (2) Five warrant exercises: (i) 50,000 Common Shares (\$25,000); (ii) 400,000 Common Shares (\$200,000); (iii) 300,000 Common Shares (\$150,000); (iv) Common Shares (\$30,000); and (v) 82,335 Common Shares (\$41,167).
- (3) Four warrant exercises: (i) 70,000 Common Shares (\$35,000); (ii) 400,000 Common Shares (\$200,000); (iii) 400,000 Common Shares (\$200,000); and (iv) 150,000 Common Shares (\$75,000).
- (4) See *Significant Acquisitions or Dispositions – Acquisition of Sativa Group PLC*.
- (5) In addition, the Issuer will issue a total aggregate amount of 39,793,377 Replacement Options and 10,328,631 Replacement Warrants (together, the "**Replacement Convertible Securities**"). There are a total of 50,122,008 Common Shares reserved for issuance pursuant to the Replacement Convertible Securities.
- (6) Stillcanna's closing price on April 21, 2020, the last trading day before the Offer.

Consolidated Capitalization

Stillcanna's authorized share capital consists of an unlimited number of common shares. As at July 31, 2019, (Stillcanna's most recently completed financial year), the outstanding capital of Stillcanna consisted of 107,824,392 common shares, 22,999,320 common share purchase warrants, and 3,635,000 stock options.

The following table summarizes the capital of the Stillcanna as of the date of the Listing Statement:

Designation of Security	Amount Authorized	Outstanding as of June 30, 2020
Common Shares	Unlimited	110,874,727
Stock Options	Rolling 10%	3,635,000
Warrants	N/A	15,174,425
Fully Diluted Common Shares	Unlimited	129,684,152

Stillcanna has no loans or debt instruments other than intercorporate loans.

INFORMATION CONCERNING SATIVA

For further information regarding Sativa, please refer to Appendix B.

INFORMATION CONCERNING THE RESULTING COMPANY

For further information regarding Stillcanna and Sativa upon completion of the Transaction, please refer to Appendix C.

ANNUAL GENERAL MEETING MATTERS AND OTHER MATTERS

Votes Necessary to Pass Resolutions

A majority of affirmative votes cast by Shareholders present in person or by proxy at the Meeting is required to elect directors, to appoint auditors and to approve the Acquisition Resolution.

If there are more nominees for election as directors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all nominees will be declared elected or appointed by acclamation.

Election of Directors

At the Meeting, Shareholders of the Company will be asked to fix the number of directors of the Company at six.

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless a director's office is earlier vacated in accordance with the provisions of the BCBCA, each director elected will hold office until the conclusion of the next annual meeting of the Company or, if no director is then elected, until a successor is elected.

Nominees

The following disclosure sets out the names of management's five nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment, the period of time during which each has been a director of the Company and the number of Stillcanna Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date.

Name, place of residence and position with Issuer	Principal occupation during the last five years	Date of Appointment as director or officer	Common Shares Beneficially Owned, Directly or Indirectly or Controlled or Directed as of the Date of the Listing Statement ⁽¹⁾
Henry Lees- Buckley, Tsawwassen, BC CEO and Director	See <i>Management Details</i>	<i>Proposed Director</i>	Nil -
Joseph Colliver, Bath, England, CFO and Director	See <i>Management Details</i>	<i>Proposed Director</i>	Nil -
Jonathan Wearing, London, England Director	See <i>Management Details</i>	<i>Proposed Director</i>	16,754 <1%
Angus Kerr Marlborough, England Director	See <i>Management Details</i>	<i>Proposed Director</i>	Nil -
Mark Blower, Crewe, England Director	See <i>Management Details</i>	<i>Proposed Director</i>	2,010,439 <1%
Jason Dussault, Vancouver, BC Director	See <i>Management Details</i>	April 20, 2018 ⁽²⁾	110,000 <1%

Notes:

- (1) Calculated based on a total aggregate issued and outstanding Common Shares of 302,592,773, on an undiluted basis.
(2) Jason Dussault was appointed as CEO and Director of the Issuer on April 20, 2018 and resigned as CEO as of the date of the Meeting;

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

The Board of Directors unanimously recommends that the Shareholders vote for setting the number of directors of the Company at six.

Unless you give other instructions, the persons named in the enclosed proxy intend to vote FOR setting the number of directors of the Company at five and FOR the election of the director nominees whose names are set forth herein.

Cease Trade Orders or Bankruptcies

Other than as disclosed below, no director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other issuer that, while that person was acting in that capacity:

- was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under securities law, for a period of more than 30 consecutive days;
- was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order

that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

- 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
- 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.

Penalties and Sanctions

No director or officer of the Issuer, or a shareholder holding a sufficient number of the Issuer's securities to affect materially the control of the Issuer, has been subject to:

- any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Stillcanna Option Plan

During the financial year ended July 31, 2018, the Issuer adopted an incentive stock option plan (the "**Plan**") which provides that the Board may from time to time, in its discretion, and in accordance with applicable stock exchange requirements, grant to directors, officers, employees and technical consultants to the Issuer, non-transferable Options, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. Such Options will be exercisable for a period of up to 10 years from the date of grant.

The Board has not proceeded with a formal evaluation of the implications of the risks associated with the Issuer's compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation program, and the Board does not believe that the Issuer's compensation program results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Issuer.

The Plan is subject to the following restrictions:

- (a) The Issuer must not grant an Option to a consultant in any 12 month period that exceeds 2% of the outstanding Common Shares calculated at the date of grant of the Option;
- (b) The maximum number of Options which may be granted to any one holder under the Plan within any 12 month period shall be 5% of the number of issued and outstanding Common Shares calculated on a fully diluted basis (unless the Issuer has obtained disinterested shareholder approval if required by applicable laws);
- (c) If required by applicable laws, disinterested shareholder approval is required to the grant to

related persons, within a 12 month period, of a number of Options which, when added to the number of outstanding Options granted to related persons within the previous 12 months, exceed 10% of the issued Common Shares calculated on a fully diluted basis; and

- (d) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Common Shares in any 12 month period to person employed to provide investor relation activities. Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than a quarter of the Options vesting in any 3 month period.

In addition, the Plan is subject to the following restrictions under Canadian securities law, unless the Issuer has obtained disinterested shareholder approval:

- The maximum number of Options, calculated on a fully diluted basis, which may be reserved to any related persons under the Plan may not exceed 10% of the outstanding securities of the Issuer; and
- The maximum number of Options, calculated on a fully diluted basis, which may be reserved to a related person under the Plan may not exceed 5% of the outstanding securities of the Issuer.

The following is a summary of the material terms of the Plan:

- (a) Options may be granted to directors, employees, management company employees and consultants;
- (b) The exercise price of Options granted shall be determined by the Board in accordance with the policies of the applicable stock exchange;
- (c) The Board may determine the term of the Options, but the term shall in no event be greater than five years from the date of issuance;
- (d) generally, the Options expire 90 days from the date on which a participant ceases to be a director, officer, employee, management company employee or consultant of the Issuer; and
- (e) terms of vesting of the Options, the eligibility of directors, officers, employees, management company employees and consultants to receive Options and the number of Options issued to each participant shall be determined at the discretion of the Board, subject to the policies of the applicable stock exchange.

The following table summarizes all of the Stillcanna Options granted by the Issuer as of the date of this Listing Statement:

<u>Category of Option Holder</u>	<u>Number of Options to Acquire Common Shares Held as a Group</u>
All executive officers or directors and past executive officers or directors of the Issuer - 9 executive officers or directors and past executive officers or directors	1,885,000
All consultants of the Issuer – 13 consultants	3,635,000

The table below sets out the material provisions of the outstanding Options:

<u>Date of Option Grant</u>	<u>Number of Options to Acquire Common Shares</u>	<u>Exercise Price Per Common Share</u>	<u>Expiry Date</u>
April 30, 2012	35,000	\$0.20	April 30, 2022
July 26, 2018	980,000	\$0.19	July 31, 2023
July 26, 2018	100,000	\$0.19	August 2, 2018
July 26, 2018	1,050,000	\$0.63	October 15, 2023
May 27, 2019	1,800,000	\$1.23	May 27, 2024

STATEMENT OF EXECUTIVE COMPENSATION

General

The following information is provided as required under Form 51-102F6 - *Statement of Executive Compensation* (the "**Form**") and relates to the Company's most recently completed financial year ended July 31, 2019.

Director and NEO compensation, excluding compensation securities

For the purposes hereof, a named executive officer ("**NEO**") of the Company means each of the following individuals:

- (a) the Chief Executive Officer ("**CEO**") of the Company;
- (b) the Chief Financial Officer ("**CFO**") of the Company;
- (c) each of the three most highly compensated Executive Officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000. "Executive Officer" means the chairman, and any vice-chairman, president, secretary or any vice-president and any officer of the Company or a subsidiary who performs a policymaking function in respect of the Company; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and Principal Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
Jason Dussault CEO and Director	2019	\$152,500	Nil	Nil	Nil	Nil	\$152,500
	2018 ⁽¹⁾	\$14,000	Nil	Nil	Nil	Nil	\$14,000
Joel Leonard CFO and Director	2019	\$96,175	Nil	Nil	Nil	Nil	\$96,175
	2018 ⁽²⁾	\$15,000	Nil	Nil	Nil	Nil	\$15,000
Shae De Jaray COO and Director	2019 ⁽³⁾	\$154,162	Nil	Nil	Nil	Nil	\$154,162
William L. Macdonald Director	2019 ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	Nil
Warren Robinson Director	2019 ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil	Nil
Richard Haslinger CEO and Director	2018 ⁽⁶⁾	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Faisal Manji CFO and Director	2018 ⁽⁷⁾	Nil	Nil	Nil	Nil	Nil	Nil
Ronald Miles Director	2018 ⁽⁸⁾	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Jason Leikam Director	2018 ⁽⁹⁾	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
George E. Nicholson Director	2018 ⁽¹⁰⁾	Nil	Nil	Nil	Nil	Nil	Nil
Nick Ayling Director and Corporate Secretary	2018 ⁽⁹⁾	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Chris Hung Director	2018 ⁽¹¹⁾	Nil	Nil	Nil	Nil	Nil	Nil
Brendan Purdy Director	2018 ⁽¹²⁾	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Date appointed as director and CEO: May 22, 2018;
- (2) Date appointed as director and CFO: May 22, 2018;
- (3) Date appointed as director:
- (4) Date appointed as director:

- (5) Date appointed as director
- (6) Date ceased as director: March 2, 2018. Date ceased as CEO: May 22, 2018
- (7) Date appointed as director: March 2, 2018. Date ceased as director: July 20, 2018. Date ceased as CFO: May 22, 2018.
- (8) Date ceased: August 17, 2018.
- (9) Date ceased: March 2, 2018.
- (10) Dated ceased: July 20, 2018.
- (11) Dated appointed: March 2, 2018. Date ceased: May 22, 2018.
- (12) Date appointed: March 2, 2018. Date ceased: June 30, 2018.

External Management Companies

Other than as disclosed below and as set out below under "*Employment Contracts, Termination Benefits and Change of Control Benefits*", none of the NEOs or directors of the Company have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Company to provide executive management services to the Company, directly or indirectly.

During the year ended July 31, 2019, the Company paid consulting fees of \$96,175 and during the year ended July 31, 2018, the Company paid consulting fees \$15,000 to JCL Partners Chartered Professional Accountants, a Company controlled by Joel Leonard, a director and Chief Financial Officer of the Company.

During the year ended July 31, 2019, the Company paid consulting fees of \$152,150 and during the year ended July 31, 2018, the Company paid consulting fees \$14,000 to Tilehead Enterprises Ltd., a Company controlled by Jason Dussault, a director and Chief Executive Officer of the Company.

Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each director and NEO by the Company or one of its subsidiaries in the year ended July 31, 2019 and 2018 for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

Name and Position	Type of compensation security ⁽¹⁾	Number of compensation securities, number of underlying securities, and percentage of class ⁽²⁾	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing Price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Jason Dussault CEO and Director	Options	350,000 Options, 350,000 Shares, <1%	July 23, 2018	\$0.19	\$0.19	\$0.19	July 23, 2023
Joel Leonard CFO and Director	Options	250,000 Options, 250,000 Shares, <1%	July 23, 2018	\$0.19	\$0.19	\$0.19	July 23, 2023
Shae De Jaray COO and Director	Options	250,000 Options, 250,000 Shares,	October 15, 2018	\$0.63	\$0.63	\$0.63	October 15, 2023

Name and Position	Type of compensation security⁽¹⁾	Number of compensation securities, number of underlying securities, and percentage of class⁽²⁾	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing Price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
		<1%					
Marc Crimeni, Director	Options	350,000 Options, 350,000 Shares, <1%	October 15, 2018	\$0.63	\$0.63	\$0.63	October 15, 2023
Iлона Kiss, Corporate Secretary	Options	200,000 Options, 200,000 Shares, <1%	May 27, 2019	\$1.23	\$1.23	\$1.23	May 27, 2019
William L. Macdonald Director	Options	300,000 Options, 300,000 Shares, <1%	May 27, 2019	\$1.23	\$1.23	\$1.23	May 27, 2024
Warren Robinson Director	Options	350,000 Options, 350,000 Shares, <1%	May 27, 2019	\$1.23	\$1.23	\$1.23	May 27, 2024
Richard Haslinger CEO and Director	Nil	N/A	N/A	N/A	N/A	N/A	N/A
Faisal Manji CFO and Director	Nil	N/A	N/A	N/A	N/A	N/A	N/A
Ronald Miles Director	Options	50,000 Options, 50,000 Shares, <1%	July 23, 2018	\$0.19	\$0.19	\$0.19	July 23, 2023
Jason Leikam Director	Nil	N/A	N/A	N/A	N/A	N/A	N/A
George E. Nicholson Director	Nil	N/A	N/A	N/A	N/A	N/A	N/A
Nick Ayling Director and Corporate Secretary	Nil	N/A	N/A	N/A	N/A	N/A	N/A

Name and Position	Type of compensation security ⁽¹⁾	Number of compensation securities, number of underlying securities, and percentage of class ⁽²⁾	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing Price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Chris Hung Director	Nil	N/A	N/A	N/A	N/A	N/A	N/A
Brendan Purdy Director	Nil	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) "Compensation Securities" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.
- (2) Calculated on a fully diluted basis.

None of the NEOs or directors of the Company exercised any compensation securities during the most recently completed financial year.

Stock Option Plans and Other Incentive Plans

Other than the Option Plan and the RSU Plan (as defined below), the Company currently does not have any other stock option plan, stock option agreement made outside of a stock option plan, plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units or any other incentive plan or portion of a plan under which awards are granted.

Stock Option Plan

For a summary of the material terms of the Option Plan, please see "*Particulars of Matters to be Acted Upon at Meeting – Stock Option Plan*".

RSU Plan

On February 5, 2018, the Board approved the adoption by the Company of a restricted share unit plan (the "**RSU Plan**"), which RSU Plan is designed to provide certain directors, officers, consultants and other key employees (an "**Eligible Person**") of the Company and its related entities with the opportunity to acquire restricted share units ("**RSUs**") of the Company. The acquisition of RSUs allows an Eligible Person to participate in the long-term success of the Company thus promoting the alignment of an Eligible Person's interests with that of the Shareholders.

The RSU Plan allows the Company to grant RSUs awarding up to a maximum of 3,885,800 Shares, under and subject to the terms and conditions of the RSU Plan, which RSUs may be exercised by any holder of RSUs to receive an Award Payout of either: (a) one Common Share of the Company for each whole vested RSU; or (b) a cash amount equal to the Vesting Date Value as at the Trigger Date of such vested RSU. Fractional Shares will not be issued pursuant to the RSU Plan; instead an RSU Plan Recipient entitled to a fractional Share is entitled to receive payment from the Company of cash value equal to the Vesting Date Value of such fractional Share.

No RSUs were granted during the years ended July 31, 2019, 2018 and 2017.

Employment Contracts, Termination Benefits and Change of Control Benefits

The Company currently has employment and/or consulting agreements with executive officers and key consultants (see *Oversight and Description of Director and Name Executive Officer Compensation*).

The Board will assess whether such agreements are prudent as part of executive compensation review and recommend and enact various agreements as part of director appointments and other pending transactions in the Company.

Oversight and Description of Director and Name Executive Officer Compensation

Elements of Compensation

The objective of the Company's compensation program is to compensate the directors and executive officers for their services to the Company at a level that is both in line with the Company's fiscal resources and competitive with companies at a similar stage of development. The primary goal of the Company's executive compensation program is to:

- (a) attract and retain the qualified key executives necessary for the Company's long term success;
- (b) motivate the short term and long term performance of those executives; and
- (c) align the executives interests with the Company's shareholders.

The Company's compensation strategy is focused on a performance based incentive reward package, using certain critical measurements that management is able to influence toward the short-term and long-term objectives of the Company.

The significant elements of compensation awarded to, earned by, paid or payable to the NEOs for the most recently completed financial year were: (i) base salary; and (ii) incentive awards. No compensation is directly tied to a specific performance goal such as a milestone or the completion of a transaction. No peer group is formally used to determine compensation.

Base Salary

The base salary review of any NEO will take into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO. Base salary is not expected to be evaluated against a formal "peer group". The base salaries for NEOs of the Company as of the date hereof are:

- (a) Jason Dussault –\$120,000/year; and
- (b) Joel Leonard –\$84,000/year.
- (c) Shae De Jaray - \$162,000/year; and
- (d) Ilona Kiss - \$90,000/year.

Performance-Based Cash Bonuses

Cash bonuses are not a normal part of the Company's executive compensation. However, the Company may elect to utilize such incentives where the role-related context and competitive environment suggest that such a compensation modality is appropriate. When and if utilized, the amount of cash bonus compensation will normally be paid on the basis of timely achievement of specific pre-agreed milestones. Each milestone will be selected based upon consideration of its impact on shareholder value creation and the ability of the Company to achieve the milestone during a specific interval. The amount of bonus compensation will be determined based upon achievement of the milestone, its importance to the Company's near and long term goals at the time such bonus is being considered, the bonus compensation awarded to similarly situated executives in similarly situated companies or any other factors the Company may consider appropriate at the time such performance-based bonuses are decided upon.

Stock Options

The Company currently has the Option Plan in place for the purposes of attracting and motivating directors, officers, employees, and consultants of the Company and advancing the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Option Plan. Any grant of Options under the Option Plan is within the discretion of the Board, subject to the condition that the maximum number of Common Shares which may be reserved for issuance under the Option Plan may not exceed 10% of the Company's issued and outstanding Common Shares.

Options are also an important component of aligning the objectives of the Company's employees with those of Shareholders. The Company expects to provide significant Option positions to senior employees and lesser amounts to lower-level employees.

See also "*Stock Option Plans and Other Incentive Plans— Stock Option Plan*" for further information with respect to the material terms of the Option Plan.

Notwithstanding the above, the Company is still in the development stage and has an informal compensation program and strategy. The management team is committed to developing the operations of the Company and will establish a formal compensation program for directors and executive officers once it begins generating revenues sufficient to sustain operations. The Board is responsible for determining, by way of discussions at Board meetings, the ultimate compensation to be paid to the executive officers of the Company. The Company does not have a formal compensation program with set benchmarks; however, the performance of each executive will be considered along with the Company's ability to pay compensation and its results of operation for the period.

The Company relies solely on its Board to determine the executive compensation that is to be paid to NEOs and directors without any formal objectives, criteria, or analysis.

Pension Plan Benefits

The Company does not provide a defined benefit plan or a defined contribution plan for any of its executive officers, nor does it have a deferred compensation plan for any of its executive officers.

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes certain information regarding compensation plans of the Company as at July 31, 2019.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights⁽¹⁾ (a)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	4,135,000 Options 22,999,320 Warrants	0.87 0.56	6,647,439 Options N/A
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	27,134,320		6,647,439

INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the current or former directors, executive officers or employees of the Company or any of its subsidiaries, no proposed nominee for election as a director of the Company, and no associate or affiliate of any of them is or has been indebted to the Company or any of its subsidiaries at any time since the beginning of the Company's most recently completed financial year nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company.

CORPORATE GOVERNANCE DISCLOSURE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders and considers the role of the individual members of management who are appointed by the Board and who are charged with day-to-day management of the Company.

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), the Company is required to disclose its corporate governance practices, as summarized below. The Board will monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

National Policy 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its Shareholders and contribute to effective and efficient decision making.

Board of Directors

As of the date of hereof, the Board consists of four directors: Jason Dussault, Shay de Jaray, William L. Macdonald and Warren Robinson.

At this time, William L. Macdonald and Warren Robinson are considered to be "independent" within the meaning of NI 58-101 (by way of Section 1.4 of NI 52-110). Jason Dussault is not independent since he is the CEO of the Company; and Shay de Jaray is not independent since he is the Chief Operating Officer of the Company.

The Board approves all significant decisions that affect the Company before they are implemented. The Board supervises their implementation and reviews the results.

The Board is actively involved in the Company's strategic planning process. The Board discusses and reviews all materials relating to the strategic plan with management. The Board is responsible for reviewing and approving the strategic plan. At least one Board meeting each year is devoted to discussing and considering the strategic plan, which takes into account the risks and opportunities of the business. Management must seek the Board's approval for any transaction that would have a significant impact on the strategic plan.

The Board periodically reviews the Company's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Company's internal control and management information systems. The Board also monitors the Company's compliance with its timely disclosure obligations and reviews material disclosure documents prior to distribution. The Board periodically discusses the systems of internal control with the Company's external auditor.

The Board is responsible for choosing the President and appointing senior management and for monitoring their performance and developing descriptions of the positions for the Board, including the limits on management's responsibilities and the corporate objectives to be met by the management.

The Board approves all the Company's major communications, including annual and quarterly reports, financing documents and press releases. The Company communicates with its stakeholders through a number of channels including its web site. The Board approved the Company's communication policy that covers the accurate and timely communication of all important information. It is reviewed annually. This policy includes procedures for communicating with analysts by conference calls.

The Board, through its Audit Committee, examines the effectiveness of the Company's internal control processes and management information systems. The Board consults with the internal auditor and management of the Company to ensure the integrity of these systems. The internal auditor submits a report to the Audit Committee each year on the quality of the Company's internal control processes and management information systems.

The Board reviews and assesses all material transactions for conflicts and board members abstain from voting on any matter where a potential conflict of interest exists.

Directorships

None of the directors of the Company currently serve as directors of other reporting issuers.

Orientation and Continuing Education

Each new director of the Company is briefed about the nature of the Company's business, its corporate strategy and current issues within the Company. New directors will be encouraged to review the Company's public disclosure records as filed on under its profile at www.sedar.com. Directors are also provided with access to management to better understand the operations of the Company, and to the Company's legal counsel to discuss their legal obligations as directors of the Company.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation

on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid, and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders of the Company by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

Nomination of Directors

The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of shareholders. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

Compensation

The Board of Directors conducts reviews with regard to directors' compensation once a year. To make its recommendation on directors' compensation, the Board of Directors takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies and aligns the interests of Directors with the return to shareholders.

Given the Company's size and limited operating history, the Board does not plan to form a compensation committee to monitor and review the salary and benefits of the executive officers of the Company at the present time. The Board will carry out these functions until such time as it considers the formation of a compensation committee to be warranted.

Other Board Committees

As the directors are actively involved in the operations of the Company and the size of the Company's operations does not warrant a larger board of directors, the Board has determined that additional committees are not necessary at this stage of the Company's development.

Assessments

Neither the Company nor the Board has developed a formal review system to assess the performance of the directors or the Board as a whole. The contributions of individual directors are monitored by other members of the Board on an informal basis through observation.

AUDIT COMMITTEE

National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") requires the Company to disclose annually in its management information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

The Audit Committee's mandate and charter can be described as follows:

1. Each member of the Audit Committee shall be a member of the Board of Directors, in good standing, and the majority of the members of the audit committee shall be independent in order to serve on this committee.
2. At least one of the members of the Audit Committee shall be financially literate.
3. Review the Audit Committee's charter annually, reassess the adequacy of this charter, and recommend any proposed changes to the Board of Directors. Consider changes that are necessary as a result of new laws or regulations.
4. The Audit Committee shall meet at least four times per year, and each time the Company proposes to issue a press release with its quarterly or annual earnings information. These meetings may be combined with regularly scheduled meetings, or more frequently as circumstances may require. The Audit Committee may ask members of management or others to attend the meetings and provide pertinent information as necessary.
5. Conduct executive sessions with the outside auditors, outside counsel, and anyone else as desired by the committee.
6. The Audit Committee shall be authorized to hire outside counsel or other consultants as necessary (this may take place any time during the year).
7. Appoint the independent auditors to be engaged by the Company, establish the audit fees of the independent auditors, pre-approve any non-audit services provided by the independent auditors, including tax services, before the services are rendered. Review and evaluate the performance of the independent auditors and review the full board of directors any proposed discharge of the independent auditors.
8. Review with management the policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the independent auditor.
9. Consider, with management, the rationale for employing audit firms rather than the principal independent auditors.
10. Review with management and the independent auditors, all significant risks or exposures facing the Company; assess the steps the Management has taken or proposes to take to minimize such risks to the Company; and periodically review compliance with such steps.

11. Review with the independent auditor, the audit scope and plan of the independent auditors. Address the coordination of the audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
12. Inquire regarding the "quality of earnings" of the Company from a subjective as well as an objective standpoint.
13. Review with the independent accountants: (a) the adequacy of the Company's internal controls including computerized information systems controls and security; and (b) any related significant findings and recommendations of the independent auditors together with management's responses thereto.
14. Review with management and the independent auditor the effect of any regulatory and accounting initiatives, as well as off-balance-sheet structures, if any.
15. Review with management and the independent auditors, the interim annual financial report before it is filed with the regulatory authorities.
16. Review with each public accounting firm that performs an audit: (a) all critical accounting policies and practices used by the Company; and (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company, the ramifications of each alternative and the treatment preferred by the Company.
17. Review all material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
18. Review with management and the independent auditors: (a) the Company's annual financial statements and related footnotes; (b) the independent auditors' audit of the financial statements and their report thereon; (c) the independent auditor's judgments about the quality, not just the acceptability, of the Company's accounting principles as applied in its financial reporting; (d) any significant changes required in the independent auditors' audit plan; and (e) any serious difficulties or disputes with management encountered during the audit.
19. Periodically review the Company's code of conduct to ensure that it is adequate and up-to-date.
20. Review the procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters that may be submitted by any party internal or external to the organization. Review any complaints that might have been received, current status, and resolution if one has been reached.
21. Review procedures for the confidential, anonymous submission by employees of the organization of concerns regarding questionable accounting or auditing matters. Review any submissions that have been received, the current status, and resolution if one has been reached.
22. The Audit Committee will perform such other functions as assigned by law, the Company's charter or bylaws, or the board of directors.
23. The Audit Committee will evaluate the independent auditors.

Audit Committee Charter

The Audit Committee Charter is attached to this Circular as Schedule "A".

Composition of Audit Committee and Independence

The following are members of the Audit Committee:

Shae De Jaray	Non-Independent ⁽²⁾	Financially Literate ⁽¹⁾
William L. Macdonald	Independent	Financially Literate ⁽¹⁾
Warren Robinson	Independent	Financially Literate ⁽¹⁾

Notes:

(1) As defined in NI 52-110

(2) Mr. De Jaray is not independent by virtue of his role as the COO of the Company.

A member of the audit committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's Board of Directors, reasonably interfere with the exercise of a member's independent judgement.

A member of the audit committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

Relevant Education and Experience

Shae De Jaray

Mr. De Jaray is an engineering graduate of Queen's University (Kingston, Ontario), specializing in Mechanical Engineering with a sub-specialty in Fluid Dynamics. He holds a Master of Science degree from Heriot-Watt University (Edinburgh, Scotland), specializing in distilling and brewing technologies.

Mr. De Jaray has engineered and overseen the installation of high-pressure distillation and brewing systems globally. He is the founder of Deep Cove Brewers and Distillers, a successful brewery and distillery in Vancouver, B.C., Canada. In his role at Deep Cove Brewers and Distillers, Mr. De Jaray has developed experience working with financial statements and accounting issues.

William L. Macdonald

Mr. Macdonald is a founder and principal of Macdonald Tuskey, Corporate and Securities Lawyers, a boutique securities and corporate finance firm located in Vancouver, British Columbia established in April 2008. Prior thereto, from February 1998 to April 2008, Mr. Macdonald was a partner with Clark Wilson LLP and a member of the firm's Corporate Finance / Securities Practice Group.

Mr. Macdonald has been a member of the Law Society of British Columbia since February 1998 and a member of the New York State Bar since February 2002.

Warren Robinson

Mr. Robinson is CEO of Atlas Capital Inc. an Exempt Market Dealer (EMD) registered to operate in BC, Alberta, Saskatchewan, Manitoba, Ontario and Quebec since 2014. He is a highly experienced and proven deal originator with decades of experience in financing and advising growth companies. Mr. Robinson has advised a private equity firm with over \$1.5 billion in active investments.

Audit Committee Oversight

At no time since the commencement of the Company'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

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110; or
- (b) the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*) of NI 52-110; or
- (c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*) of NI 52-110; or
- (d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) of NI 52-110; or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

The following table sets out the aggregate fees billed by the Company's current external auditors, Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, for the year ended July 31, 2019, and 2018:

Audit Service Fees	Year Ended July 31, 2019	Year Ended July 31, 2018
Audit Fees ⁽¹⁾	\$98,598	\$10,000
Audit Related Fees ⁽²⁾	\$25,597	\$6,000
Tax Fees ⁽³⁾	\$6,300	\$2,000
All Other Fees ⁽⁴⁾	\$4,200	\$4,622
Total	\$134,695 ⁽⁵⁾	\$22,622

Notes:

- (1) The aggregate fees billed by the Company's auditor for audit fees (consolidated statements).
- (2) The aggregate fees billed for assurance and related services by the Company's auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the 'Audit Fees' column.
- (3) The aggregate fees billed for professional services rendered by the Company's auditor for tax compliance, tax advice and tax planning.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.
- (5) The increase in audit fees for the year ended July 31, 2019, resulted from the two transactions completed during the fiscal year.

Exemption

The Company is relying on the exemption in section 6.1 of NI 52-110 from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no: (a) director, proposed director or executive officer of the Company; (b) person or company who beneficially owns, or controls or directs, directly or indirectly, or a combination of both, Stillcanna Shares, carrying more than ten percent of the voting rights attached to the outstanding common shares of the Company (an "**Insider**"); (c) director or executive officer of a person or company that is itself an Insider or Subsidiary of the Company; or (d) any associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year, or in any proposed transaction that has materially affected or would materially affect the Company, except with respect to an interest arising from the ownership of common shares of the Company where such person or company will receive no extra or special benefit or advantage not shared on a pro-rata basis by all holders of Stillcanna Shares. See also *Interest of Certain Persons or Companies in Matters to be Acted Upon* below.

MANAGEMENT CONTRACTS

There are no management functions of the Company, which are, to any substantial degree, performed by a person other than the directors or executive officers of the Company.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as otherwise set out herein, none of the directors or executive officers of the Company, none of the management proposed nominees for election as directors of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last financial year and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

OTHER MATTERS

As of the date of this Circular, management knows of no other matters to be acted upon at this Meeting. However, should any other matters properly come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the shares represented by the proxy.

GENERAL

Unless otherwise directed, it is the intention of the Management Appointees to vote proxies in favour of the resolutions set forth herein. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the Shareholders. All special resolutions require, for the passing of the same, a 2/3 majority of the votes cast at the Meeting by the shareholders.

ADDITIONAL INFORMATION

Additional information relating to Stillcanna is included in the audited financial statements of Stillcanna for the year ended July 31, 2019 a copy of which has been filed on www.sedar.com.

Additional information is also available upon request at the operating office of the Company. The Company's telephone number is 778-871-0357.

DIRECTOR APPROVAL

The contents of this Circular and its distribution to Shareholders have been approved by the Board.

Dated at Vancouver, British Columbia, Canada, on this 28th day of July, 2020.

BY ORDER OF THE BOARD OF DIRECTORS OF THE COMPANY

(signed) "Jason Dussault"

Jason Dussault
CEO and Director

APPENDIX A

ACQUISITION RESOLUTION RESOLUTION OF THE SHAREHOLDERS OF STILLCANNA INC. (the "Company")

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The acquisition (the "**Acquisition**") of all the issued and outstanding common shares of Sativa Group plc. ("**Sativa**") by the Company, as more particularly described and set forth in the information circular of the Company dated July 28, 2020 (the "**Circular**"), is hereby authorized, approved and adopted.
2. Each of the letter of intent dated April 17, 2020 between the Company and Sativa (the "**Letter of Intent**"), the Bid Conduct Agreement dated June 2, 2020 between the Company, Sativa and certain securityholders of Sativa (the "**Bid Conduct Agreement**") and the scheme of arrangement, among the Company, Sativa, and certain securityholders of Sativa (the "**Scheme of Arrangement**", and collectively with the Letter of Intent and the Bid Conduct Agreement, the "**Acquisition Agreements**") and all transactions contemplated thereby, and the performance by the Company of its obligations thereunder, is hereby approved and adopted.
3. The actions of the directors of the Company in approving the Acquisition Agreements and the actions of the directors and officers of the Company in executing and delivering the Acquisition Agreements and any amendments thereto in accordance with its terms are hereby ratified and approved.
4. The issuance of certain stock options pursuant to the Acquisition Agreements, as detailed in Appendix B and Appendix C to the Circular, be and are hereby authorized and approved.
5. Notwithstanding that this resolution has been passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered (i) to amend the Acquisition Agreements to the extent permitted by the Acquisition Agreements, and (ii) not to proceed with the Acquisition at any time prior to the Closing Date (as defined in the Acquisition Agreements).
6. Any officer or director is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, all such documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such authorization to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

**APPENDIX B
INFORMATION CONCERNING SATIVA**

The following information is presented on a pre-Transaction basis and reflects the business, financial and share capital position of Sativa Group plc.. ("Sativa"). See Cautionary Notice Regarding Forward-Looking Statements in this Circular in respect of forward-looking statements that are included in this Schedule and in the documents incorporated by reference herein.

All capitalized terms used in this Appendix and not defined herein have the meaning ascribed to such terms in the *Glossary of Terms* or elsewhere in this Circular Unless otherwise indicated herein, references to "\$", "Cdn\$" or "Canadian dollars" are to Canadian dollars, and references to "US\$" or "U S dollars" are to United States dollars. The information contained in this Appendix unless otherwise indicated, is given as of July 27, 2020.

PRELIMINARY NOTE

This Appendix has been prepared by the management of Sativa and contains information in respect of the business and affairs of Sativa Information provided by Sativa is the sole responsibility of Sativa, and Stillcanna does not assume any responsibility for the accuracy or completeness of such information.

ORGANIZATIONAL STRUCTURE

Sativa was incorporated on December 19, 2017 under the laws of England and Wales, with the name Sativa Investments plc and has a head office in Somerset, England. On June 13, 2019 the Company's name was changed to Sativa Group plc. Sativa Shares were first admitted to trading on the AQSE on March 29, 2018 as an investment vehicle looking for well-placed opportunities in the medicinal cannabis

Sativa has the following subsidiaries:

Name of Subsidiary	Jurisdiction of Incorporation	Shareholders and Interest held
Goodbody Botanicals Ltd.	United Kingdom	Sativa Group PLC (100%)
Goodbody Wellness Ltd.	United Kingdom	Sativa Group PLC (100%)
PhytoVista Laboratories Ltd.	United Kingdom	Sativa Group PLC (100%)
Sativa Cultivation and Extraction Ltd.	United Kingdom	Sativa Group PLC (100%)
Tessellate Collective Ltd.	United Kingdom	Sativa Group PLC (100%)
Sativa Germany GmbH	Germany	Sativa Group PLC (60%)

(collectively, the "**Sativa Subsidiaries**")

The following subsidiaries were organized in order to enable Sativa to implement its business plan in the United Kingdom, as follows:

Goodbody Botanicals Ltd.

On June 22, 2018, Sativa entered into a share purchase agreement (the "**GBL SPA**") with Carbon Managers Limited ("**CML**") pursuant to which it acquired the entire issued share capital of Goodbody Botanicals Ltd. (formerly, George Botanicals Ltd.) ("**GBL**"), a company constituted under the laws of England and Wales.

Goodbody Wellness Ltd.

Goodbody Wellness Ltd. ("**Goodbody Wellness**") was incorporated as a wholly owned subsidiary of Sativa on February 6, 2019 under the laws of England and Wales.

PhytoVista Laboratories Ltd.

On July 2, 2018, Sativa entered into a share purchase agreement (the "**PVL SPA**") with CML pursuant to which it acquired the entire issued and outstanding share capital of PhytoVista Laboratories Ltd. ("**PVL**"), a company organized under the laws of England and Wales.

Sativa Cultivation and Extraction Ltd.

Sativa Cultivation and Extraction Ltd. ("**SC&E**") is a wholly-owned subsidiary of Sativa that was formed on August 3, 2018, for the purpose of carrying out research and development in the CBD and medicinal cannabis space.

Tessellate Collective Ltd.

Tessellate Collective Ltd. ("**Tessellate**") is a wholly owned subsidiary of Sativa which was incorporated on February 6, 2019 under the laws of England and Wales.

Sativa Germany GmbH

Sativa Germany GmbH ("**Sativa Germany**") is a German company established to secure licenses for the distribution of medical cannabis products in Germany in which Sativa holds a 60% interest. .

Sativa Shares are listed for trading on the AQSE.

GENERAL DEVELOPMENT OF THE BUSINESS OF SATIVA

During the three most recently completed financial years, Sativa was engaged in the life sciences business, specifically, in the CBD industry. Sativa, through its subsidiaries, operates five separate businesses: Goodbody Botanicals Ltd, Sativa's primary retail subsidiary which sells CBD products online and on the high street; Goodbody Wellness Ltd., Sativa's high street retail store offering prestige CBD wellness centre brand; Tessellate Collective, a bespoke direct sale channel operated through a custom-built social marketing platform; PhytoVista Laboratories Ltd., an independent analytical hemp and CBD testing facility providing support to retailers, distributors and manufacturers by expertly testing the cannabinoid level and also for contaminants of the hemp and CBD products; and Sativa Cultivation and Extraction, which cultivates and extracts high THC medicinal cannabis under Home Office license for research purposes, to fulfil its research partnership with King's College London.

During the year ended December 31, 2018

On June 22, 2018, Sativa entered into the GBL SPA with CMP pursuant to which it acquired the entire issued share capital of GBL, a company constituted under the laws of England and Wales. The consideration payable by Sativa to CML was £215,000 in cash and the issue and allotment of 5,000,000 Sativa Shares at an issue price of £0.04125 per Sativa Share. The consideration shares received by CML were subject to a 12 month lock-in period. The GBL SPA contains customary warranties and representations for a transaction of this nature.

GBL operates as a retailer selling a wide range of CBD products including gels, balms, capsules, tinctures and more for the wellness market under the slogan "CBD you can trust". The GBL brand is distributed throughout the United Kingdom, including to major high street retailers, independent wellness retailers and both national and local pharmacies. This channel is supported by the United Kingdom's leading retail and pharmacy distribution partners and is also available online. GBL not only manufactures their own brands utilizing their own production and packaging facility, but also provides white label services to other brands.

On July 2, 2018, Sativa entered into the PVL SPA with CML. The consideration payable by Sativa to CML was £235,000 in cash and the issue and allotment of 5,000,000 Sativa Shares at an issue price of £0.045 per Sativa Share. The consideration shares received by CML were subject to a 12 month lock-in period. The PVL SPA contains customary warranties and representations for a transaction of this nature. The PVL SPA is governed by the laws of England and Wales.

PVL is an English company which operates an independent analytical hemp and CBD testing facility. PVL provides support to retailers, distributors and manufacturers by expertly testing the cannabinoid levels of hemp and CBD products. PVL is one of the United Kingdom's most trusted laboratories operating to Good Laboratory Practice and ISO 17025 standards, with the aim of being ISO accredited in 2020. PVL is a leading UK analytical laboratory for the testing of 14 cannabinoids and terpenes using high-performance liquid chromatography, and provides pesticides screening, heavy metals testing and mycotoxin analysis services. PVL completed its 4,000th cumulative sample test in March 2020, 90% of which was for external CBD and food manufacturers.

SC&E was incorporated as a wholly-owned subsidiary of Sativa on August 3, 2018. SC&E was issued a Controlled Drug License for the cultivation, production and possession of high THC content cannabis in the United Kingdom with an emphasis on medical research on October 15, 2019, which is due for renewal on October 14, 2020. SC&E entered into a research agreement with King's College London on April 2, 2019 to research the impact of cannabinoids on inflammation and respiratory conditions.

During the year ended December 31, 2019

Sativa entered into a placing agreement ("**Placing Agreement**") on December 19, 2019 with Allenby Capital Limited ("**Allenby**") in connection with a placing pursuant to which the Company raised approximately £1.38m before expenses. Under the terms of the Placing Agreement, the Company gave certain customary warranties to Allenby in connection with the placing and other matters relating to the Sativa Group. The Company also indemnified Allenby against any losses which Allenby (or their affiliates) may suffer or any claims which may be made or threatened against Allenby relating to or arising from the placing including but not limited to a breach by the Company of its obligations under the Placing Agreement. The Company paid Allenby a placing commission equal to six percent of the gross

proceeds received from investors introduced by Allenby and a further commission of one per cent of the gross proceeds received from investors who were not introduced by Allenby but whom settled through Allenby along with costs associated to the Placing Agreement. The Placing Agreement is governed by the laws of England and Wales.

Operating under the same "Goodbody" brand as Goodbody Botanicals, Goodbody Wellness is focused on the health and beauty market. Goodbody Wellness products are sold to high-end retail health and beauty stores and are also available through Sativa's own national chain of Goodbody Wellness specialist retail outlets. The first Goodbody Wellness store was launched in Bath, England on June 29, 2019, in a prime shopping destination in the city to provide a premium consumer experience. In addition, Goodbody Wellness also makes its product line available for sale on its website.

Tessellate operates Sativa's direct sales channel using a model popularized globally in the cosmetics and wellness sectors. Tessellate has over 500 well established direct sellers acting as advocates for the brand and who have access to an easy-to-use and financially rewarding commission plan.

As at the date of this Listing Statement, Sativa Germany's license applications are still in progress and no business is carried on by Sativa Germany.

NARRATIVE DESCRIPTION OF BUSINESS

Sativa is a publicly quoted English holding company for the Sativa Group which operates five separate businesses across the CBD and medicinal cannabis sector. It has five wholly-owned subsidiaries operating these businesses.

Goodbody Botanicals

GBL operates as a retailer selling a wide range of CBD products including gels, balms, capsules, tinctures and more for the wellness market under the slogan "CBD you can trust". The Goodbody Botanicals brand is distributed throughout the UK, including to major high street retailers, independent wellness retailers and both national and local pharmacies. This channel is supported by the UK's leading retail and pharmacy distribution partners and is also available online. GBL not only manufactures their own brands utilising their own production and packaging facility, but also provides white label services to other brands.

Goodbody Wellness

Operating under the same "Goodbody" brand group as Goodbody Botanicals, Goodbody Wellness is focused on the health & beauty market. Goodbody Wellness products are sold to high-end retail health and beauty stores and are also available through Sativa's own national chain of Goodbody Wellness specialist retail outlets. The first Goodbody Wellness store was launched in Bath, England on 29 June 2019 in a prime shopping destination in the city to provide a premium consumer experience. Goodbody Wellness has subsequently opened two further stores in Bristol and Cirencester (albeit that those stores are presently closed as a result of the COVID-19 pandemic and may not reopen as a result). In addition, Goodbody Wellness also makes its product line available for sale on its website.

PhytoVista Laboratories

PVL provides support to retailers, distributors and manufacturers by expertly testing the cannabinoid levels of hemp and CBD products. PVL is one of the UK's most trusted laboratories operating to GLP

(Good Laboratory Practice) and ISO 17025 standards, with the aim of being ISO accredited in 2020. PVL is a leading UK analytical laboratory for the testing of 14 cannabinoids and terpenes using high-performance liquid chromatography (HPLC), and provides pesticides screening, heavy metals testing and mycotoxin analysis services. PVL completed its 4,000th cumulative sample test in March 2020, 90% of which was for external CBD and food manufacturers.

Sativa Cultivation and Extraction

SC&E is a wholly owned subsidiary of Sativa that was formed for the purpose of carrying out research and development in the CBD and medicinal cannabis space. It was issued with a Controlled Drug License for the cultivation, production and possession of high THC content cannabis in the UK with an emphasis on medical research on October 15, 2019 which is due for renewal on October 14, 2020. SC&E entered into a research agreement with King's College London on April 2, 2019 to research the impact of cannabinoids on inflammation and respiratory conditions. SC&E has also supported the Sativa Group with formulations for research into veterinary CBD medicines.

Tessellate Collective

Tessellate operates Sativa's direct sales channel using a model popularized globally in the cosmetics and wellness sectors. Tessellate has over 500 well established direct sellers acting as advocates for the brand and who have access to an easy-to-use and financially rewarding commission plan.

Sativa Germany

Sativa Germany is a German company established to secure licences for the distribution of medical cannabis products in Germany in which Sativa holds a 60% interest. As at the date of this Announcement, Sativa Germany's licence applications are still in progress and no business is carried on by this company as yet.

A video overview of the Sativa Group is available at <https://youtu.be/8s0w9FUL8rs?t=11>.

Market Overview

The European Marketplace

The market for bulk CBD isolate and distillate remains fragmented with several geographical anomalies. The Issuer's focus is the European marketplace, which comprises the UK, the EU and the balance of Europe. The UK is the leading consumer market for retail CBD products, followed by Italy. The UK is an anomaly it is practice of allowing local companies the importation and sale of non-EU based products, while the balance of EU countries want EU-manufactured products to trade within its boundaries.

The Issuer produces an entirely EU-based compliant product and feels it is uniquely position to meet the requirements of the EU marketplace. The Issuer has witnessed significant price differentiation between the UK price for wholesale bulk CBD and the rest of Europe. Current prices based on quantity in the UK sit between 1,100 and 4,000 euros per kilogram, while the balance of the EU sits between 4,000 and 7,000 euros per kilogram. A GMP certificate greatly increases the value of the Issuer's products. Other manufacturing certificates such as HACCP, Kosher, Halal and others may broaden the Issuer's product appeal.

The marketplace for bulk CBD products is made up of two different markets represented by two different purchasers. There is a large global brokerage community of representatives that trade mostly on the spot market. They are looking for a one time buy of bulk CBD products for a specific customer they have, the sale is based upon the best single price they can find for the quantity they represent. The other marketplace consists of companies looking for a consistent quality supply of CBD products on an ongoing basis (often, monthly). Most large corporations cannot base their product costs and supply chain on the spot market. At times the brokerage community represent corporations looking for a steady supply, but mostly seem to represent single purchases. The contractual cost per kilogram for a steady consistent quality supply of CBD is higher than that of the spot market.

European Union Regulatory Environment

European Union Regulation 1307/2013 provides that it is legal to cultivate and supply hemp plants within the EU member states if the hemp plants have a THC content of less than 0.2%. Producers of hemp must use seeds of specified hemp varieties, which have been certified under the EU regulations to have a THC content of no more than 0.2%. Globally the differentiation between hemp and marijuana is the amount of THC is one of at least 113 cannabinoids identified in cannabis. THC is the principal psychoactive constituent of cannabis. In most of Europe if the physical plant contains less than .2% THC by volume then it is hemp if it contains over .2% THC then it is considered marijuana. The THC threshold varies a little from country to country with Italy allow .5% THC and Switzerland allowing 1 % THC and the USA allows .3% THC. The importation of hemp is also subject to the same THC content limit under European Union Regulation 1308/2013. According to the European Court of Justice, case C-207/08 (Babanov), hemp farmers operating in any of the European Union member states that are fulfilling the conditions outlined in the aforementioned EU regulations cannot have their activities in respect of the cultivation and handling of hemp prohibited or restricted, if such prohibitions or restrictions conflict with the EU regulations or undermines their aims and objectives. In 2015, the European Parliament and the European Council implemented Regulation (EU) 2015/2283 on novel foods (the "**Novel Foods Regulation**"). In January 2019, CBD and other cannabinoids were included in the Novel Foods Regulation. Regulatory authorities in each of the member countries within the European Union administer, implement and enforce the Novel Foods Regulation within their respective jurisdictions. Each of Bulgaria, Romania and Germany are members of the European Union and, as such, neither country may introduce laws which prohibit or restrict the cultivation and handling of hemp in a way that conflicts with, or undermines the aims and objectives of, EU regulations.

The Issuer has applied for a novel food application and expects to comply with all applicable provisions of the Novel Foods Regulations.

The United Kingdom Regulatory Environment

On February 13, 2020 the UK Food Standards Agency (the "**FSA**") published guidance (the "**FSA Guidance**") on the Novel Foods Regulation. The FSA Guidance has no impact on CBD-based products prescribed for medical use. The FSA Guidance provides that after March 31, 2021, only products that have submitted a valid application for novel foods authorization can continue to sell their products on the UK market after that date and until the authorization process is determined for that application. The Issuer has submitted an application for novel foods authorization and expects to receive authorization to continue to sell products in the United Kingdom.

Germany

Hemp is partially regulated under Germany's Betäubungsmittelgesetz ("**BtMG**"). Section 19(3) of BtMG gives primary cultivation authority over hemp to the Federal Office of Agriculture and Food, the *Bundesanstalt für Landwirtschaft und Ernährung* ("**BLE**"). Article [24a](#) requires annual reporting to the BLE by German hemp cultivators. An appendix to the BtMG provides that certain hemp products are exempt from the definition of "cannabis".

In March 2019 the Federal Agency for Consumer Protection and Food Safety, or Bundesamt für Verbraucherschutz und Lebensmittelsicherheit ("**BVL**"), published a statement indicating that dietary supplements containing CBD were considered novel foods and therefore required approval (including a demonstration of safety) pursuant to Rule 2015/2283. BVL is the German agency responsible for approving novel foods. Another German agency also regulates CBD products: the Federal Agency for Pharmaceutical and Medical Products, or Bundesinstitut für Arzneimittel und Medizinprodukte. As of the date of this Listing Statement, the regulatory environment in Germany is uncertain and the Issuer is reviewing and evaluating the German CBD market.

SELECTED CONSOLIDATED FINANCIAL STATEMENTS

Annual Financial Information

Summary of Sativa's Annual Information

The following table sets forth selected financial information for Sativa for the year ended December 31, 2019 and December 31, 2018. Such information is derived from the financial statements of Sativa and should be read in conjunction with such financial statements. (see *Schedule "D" – Sativa Financial Statements*).

The following table is a summary of selected financial information of Sativa for the years ended December 31, 2019 and 2018:

	Year Ended December 31, 2019 (audited) £,000	Year Ended December 31, 2018 (audited) £,000
Revenue	1,449	260
Net Income (Loss)	(3,797)	(1,859)
Basic and diluted earnings from continued operations (loss) per share	(0.72)	(0.52)
Total Assets	4,552	5,248
Total Liabilities	1,051	281

Sativa Quarterly Information

The following information is in respect of Sativa for the eight quarters preceding the date of this Listing Statement:

Summary of quarterly results	31 March 2020 £,000	31 Dec 2019 £,000	30 Sept 2019 £'000	30 June 2019 £'000	31 March 2019 £,000	31 Dec 2018 £,000	30 Sept 2018 £'000	30 Jun 2018 £'000
Revenues	358	463	398	333	255	170	82	8
Net loss and comprehensive loss	(914)	(1,290)	(945)	(754)	(808)	(717)	(363)	(779)
Loss per share (pence)	(0.16)	(0.24)	(0.18)	(0.15)	(0.16)	(0.14)	(0.08)	(0.06)

A copy of Sativa's annual and interim financial statements for the relevant periods are attached as Schedule "A" to this Appendix "C".

DIVIDENDS

As of the date of this Listing Statement, there are no restrictions that prevent the Company from paying dividends on the Common Shares. The Company has neither declared nor paid any dividends on its shares and it is not contemplated that the Company will pay dividends in the immediate or foreseeable future. The Company currently intends to retain future earnings and other cash resources to fund the development and growth of our business and does not anticipate paying dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors, including, among others, our financial condition, current and anticipated cash requirements, contractual restrictions, financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant.

MANAGEMENT'S DISCUSSION AND ANALYSIS

A copy of Sativa's MD&A are attached to the financial statements of Sativa. They should be read in conjunction with the Sativa Financial Statements. The Sativa Financial Statements set out in Schedule "A" have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

DESCRIPTION OF SATIVA SHARE CAPITAL

Authorized Share Capital

The authorized share capital of the Sativa consists of, as of the date of this Information Circular, 569,189,167 Common Shares are outstanding and 179,585,256 Common Shares will be reserved for issuance pursuant to Convertible Securities of the Sativa.

Common Shares

Holders of Common Shares are entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Company and to receive all notices and other documents required to be sent to shareholders in accordance with the Company's articles, corporate law and the rules of any applicable stock exchange. On a poll, every shareholder has one vote for each Common Share. The holders of Common Shares are entitled to dividends if, as and when declared by the Board and, upon the liquidation, dissolution or winding-up of its affairs or other distribution of its assets for the purpose of winding-up its affairs, to receive, on a pro rata basis, all of the remaining assets of the Company. The Common Shares do not carry any preemptive, subscription, redemption or conversion rights, nor do they contain any

sinking fund or purchase fund provisions.

Value Capped Options and MIP Shares

The Sativa Directors will be entitled to exchange their Sativa Options for an equivalent award consisting of Value Capped Options and MIP Shares. Such Sativa Options, which currently subsist over a specific number of Sativa Shares (the "**Option Quantum**"), will be exchanged for MIP Shares and/or Value Capped Options which relate up to the same Option Quantum. Subject to a number of provisions described in *Value Capped Options and MIP Shares*, the MIP Shares can in the future be sold to Sativa pursuant to the provisions of the articles of association of Goodbody Botanicals and the individual's subscription documentation. This is a tax efficient structure for UK tax purposes and holders will receive the same net value on disposal of each Common Share issued pursuant to the Value Capped Options (as set out above) as they would on disposal of each Common Share issued pursuant to the foregone Sativa Options, with the MIP Shares having less exposure to tax. In any event, the MIP has no greater dilutive effect than the foregone Sativa Options.

The Value Capped Options shall be options granted over such number of Common Shares as equates to the Option Quantum and shall have an aggregate exercise price equal to the aggregate exercise price of the Options foregone. The Value Capped Options may be exercised on or after the Vesting Date, with the number of Common Shares which may be acquired on exercise being restricted to such number as is equal to the sum of the Hurdle and MIP Share subscription price, multiplied by the Option Quantum, divided by the share price of a Sativa Share at the time of exercise.

Sativa had a redundancy process underway prior to the commencement of the Offer Period, which was not related to the Transaction, but as a result of difficult market circumstances arising as a result of the COVID-19 pandemic. Sativa has, between the Announcement Date and the date of this Listing Statement, completed this redundancy consultation process, the result of which meant that employees of its workforce were made redundant. This redundancy process has resulted in 1,333,333 Sativa Options issued to those employees made redundant lapsing due to vesting conditions not having been met, in addition to 3,076,923 Sativa Options lapsing due to vesting conditions not having been met from an employee who resigned in December 2019 (collectively, the "**Lapsed Options**").

The initial issue of the Lapsed Options was made possible by Jeremy Thomas agreeing to surrender certain Sativa Options previously held by him, conditional always on those Sativa Options being exercised. Therefore, the lapse of Lapsed Options means that the Sativa Options previously surrendered reverted back to Jeremy Thomas. Mr. Thomas has retained none of the previously surrendered Sativa Options and it has been agreed that 4,410,256 of those Sativa Options will be re-surrendered in order for 3,076,923 additional new Sativa MIP Shares to be issued to Joseph Colliver and 1,333,333 additional new Sativa MIP Shares to be issued to Anne Tew. The surrendered Sativa Options were exercisable at 0.5p when originally granted by the Company to Jeremy Thomas, and the new Sativa MIP Shares have a hurdle set at the mid-market price at the date of grant (2.3p) and one third will vest on the first anniversary of the date of grant, one third on the second anniversary, and one third on the third anniversary, and will be locked-in for three years under escrow.

CONSOLIDATED CAPITALIZATION

Sativa's authorized share capital consists of an unlimited number of common shares. As at December 31, 2019, (Sativa's most recently completed financial year), the outstanding capital of Sativa consisted of 569,189,167 common shares, common share purchase warrants and 118,760,256 stock options. The following table summarizes the capital of Sativa as of the date of this Listing Statement:

Designation of Security	Amount Authorized	Outstanding as of June 30, 2020
Common Shares	Unlimited	569,189,167
Stock Options	Unlimited	118,760,256
Warrants	N/A	30,825,000
Fully Diluted Common Shares	Unlimited	718,774,423

Sativa has no loans or debt instruments other than intercorporate loans.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security holdings

The names and province or state and country of residence of the directors and executive officers of Sativa, positions held by them with Sativa and their principal occupations during the past five years are as set forth below. The term of office of each of the present directors expires at the next annual general meeting of shareholders. After each such meeting, the Board of Directors appoints Sativa's officers and committees for the ensuing year.

Name, place of residence and position with Company	Principal occupation during the last five years	Date of Appointment as director or officer	Common Shares Beneficially Owned, Directly or Indirectly or Controlled or Directed as of the Date of the Listing Statement⁽¹⁾
Henry Lees- Buckley, Tsawwassen, BC, CEO and Director	<i>See Management Details</i>	<i>Proposed Director</i>	Nil -
Joseph Colliver, Bath, England, CFO and Director	<i>See Management Details</i>	<i>Proposed Director</i>	Nil -
Jonathan Wearing, London, England, Director	<i>See Management Details</i>	<i>Proposed Director</i>	16,754 <1%
Angus Kerr Crewe, England, Director	<i>See Management Details</i>	<i>Proposed Director</i>	Nil -
Mark Blower, Marlborough, England, Director	<i>See Management Details</i>	<i>Proposed Director</i>	2,010,439 <1%

Notes:

(1) Calculated based on a total aggregate issued and outstanding Common Shares of 302,592,773, on an undiluted basis.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer (a) is, as at the date of this Circular, or has been, within ten years before the date of this document, a director or executive officer of any corporation (including Sativa) that, while that person was acting in that capacity: (i) was the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under the securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive

officer ceased to be a director or executive officer, in Sativa being the subject of a cease trade order or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days.

No director or executive officer (a) is, as at the date of this Circular or has been, within ten years before the date of this document, a director, chief executive officer or chief financial officer of any corporation (including Sativa) that, while that person was acting in that capacity: (i) was the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under the securities legislation, for a period of more than 30 consecutive days or; (ii) was subject to an event that resulted, after the director executive officer ceased to be a director, chief executive officer or chief financial officer in the corporation being the subject of a cease trade order or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days.

No director executive officer or shareholder holding a sufficient number of securities of Sativa to materially affect the control of Sativa (a) is, as at the date of this Circular, or has been within ten years before the date of the Circular, a director or executive officer of any corporation (including Sativa) 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 (b) has, within the ten years before the date of this document, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of Sativa, or a shareholder holding sufficient number of securities of Sativa to affect materially the control of Sativa, has been 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 in making an investment decision.

Conflicts of Interest

Certain of Sativa's directors and officers serve or may agree to serve as directors or officers of other reporting companies or have significant shareholdings in other reporting companies. For a list of the other reporting Companies in which directors of Sativa also serve as directors, please see the directors' and insider's profile available on SEDI at www.sedi.ca. To the extent that such other companies may participate in ventures in which Sativa may participate, the directors of Sativa may have a conflict of interest in negotiating and concluding terms regarding the extent of such participation. In the event that such a conflict of interest arises at a meeting of Sativa's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular corporation will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of Sativa making the assignment. Under the laws of Canada, the directors of Sativa are required to act honestly, in good faith and in the best interests of Sativa

In determining whether or not Sativa will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which Sativa may be exposed and its financial position at that time.

As of the date of the Circular, none of the directors and officers of Sativa are a director or officer of any other reporting Companies.

EXECUTIVE COMPENSATION

The following table, prepared in accordance with Form 51-102F6, sets forth all annual and long term compensation for services in all capacities to Sativa for the three most recently completed financial years of Sativa in respect of each of the individuals comprised of each Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") who acted in such capacity for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, (other than the CEO and the CFO), as at December 31, 2018 whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of Sativa, nor acting in a similar capacity, for the most recently completed financial year ending December 31, 2018 (collectively the "Named Executive Officers" or "NEOs")

Compensation Discussion and Analysis

Sativa does not have in place any formal objectives, criteria or analysis for determining or assessing the compensation of its executive officers and Directors, nor does it have a compensation committee.

Sativa is aware of the challenges that it faces in its present stage of development and the financial limitations of being a fast growing company that provides services and products to the nascent cannabis industry. Corporate performance and level of activity has been a consideration in determining compensation. As Sativa's business and operations grow in size and complexity, it is anticipated that it will establish a compensation committee with formal objectives and policies, including specific performance goals or benchmarks as such relate to executive compensation, that will review compensation practices of companies of similar size and stage of development to ensure the compensation paid is competitive within the company's industry.

The compensation of Sativa's officers and directors is based on an incentive philosophy with the intent that all efforts will be directed toward a common objective of creating shareholder value. The compensation strategy is to attract talent and experience with focused leadership in the operations, financing, and management of the company with the objective of maximizing the value of the company. The officers and board of directors each have defined skills and experience that are essential to a fast growing company that provides services and products to the emerging cannabis industry.

Base Salary or Consulting Fees

Base salary ranges for executive officers were initially determined upon a review of companies within the manufacturing industry, which were of the same size as Sativa, at the same stage of development as Sativa and considered comparable to Sativa.

In determining the base salary of an executive officer, the board of directors of Sativa considers the following factors:

- (a) The particular responsibilities related to the position;
- (b) Salaries paid by other companies that are similar in size and scope of business;
- (c) The experience level of the executive officer;
- (d) The amount of time and commitment which the executive officer devotes to Sativa; and
- (e) The executive officer's overall performance and performance in relation to the achievement of corporate milestones and objectives.

Bonus Incentive Compensation

Sativa's objective is to achieve certain strategic objectives and milestones. The board of directors of Sativa will consider executive bonus compensation dependent upon Sativa meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The board of directors of Sativa approves executive bonus compensation dependent upon compensation levels based on information provided by Companies that are similar in size and scope to Sativa's operations

Equity Participation

Sativa has no stock option plan currently in place.

Actions, Decisions or Policy Changes

Given the evolving nature of Sativa's business, the board of directors of Sativa continues to review the overall compensation plan for senior management so as to continue to address the objectives identified above.

Risks Associated with Sativa's Compensation Practices

Sativa's directors have not considered the implications of any risks to Sativa associated with decisions regarding Sativa's compensation program Sativa intends to formalize its compensation policies and practices and will take into consideration the implications of the risks associated with Sativa's compensation program and how it might mitigate those risks.

Benefits and Perquisites

Sativa does not offer any health insurance benefits to its NEOs.

Hedging by Named Executive Officers or Directors

Sativa has not, to date, adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by executive officers or directors.

Outstanding Share-Based Awards and Option-Based Awards

Sativa does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to the NEOs.

Pension Plan Benefits

Sativa does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

Termination and Change of Control Benefits

Sativa has no compensatory plan, contract or agreement with any NEO.

Director Compensation

The directors of Sativa do not receive any compensation or fees in their capacity as directors or a committee chair. Other than described herein, there were no other arrangements under which directors were compensated by Sativa during the two most recently completed financial years for their services in their capacity as directors.

No directors receive monthly compensation and no director receives compensation for attending board meetings or committee meetings.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, officer, employee of the Company or any of its subsidiaries or person who acted in such capacity in the last financial year of the Company, or any Associate of any such director, officer or employee is, or has been, at any time since the beginning of the most recently completed financial year of the Company, indebted to the Company or any of its subsidiaries. In addition, no director, officer or employee of the Company or person who acted in such capacity in the last financial year of the Company, or any Associate of any such director, officer or employee is, or has been, at any time since the beginning of the most recently completed financial year of the Company indebted to another entity where such indebtedness is, or has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

RISK FACTORS

The following is a summary of certain risk factors applicable to the Company. Since the business of the Company will include progression of the business of Sativa, readers are cautioned that the following risk factors are also relevant to the business of the Resulting Company, and are encouraged to see *Appendix C - Information Concerning the Resulting Company – Risk Factors*. The risks presented in this Circular should not be considered to be exhaustive and may not be all of the risks that the Company and the Resulting Company may face.

The business of the Company is subject to certain risks and uncertainties inherent in the CBD and hemp industries. Prior to making any investment decision regarding the Company, investors should carefully consider, among other things, the risk factors set forth below. While this Information Circular has described the risks and uncertainties that management of the Company believes to be material to the Company's business, it is possible that other risks and uncertainties affecting the Company's business will arise or become material in the future.

If the Company is unable to address these and other potential risks and uncertainties, its business, financial condition or results of operations could be materially and adversely affected. In this event, the

value of the common shares of the Company could decline and an investor could lose all or part of their investment.

Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including the following:

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings, penalties or sanctions to which the Company or any of its subsidiaries is, or has been, a party or of which any of its property is, or has been, the subject matter. Additionally, to the reasonable knowledge of the management of the Company, there are no such proceedings contemplated. Further, the Company has not entered into any settlement agreements during that time.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than Jeremy Thomas, no director or executive officer of the Sativa or a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of the Company's outstanding voting securities, nor any of their respective associates or affiliates have any material interest, direct or indirect, in any transaction within the last three years before the date of this Circular, or in any proposed transaction, that has materially affected or will materially affect the Company or a subsidiary of the Company.

AUDITOR

RSM UK Audit LLP, Suite A, 7th Floor, City Gate East, Tollhouse Hill, Nottingham, NG1 5FS.

INTERESTS OF EXPERTS

RSM UK Audit LLP, Sativa's current auditors, are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of the United Kingdom.

The aforementioned firms and persons held either less than one percent or no securities of the Sativa or of any associate or affiliate of the Sativa when they prepared the technical reports or information referred to, or following the preparation of such reports or information.

None of the aforementioned firms or persons, nor any directors, officers or employees of such firms, are currently, or are expected to be elected, appointed or employed as, a director, officer or employee of the Sativa or of any associate or affiliate of the Sativa.

APPENDIX C
INFORMATION CONCERNING THE RESULTING COMPANY

The following section of this Circular contains forward-looking information Readers are cautioned that actual results may vary See *Cautionary Notice Regarding Forward-Looking Statements*.

All capitalized terms used in this Appendix and not defined herein have the meaning ascribed to such terms in the *Glossary of Terms* or elsewhere in this Circular

OVERVIEW AND DESCRIPTION OF BUSINESS

Upon completion of the Transaction, the Resulting Company's business shall continue to be the business of Sativa See *Appendix B – Information Concerning Sativa*.

Business Objectives

The Issuer expects to accomplish the following business objectives over the 12-month period following completion of the Transaction: (i) re-launch the Goodbody Wellness Brand; (ii) launch a combined Goodbody website; (iii) expand the product line; (iv) wholesale CBD ingredient sales initiative; (v) launch the Goodbody Brands in Europe; (vi) apply for and secure Novel Foods Accreditation; (vii) integrate the Issuer's finance and administration; (viii) PhytoVista Laboratories ISO Accreditation; and (ix) business development. (see Milestones, below).

In addition to the above noted business objectives, the Issuer intends to increase production in the Nexus Facility and intends to enter into multiyear hemp supply agreements with large growers of hemp in Europe. The Issuer will also make a wider range of services available to its clients that require finished products and white labeling. Although the Issuer currently intends to fulfill the business objectives, the Issuer reserves the right to redirect any portion or all of the Issuer's funds in such manner as it considers to be in the best interest of the shareholders of the Issuer.

Milestones

To achieve the business objectives set out above, the following milestones must be met by the Issuer:

Business Objective	Milestone	Cost⁽¹⁾	Timeframe
Re-Launch Goodbody Wellness Brand	(i) Launch new Vitamin D product range; and (ii) Target health and wellness, beauty and high-end retailers	~\$42,000	July-September, 2020
Combined Website Launch	(i) Platform go live incorporating Goodbody Botanicals, Goodbody Wellness and Hand Sanitizer products; and (ii) Invest in ecommerce marketing	Capital Expenditures: ~\$27,000 Operational Expenditures: ~\$50,000 - \$125,000 per month	July-September, 2020
Product Line Expansion	(i) Launch 'Active' range of sports recovery products; and (ii) Launch and develop cosmetic offering	\$8,000 - \$16,000	September 2020

Business Objective	Milestone	Cost⁽¹⁾	Timeframe
Wholesale CBD ingredient sales	Develop integrated sales program to expand sales of CBD	Less than \$8,000	September 2020, onward
Launch of Goodbody Brands in Continental Europe	(i) identify select European countries for product launch; and (ii) develop and implement launch plan	\$8,000 - \$16,000	October 2020, onward
Novel Foods Accreditation Initiative	(i) conduct genotoxicity and stability testing; (ii) document SOPs; and (iii) compile data and submit dossier	\$170,000 - \$250,000	June 2020 – March 2021
Integrate Finance and Administration	Finance, reporting, systems, HR and leadership integration of the Issuer	\$130,000 - \$170,000	September 2020 – February 2021
PhytoVista Laboratories ISO 10725 Accreditation	(i) technical pre-assessment; (ii) address any feedback action points identified; and (iii) initial assessment	\$25,000	June 2020 – October 2020
Business Development	Identify potential merger and acquisition targets to expand the business	\$16,000 per month	September 2020 onward

Note:

(1) Costs in GBP converted to CAD at an exchange rate of £1 : \$1.6815, as at the 29th day of June, 2020

Funds Available

The following table represents the available funds of the Issuer and the principal purpose of those funds over a 12-month period:

Business Objective	Milestone	Cost⁽¹⁾	Funds Available
Re-Launch Goodbody Wellness Brand	(i) Launch new Vitamin D product range; and (ii) Target health and wellness, beauty and high-end retailers	~\$42,000	\$50,000
Combined Website Launch	(i) Platform go live incorporating Goodbody Botanicals, Goodbody Wellness and Hand Sanitizer products; and (ii) Ecommerce marketing drive	Capital Expenditures: ~\$27k Operational Expenditures: ~\$50k - \$125k per month	\$1,300,000
Product Line Expansion	(i) Launch 'Active' range of sports recovery products; and (ii) Launch and develop cosmetic offering	\$8k - \$16k	\$16,000
Wholesale CBD ingredient sales	Develop integrated sales program to expand sales of CBD	Less than \$8k	\$8,000
Launch of Goodbody Brands in Continental Europe	(i) identify select European countries for product launch; and (ii) develop and implement launch plan	\$8k - \$16k	\$16,000
Novel Foods	(i) conduct genotoxicity and stability	\$170k - \$250k	\$250,000

Business Objective	Milestone	Cost⁽¹⁾	Funds Available
Accreditation Initiative	testing; (ii) document standard operating procedures; and (iii) compile data and submit dossier		
Integrate Finance and Administration	Finance, reporting, systems, HR and leadership integration of the Issuer	\$130k - \$170k	\$170,000
PhytoVista Laboratories ISO 10725 Accreditation	(i) technical pre-assessment; (ii) address any feedback action points identified; and (iii) initial assessment	\$25k	\$25,000
Business Development	Identify potential merger and acquisition targets to expand the business	\$16k per month	\$160,000

Notes:

(1) Costs in GBP converted to CAD at an exchange rate of £1 : \$1.6815.

Specialized Skill and Knowledge

Many aspects of the Issuer's business require specialized skill and knowledge around commercial-scale project design, commercial-scale project management, CBD extraction and processing in Bulgaria, product formulations, product test, quality assurance, GMP standards and ingredient sourcing. The Issuer's current management team possesses these necessary specialized skills and knowledge.

The following individuals act as advisors for the Issuer and possess a wide breadth of experience in the cannabis and CBD industry:

1. Marc Crimeni is the founder of Borganic Consulting, Inc. one of the Issuers wholly-owned subsidiaries. Mr. Crimeni is an entrepreneur and an expert in global marketing and has spent the past few years in the cannabis and hemp industries. Mr. Crimeni has conducted business in over 60 countries, establishing relationships with international distributors, dealers and resellers. Mr. Crimeni was instrumental in the growth of several leading software companies, including Sydney Development Corp, Consumers Software Inc. and Inetco Systems. During his tenure with Consumer Software Inc., it became one of the largest Canadian software companies and was ultimately acquired by Microsoft. Mr. Crimeni was responsible for the Global Distribution for Work Group Applications at Microsoft including products such as sequel sever, mail and office. Mr. Crimeni is responsible for bulk sales of Stillcanna's products in Europe and is responsible for purchasing hemp biomass for its factories.
2. Shea De Jaray has served as Stillcanna's Vice President and Chief Technical Officer. Mr. De Jaray is a Queen's University engineering graduate, specializing in mechanical engineering with a subspecialty in Fluid Dynamics and holds a master of science from Herriot-Watt University, specializing in distilling and brewing technologies. Mr. De Jaray has engineered and overseen the installation of high-pressure distillation and brewing systems globally. Mr. De Jaray is the founder of a successful brewery and distillery in Vancouver, Canada, namely Deep Cove Brewers and Distillers, <http://deepcovecraft.com>. Mr. De Jaray worked with experts to engineer and develop Stillcanna's Proprietary Extraction Process and has designed and overseen the construction of four closed loop ethanol CBD extraction facilities, two in Canada and two larger ones in Europe.

3. Tom Varga has served as Stillcanna's Production Manager and has been in the extraction business for the past eight years working with various cannabinoids. Mr. Varga is responsible for the extraction and formulation of over eighty five products currently available in Canadian dispensaries. His hands on knowledge of extraction and formulation have been of great value in the practical design work of Stillcanna's extraction facilities design and operation. Mr. Varga was responsible for the administering and overseeing the extraction process and has expertise in product formulations for both health supplements and nutraceuticals.

Competitive Conditions and Position

The Issuer operates in the European Union with its main factories in Romania and Poland. Romania offers a stable government with a low cost of rent and labour and access to thirty two European Union countries with no import or export duties. The Origin Facility is the first large scale commercial CBD extraction facility in Romania, giving the Issuer first mover advantage over competitors in the CBD oil market.

Some of the main competitors in the hemp market include local Romania companies such as Laia's Organic SRL, Casa Plantelor, Ligoize it SRL, Terapia SA, Hempflax Romania, ACTIS and Canah International and other Canadian entities such as North American Hemp & Grain Co. Ltd., Manitoba Harvest Hemp Foods, Naturally Pure Hemp and numerous other companies. The majority of the Issuer's competitors are focused on hemp products such as hemp hearts, protein powder and hemp seed oil. These competitors' current lack of interest in the CBD oil market has created an opportunity for the Issuer to differentiate itself from the traditional processors of hemp and fill the current void of CBD producers in Romania.

The Issuer's Polish facility operates in a governmental environment that has been very progressive in the industrial hemp market and CBD market. Several large global companies have made investments in the country including the Green Organic Dutchman who purchased Hemp Poland and MJ Group Holdings Ltd. of Australia that financed the construction of an extraction facility operating under Sequoya Cannabis. Cannastar is a private extraction facility near Warsaw. There was a large government extraction facility that is currently closed for renovations and is not expected to reopen for another 12 months. The Issuer is unaware of any extraction facility in the country that can produce the amount of finished product as its NEXUS facility can. The Issuer's Polish facility is completing its HACCP certification and the company's products will be covered by its Novel Food application and available throughout Europe past the 2021 license requirement.

From a medicinal or nutritional supplement perspective, the Issuer also faces competition from the current "traditional" marijuana-cannabis growers and producers that grow marijuana for smoking as their product contains CBD in addition to the psychoactive THC component. Also, growers such as Canopy Growth Corporation, Aphria Inc., Aurora Cannabis Inc., and the many other legal cannabis growers may also, if they have not already, add CBD oil extraction as part of their business strategy thereby directly competing against the Issuer in the CBD oil marketplace. These companies are currently very well-funded and have much larger budgets to pursue such opportunities at the time of this Listing Statement.

The CBD market has become increasingly crowded, from high profile brands such as Love Hemp and Four Five CBD, to a multitude of smaller brands that utilize white label products from third party manufacturers. The increased regulatory environment with the advent of CBD consumable products being defined as Novel Foods, as defined by the EFSA and UK FSA, will increase barriers to entry and require vertical integration of the supply chain.

Foreign Operations

European Union

European Union Regulation 1307/2013 provides that it is legal to cultivate and supply hemp plants within the EU member states if the hemp plants have a THC content of less than 0.2%. Producers of hemp must use seeds of specified hemp varieties, which have been certified under the EU regulations to have a THC content of no more than 0.2%. Globally the differentiation between hemp and marijuana is the amount of THC is one of at least 113 cannabinoids identified in cannabis. THC is the principal psychoactive constituent of cannabis. In most of Europe if the physical plant contains less than .2% THC by volume then it is hemp if it contains over .2% THC then it is considered marijuana. The THC threshold varies a little from country to country with Italy allow .5% THC and Switzerland allowing 1 % THC and the USA allows .3% THC. The importation of hemp is also subject to the same THC content limit under European Union Regulation 1308/2013. According to the European Court of Justice, case C-207/08 (Babanov), hemp farmers operating in any of the European Union member states that are fulfilling the conditions outlined in the aforementioned EU regulations cannot have their activities in respect of the cultivation and handling of hemp prohibited or restricted, if such prohibitions or restrictions conflict with the EU regulations or undermines their aims and objectives. In 2015, the European Parliament and the European Council implemented Regulation (EU) 2015/2283 on novel foods (the "**Novel Foods Regulation**"). In January 2019, CBD and other cannabinoids were included in the Novel Foods Regulation. Regulatory authorities in each of the member countries within the European Union administer, implement and enforce the Novel Foods Regulation within their respective jurisdictions. Each of Bulgaria, Romania and Germany are members of the European Union and, as such, neither country may introduce laws which prohibit or restrict the cultivation and handling of hemp in a way that conflicts with, or undermines the aims and objectives of, EU regulations.

The Issuer has applied for a novel food application and expects to comply with all applicable provisions of the Novel Foods Regulations.

The United Kingdom

On February 13, 2020 the UK Food Standards Agency (the "**FSA**") published guidance (the "**FSA Guidance**") on the Novel Foods Regulation. The FSA Guidance has no impact on CBD-based products prescribed for medical use. The FSA Guidance provides that after March 31, 2021, only products that have submitted a valid application for novel foods authorization can continue to sell their products on the UK market after that date and until the authorization process is determined for that application. The Issuer has submitted an application for novel foods authorization and expects to receive authorization to continue to sell products in the United Kingdom.

Bulgaria

The political system in Bulgaria is multi-party parliamentary democracy where the Prime Minister is the head of government and the President is the head of state. All citizens 18 or older have the right to vote. The system separates power into three branches: executive, legislative and judicial. Executive power is exercised by the government and is led by the President, who is elected for a 5 year term and is eligible for one re-election. Legislative power is vested in both the government and the National Assembly, which is led by the Prime Minister. Judicial power is vested in judges and the court system.

The legal system in Bulgaria is based on civil law. The judiciary is overseen by the Ministry of Justice and is independent of both the executive and the legislature. The court system is hierarchical, with the

highest courts of appeal overseeing the application of laws in subordinate courts. The Supreme Judicial Council manages the court system and appoints judges to the courts. As a member of the European Union, Bulgaria is bound by all European Union regulations and decisions as of the date they enter into force, is required to incorporate all EU directives into its national legislation and is responsible for ensuring that all such law is correctly applied.

Over the past 10 years, Bulgaria has experienced political instability and general deterioration of democratic governance. Its legal system has a reputation for being inefficient due to lack of transparency and corruption. However, since its entry into the EU in 2007, Bulgaria has taken steps towards solving these challenges.

Romania

Romania has adopted the Novel Foods Regulation and, with respect to the treatment of hemp and CBD, generally follows European Union regulations. The political system in Romania is a multi-party, semi-presidential representative democratic republic where the Prime Minister is the head of government and the President is the head of state. All citizens over 18 have the right to vote. The system separates power into three branches: executive, legislative and judicial. Executive power is exercised by the government and the President, who is elected by popular vote for a maximum of two 5 year terms. Legislative power is vested in the government and the two chambers of Parliament: the Chamber of Deputies and the Senate. Parliament is led by the Prime Minister, who is appointed by the President, and its members are elected every four years by simple plurality. Judicial power is vested in judges and the court system.

The legal system in Romania is based on civil law. The judiciary is independent of both the executive and the legislature. The court system is hierarchical, with the highest courts of appeal overseeing the application of laws in subordinate courts, there is also a specialized Constitutional Court, which is responsible for judging the compliance of laws and other state regulations to the constitution. Each court is run by a court president, who is responsible for its management and public relations. As a member of the EU, Romania is bound by all EU regulations and decisions as of the date they enter into force, is required to incorporate all EU directives into its national legislation, and is responsible for ensuring that all such law is correctly applied.

Romania is still a developing country and has experienced issues with corruption and political and economic instability over the years. However, Romania's entry into the European Union in 2007 has had a significant impact on its domestic policy, including judicial reform, increased judicial cooperation with other EU member states, and measures to combat corruption.

Germany

Hemp is partially regulated under Germany's Betäubungsmittelgesetz ("**BtMG**"). Section 19(3) of BtMG gives primary cultivation authority over hemp to the Federal Office of Agriculture and Food, the *Bundesanstalt für Landwirtschaft und Ernährung* ("**BLE**"). Article [24a](#) requires annual reporting to the BLE by German hemp cultivators. An appendix to the BtMG provides that certain hemp products are exempt from the definition of "cannabis".

In March 2019 the Federal Agency for Consumer Protection and Food Safety, or Bundesamt für Verbraucherschutz und Lebensmittelsicherheit ("**BVL**"), published a statement indicating that dietary supplements containing CBD were considered novel foods and therefore required approval (including a demonstration of safety) pursuant to Rule 2015/2283. BVL is the German agency responsible for approving novel foods. Another German agency also regulates CBD products: the Federal Agency

for Pharmaceutical and Medical Products, or Bundesinstitut für Arzneimittel und Medizinprodukte. As of the date of this Listing Statement, the regulatory environment in Germany is uncertain and the Issuer is reviewing and evaluating the German CBD market.

Lending and Investment Policies and Restrictions

The Issuer has no lending operations.

Bankruptcy or Receivership Proceedings

There have been no bankruptcy or receivership proceedings against the Issuer or any of its subsidiaries within the three most recently completed financial years or the current financial year.

Material Restructuring Transactions

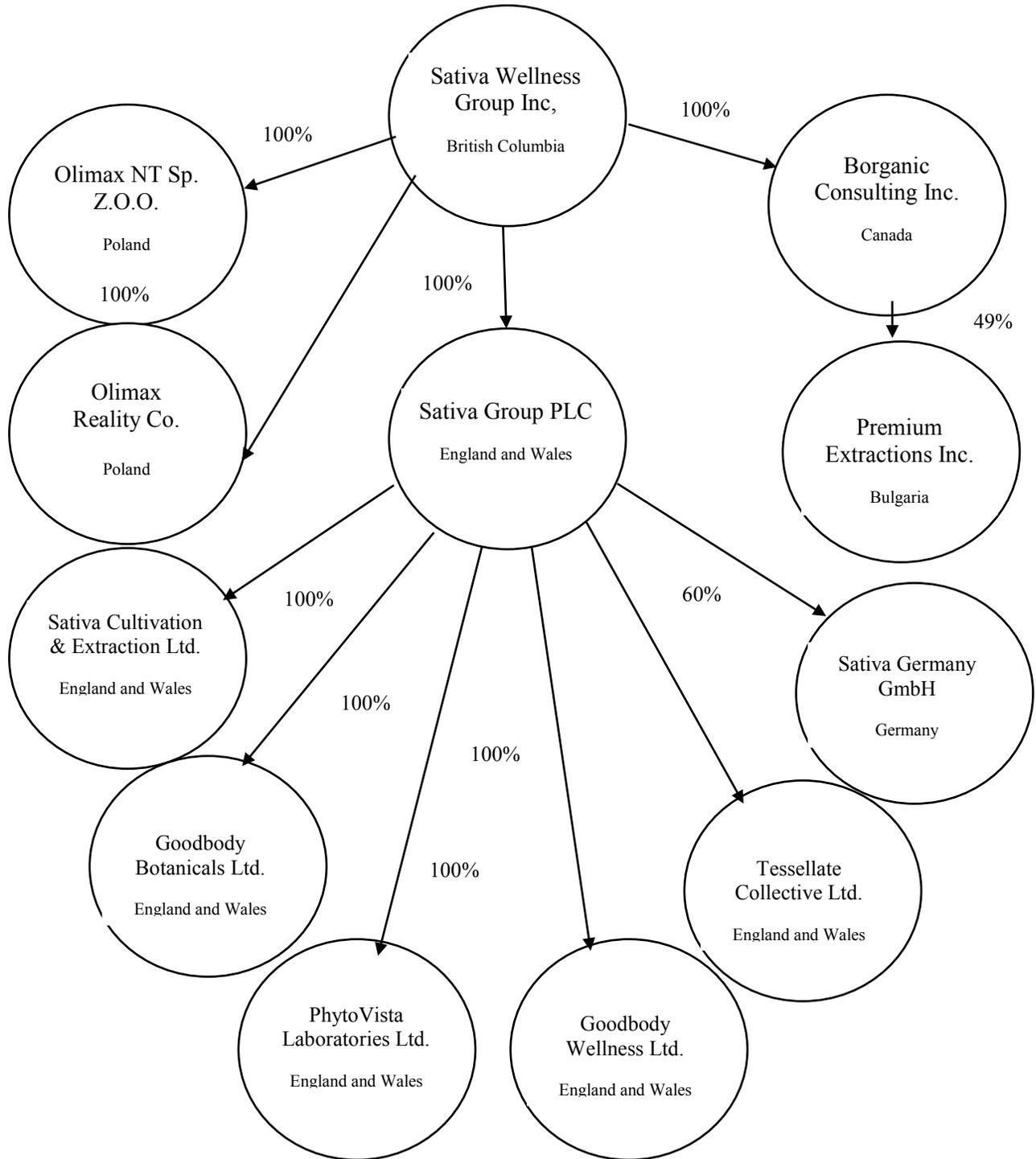
The Issuer has not completed any material restructuring transaction within the three most recently completed financial years or during the current financial year.

Social or Environmental Policies

The Issuer has not implemented any social or environmental policies.

ORGANIZATIONAL CHART

The chart below illustrates the corporate structure of the Resulting Company immediately following the completion of the Transaction, including completion of the change of Stillcanna' name to "Sativa Biosciences Inc and the change of Sativa's name to Sativa Holdings Ltd.



PRO FORMA CONSOLIDATED FULLY DILUTED SHARE CAPITALIZATION

	Common Shares Outstanding (as of the CSE Listing)
Common Shares issued and outstanding	110,874,727
Common Shares issued to Sativa Shareholders pursuant to the Transaction	190,720,026
Common Shares issued to certain finders pursuant to the Transaction	1,000,000
Total Common Shares	302,594,773
Reserved for issuance pursuant to the Stillcanna Warrants ⁽¹⁾	15,174,425
Reserved for issuance pursuant to Stillcanna Options ⁽¹⁾	3,635,000
Reserved for issuance pursuant to Replacement Warrants ⁽¹⁾	10,328,631
Reserved for issuance pursuant to Replacement Options ⁽¹⁾	39,793,377
Total Common Shares Reserved for Issuance	68,931,433
Total Number of Fully Diluted Securities	371,526,186

Notes:

(1) Subject to rounding.

DESCRIPTION OF SHARE CAPITAL

Authorized Share Capital

The authorized share capital of the Issuer consists of, as of the date of this Listing Statement [**after giving effect to the Transaction**], 302,594,773 Common Shares are outstanding and 68,931,433 Common Shares will be reserved for issuance pursuant to Convertible Securities (as defined below) of the Issuer.

Common Shares

Holders of Common Shares are entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Company and to receive all notices and other documents required to be sent to shareholders in accordance with the Company's articles, corporate law and the rules of any applicable stock exchange. On a poll, every shareholder has one vote for each Common Share. The holders of Common Shares are entitled to dividends if, as and when declared by the Board and, upon the liquidation, dissolution or winding-up of its affairs or other distribution of its assets for the purpose of winding-up its affairs, to receive, on a pro rata basis, all of the remaining assets of the Company. The Common Shares do not carry any preemptive, subscription, redemption or conversion rights, nor do they contain any sinking fund or purchase fund provisions.

Value Capped Options and MIP Shares

The Sativa Directors will be entitled to exchange their Sativa Options for an equivalent award consisting of Value Capped Options and MIP Shares. Such Sativa Options, which currently subsist over a specific number of Sativa Shares (the "**Option Quantum**"), will be exchanged for MIP Shares and/or Value Capped Options which relate up to the same Option Quantum. Subject to a number of provisions described in *Significant Acquisitions or Dispositions – Value Capped Options and MIP Shares*, the MIP Shares can in the future be sold to Sativa pursuant to the provisions of the articles of association of Goodbody Botanicals and the individual's subscription documentation. This is a tax efficient structure for UK tax purposes and holders will receive the same net value on disposal of each Common Share issued pursuant to the Value Capped Options (as set out above) as they would on disposal of each Common Share issued pursuant to the foregone Sativa Options, with the MIP Shares having less exposure to tax. In any event, the MIP has no greater dilutive effect than the foregone Sativa Options.

The Value Capped Options shall be options granted over such number of Common Shares as equates to the Option Quantum and shall have an aggregate exercise price equal to the aggregate exercise price of the Options foregone. The Value Capped Options may be exercised on or after the Vesting Date, with the number of Common Shares which may be acquired on exercise being restricted to such number as is equal to the sum of the Hurdle and MIP Share subscription price, multiplied by the Option Quantum, divided by the share price of a Sativa Share at the time of exercise. (see *Significant Acquisitions or Dispositions – Value Capped Options and MIP Shares*).

Sativa had a redundancy process underway prior to the commencement of the Offer Period, which was not related to the Transaction, but as a result of difficult market circumstances arising as a result of the COVID-19 pandemic. Sativa has, between the Announcement Date and the date of this Listing Statement, completed this redundancy consultation process, the result of which meant that [●] employees of its workforce were made redundant. This redundancy process has resulted in 1,333,333 Sativa Options issued to those employees made redundant lapsing due to vesting conditions not having been met, in addition to 3,076,923 Sativa Options lapsing due to vesting conditions not having been met from an employee who resigned in December 2019 (collectively, the "**Lapsed Options**").

The initial issue of the Lapsed Options was made possible by Jeremy Thomas agreeing to surrender certain Sativa Options previously held by him, conditional always on those Sativa Options being exercised. Therefore, the lapse of Lapsed Options means that the Sativa Options previously surrendered reverted back to Jeremy Thomas. Mr. Thomas has retained none of the previously surrendered Sativa Options and it has been agreed that 4,410,256 of those Sativa Options will be re-surrendered in order for 3,076,923 additional new Sativa MIP Shares to be issued to Joseph Colliver and 1,333,333 additional new Sativa MIP Shares to be issued to Anne Tew. The surrendered Sativa Options were exercisable at 0.5p when originally granted by the Company to Jeremy Thomas, and the new Sativa MIP Shares have a hurdle set at the mid-market price at the date of grant (2.3p) and one third will vest on the first anniversary of the date of grant, one third on the second anniversary, and one third on the third anniversary, and will be locked-in for three years under escrow.

STOCK EXCHANGE LISTING

Stillcanna Shares are currently traded on the CSE under the symbol "STIL" Stillcanna has applied to the CSE to list the Stillcanna Shares issuable to Sativa Shareholders under the Transaction. It is a condition of closing that Stillcanna will have obtained approval from the CSE for the listing of the Stillcanna Shares to be issued pursuant to the Transaction subject only to the customary listing conditions of the CSE and approval from the CSE for the Transaction. The Transaction constitutes a fundamental change and Stillcanna is requalifying following the completion of the Transaction In connection with the completion of the Transaction, Stillcanna anticipates changing its name from "Stillcanna Inc." to "Sativa Wellness Group Inc." and in connection with such name change the new trading symbol for the Resulting Company is expected to be "SATI".

ESCROWED SECURITIES

As required under the policies of the CSE, Principals of the Issuer have entered into an escrow agreement dated [August ●, 2020] (the "**Escrow Agreement**") with the Escrow Agent pursuant to the requirements of National Policy 46-201 – *Escrow for Initial Public Offerings* ("**NP 46-201**"). Escrow releases are scheduled at periods specified in NP 46-201 for emerging issuers, that is, 10% will be released as of the Listing Date followed by six subsequent releases of 15% every six months thereafter. The form of the escrow agreement is provided in NP 46-201 and a copy of the Escrow Agreement is available under the

Issuer's profile on SEDAR at www.sedar.com.

The table below includes the details of escrowed securities that are held by Principals of the Issuer:

Name of Securityholder	Designation of Class Held in Escrow	Number of Securities Held in Escrow	Percentage of Class ⁽¹⁾⁽²⁾⁽³⁾
Geremy Thomas	Common Shares	78,407,125	25.9%
	Warrants	12,465,008	28.7%
Henry Lees-Buckley	Options	10,052,195	23.15%
Mark Blower	Common Shares	2,010,439	<1%
	Options	3,015,669	6.9%
Jonathan Wearing	Common Shares	16,754	<1%
Angus Kerr	Options	744,607	1.7%
Joseph Colliver	Options	3,642,705	8.4%
Anne Tew	Common Shares	83,768	<1%
	Options	83,768	<1%
	Warrants	756,063	1.7%
Jason Dussault	Common Shares	110,000	<1%
	Options	350,000	<1%

Notes:

- (1) The total issued and outstanding Common Shares is 302,592,773 on an undiluted basis.
- (2) The total issued and outstanding common share purchase warrants is 25,503,056.
- (3) The total issued and outstanding Options is 43,428,377.

The total aggregate Common Shares that will be subject to the Escrow Agreement will be 80,628,086 Common Shares, representing, in aggregate, approximately 26.7% of the issued and outstanding Common Shares, on an undiluted basis. There are 111,738,090 total aggregate securities, including the Common Shares and the Convertible Securities, subject to the Escrow Agreement, representing, in aggregate, approximately 30.2% of the issued and outstanding Common Shares, on a fully diluted basis.

In respect of the securities subject to the Escrow Agreement, ten percent of such securities was released from escrow on the Listing Date. The remaining ninety percent of such securities will be released from escrow in fifteen percent tranches during consecutive six-month intervals over a 36-month period following the Listing Date. This escrow release schedule is subject to acceleration in accordance with National Policy 46-201 – *Escrow for Initial Public Offerings*. The following table sets forth details of the securities of the Issuer held in escrow:

Number of Common Shares	% of Outstanding Common Shares	Release Schedule
80,628,086 ⁽¹⁾	26.7% ⁽¹⁾	<ul style="list-style-type: none"> – 10% released on the Listing Date – 15% released 6 months from the Listing Date – 15% released 12 months from the Listing Date – 15% released 18 months from the Listing Date – 15% released 24 months from the Listing Date – 15% released 30 months from the Listing Date – 15% released 36 months from the Listing Date
111,738,101 ⁽²⁾	30.2% ⁽²⁾	

Notes:

- (1) This information is based on Common Shares issued and outstanding, on an undiluted basis.
- (2) This information is based on Common Shares issued and outstanding, on a fully diluted basis, including the Common Shares reserved for issuance pursuant to the Convertible Securities.

PRINCIPAL SHAREHOLDERS

As of the date of this Listing Statement, Jeremy Thomas is the only Principal (as that term is defined in NP 46-201) shareholder of the Issuer (see *Escrowed Securities*).

GOVERNANCE AND MANAGEMENT OF THE RESULTING COMPANY

The board of directors of the Issuer is composed of four members, as set out below.

The name, municipality of residence, position or office held with the Issuer and principal occupation of each director and executive officer of the Issuer, as well as the number of voting securities beneficially owned, directly or indirectly, or over which each exercises control or direction, excluding common shares issued on the exercise of convertible securities, are as follows:

Name, place of residence and position with Issuer	Principal occupation during the last five years	Date of Appointment as director or officer	Common Shares Beneficially Owned, Directly or Indirectly or Controlled or Directed as of the Date of the Listing Statement ⁽¹⁾
Henry Lees- Buckley, Tsawwassen, BC CEO and Director	<i>See Management Details</i>	<i>Proposed Director</i>	Nil -
Joseph Colliver, Bath, England CFO and Director	<i>See Management Details</i>	<i>Proposed Director</i>	Nil -
Jonathan Wearing, London, England, Director	<i>See Management Details</i>	<i>Proposed Director</i>	16,754 <1%
Angus Kerr Crewe, England, Director	<i>See Management Details</i>	<i>Proposed Director</i>	Nil -
Mark Blower, Marlborough, England, Director	<i>See Management Details</i>	<i>Proposed Director</i>	2,010,439 <1%
Jason Dussault, Vancouver, BC Director	<i>See Management Details</i>	April 20, 2018 ⁽²⁾	110,000 <1%

Notes:

- (1) Calculated based on a total aggregate issued and outstanding Common Shares of 302,592,773, on an undiluted basis.
- (2) Jason Dussault was appointed as CEO and Director of the Issuer on April 20, 2018 and resigned as CEO as of [August 27, 2020].

Period of Service of Directors

Each director will hold office until the conclusion of the next annual meeting of the Issuer, or if no director is then elected, until a successor is elected.

Directors and Executive Officers Common Share Ownership

The directors and executive officers of the Issuer as a group, directly or indirectly, beneficially own or exercise control or direction over 2,137,193 Common Shares, representing less than 1% of the issued and

outstanding common shares of the Issuer, on an undiluted basis.

Committees

The Issuer has an audit committee consisting of Angus Kerr (Chair of the Audit Committee), Jonathan Wearing and Mark Blower each of whom is a director and financially literate in accordance with National Instrument 52-110 *Audit Committees* ("**NI 52-110**"). Mr. Wearing and Mr. Kerr are independent, as defined under NI 52-110, while, Mr. Blower is not deemed independent by virtue of his holding of Options and his previous Executive Director role.

The Board may from time to time establish additional committees.

Principal Occupation of Directors and Executive Officers

Information on directors and executive officers' principal occupation is set out in section 13.1 – *Directors and Executive Officers of the Issuer*.

Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed below, no director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other issuer that, while that person was acting in that capacity:

- was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under securities law, for a period of more than 30 consecutive days;
- was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- 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
- 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.

Penalties or Sanctions

No director or officer of the Issuer, or a shareholder holding a sufficient number of the Issuer's securities to affect materially the control of the Issuer, has been subject to:

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

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

Personal Bankruptcies

No director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

Conflicts of Interest

The directors of the Issuer are required by law to act honestly and in good faith with a view to the best interests of the Issuer and to disclose any interests, which they may have in any project or opportunity of the Issuer. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his or her interest and abstain from voting on such matter.

To the best of the Issuer's knowledge, there are no known existing or potential conflicts of interest among the Issuer, directors, officers or other members of management of the Issuer as a result of their outside business interests except that certain directors and officers may serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Issuer and their duties as a director or officer of such other companies. See "*Risk Factors*".

Management Details

The following sets out details of the directors and management of the Issuer:

Henry Lees-Buckley: Chief Executive Officer and Director

Mr. Lees-Buckley is a seasoned corporate executive, with extensive experience of leading companies in the public markets. Mr. Lees-Buckley was previously CEO of Uni-Select, a Canadian TSX quoted company, with operations in the UK, Canada and the USA. Prior to that, he was a senior global executive and officer in the USA and Canada for W.W. Grainger, a US\$15 billion Fortune 500 company. He is currently a non-Executive Director of NASDAQ-quoted BMC (Building Materials Corp) which has sales of US\$3.8 billion and a market capitalization of US\$1.6 billion. Mr. Lees-Buckley holds an MBA from Queens University, Kingston, Ontario and has held numerous executive level positions both in North America and the United Kingdom.

Joseph Colliver, Chief Financial Officer and Director

Joseph is a Chartered Accountant with a track record in financial and statutory reporting, strategy, commercial finance, management consultancy and regulatory compliance. Joseph is accountable for the financial, statutory and regulatory reporting associated with a publicly listed company, and performs a Group leadership role as one of two executive board directors. Joseph has worked across the health & wellness, consumer goods, retail, marketing, market research and financial services sectors. Previously a Director of Consulting at Kantar Consulting, part of WPP Plc ("WPP") which advises Retail, Sales and Shopper clients on enhancing their commercial capability and the commercial competency of their staff. Prior to this, Joseph was CFO and a senior board member at WPP's Kantar Futures. From 2012 – 2015

Joseph was Global Commercial Director of WPP's Kantar subsidiary Taylor Nelson Sofres, a \$1.8 billion turnover marketing agency.

Jonathan Wearing, Chairman of the Board of Directors

Jonathan is an experienced, City-based corporate financier, who began his City career after graduating from Cambridge University with a M.A. in Economics. Formally a Director in the corporate finance department of Citicorp Investment Bank Limited, Jonathan is currently an angel investor in companies. He was also Chairman of Ideagen Plc from July 2012 until April 2018 and remained a non-Executive Director until November 2019.

Angus Kerr – Non-Executive Director

Angus is an adviser and capital markets professional with nearly 25 years' experience in global banking with specific expertise in strategic and equity advisory, M&A and ECM. He has held, inter alia, managing director and management roles covering advisory, equity advisory and ECM at a number of organisations, including head of Mid-Market Advisory and Broking at Credit Suisse and head of UK ECM at Dresdner Kleinwort. He has a long track record of advising companies and high-profile individuals in the UK, USA and Europe. He is currently Chairman of North Berwick SA.

Mark Blower, Director

Mark is an experienced finance professional, having spent the last 20 years actively overseeing the financial performance of over 70 UK SME's, with a focus on raising debt and private equity. He began his career in 1996 at the Investment Banking division of a large UK bank, before joining NM Rothschild in 2000. He then ran a highly successful leveraged debt team for five years before starting his Private Equity career in 2010. During his career to-date he has held a number of board positions, across a variety of sectors.

Jason Dussault, Director

Jason will devote a minority of his working time to the Company in connection with his duties as a director of the Company. Jason is a man of many talents with a mind for marketing and creativity. He produced and starred in "Dussault Inc.", a reality television show that aired on City TV, and created a successful fashion brand with Gene Simmons and Criss Angel called "Dussault Apparel". Jason's professional journey has primarily been focused on mining and capital markets. His debut in the global marketplace occurred during the exploration boom in the North West Territories, which lasted for nearly two decades. However, Jason has also worked with a number of wireless, high-tech, retail and energy start-ups, and has specifically devoted his past two years on strategic minerals, focusing primarily on lithium in Nevada. Jason's unique passion for both business and art has made him an individual of great effectiveness and creativity. Jason's success in artwork include completing a mosaic team emblem for FC Barcelona, a community created pieces titled "Barker Evergreen" in association with Telus which is displayed at one of Canada's most celebrated venues, the Pacific National Exhibition. Jason is also represented by the Hoerle-Guggenheim Contemporary Art Gallery, New York and at the Maddox Gallery in Mayfair, London. Jason has previously acted as director and CEO of Pure Energy Minerals Limited and Zadar Ventures Ltd.

Anne Tew, Corporate Secretary

Anne is an experienced qualified Accountant, Company Secretary, and business Mentor who has worked in a range of sectors including the NHS, technology, lab research, manufacturing, farming and education to achieve business turnaround, growth and development. Anne has worked as an Executive and Non-Executive Director as well as advising board members in financial and governance matters as the Company Secretary or external consultant.

RISK FACTORS

The business of Sativa, which will be the business of the Resulting Company upon completion of the Transaction, is subject to certain risks and uncertainties inherent in the cannabis industry *Appendix B - Information Concerning the Sativa – Risk Factors* for further details.

Prior to making any investment decision regarding Sativa, or the Resulting Company as the case may be, investors should carefully consider, among other things, the risk factors set forth below. While this Circular has described the risks and uncertainties that management of Stillcanna and Sativa believe to be material to the Resulting Company's business, it is possible that other risks and uncertainties affecting the Resulting Company's business will arise or become material in the future.

If the Resulting Company is unable to address these and other potential risks and uncertainties following the completion of the Transaction, its business, financial condition or results of operations could be materially and adversely affected. In this event, the value of the Resulting Company Shares could decline and an investor could lose all or part of their investment.

The following is a description of the principal risk factors that will affect the Resulting Company:

Risks Related to the Company's Business

Public Health Crises

Public health crises could adversely affect the Company's business. Our financial and/or operating performance could be materially adversely affected by the outbreak of public health crises, epidemics, pandemics or outbreaks of new infections diseases or viruses, such as the recent global outbreak of a novel coronavirus disease, COVID-19. Such public health crises, including the ongoing COVID-19 pandemic, can result in volatility and disruption to global supply chains, consumer, trade and market sentiment, mobility of people, and global financial markets, which could affect share prices, interest rates, credit ratings, credit risk, inflation, business, financial conditions and results of operations, and other factors relevant to the Company. The risks to the Company of such public health crises, including the COVID-19 outbreak, also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak or could result in the cancellation of orders, as well as supply chain disruptions and could negatively impact our business, financial condition and results of operations.

In particular, the current restrictions, and future prevention and mitigation measures implemented as a result of the current COVID-19 pandemic, are likely to have an adverse impact on global economic conditions and consumer confidence and spending, which could materially adversely affect the demand and supply for our products. Uncertainties regarding the economic impact of COVID-19 is likely to result in sustained market turmoil, which could also negatively impact our business, financial condition and cash flows and the trading price of the common shares of the Company.

New Business Area and Geographic Market, and the Company's Ability to Implement the Business Strategy in this Area or Market

The Company's growth strategy is dependent upon expanding its product and service offerings into a new business area or a new geographic market. There can be no assurance that the new business area and geographic market will generate the anticipated clients and revenue. In addition, any expansion into a new business area or geographic market could expose the Company to new risks, including compliance with applicable laws and regulations, changes in the regulatory or legal environment; different customer preferences or habits; adverse exchange rate fluctuations; adverse tax consequences; differing technology standards or end-user requirements and capabilities; difficulties staffing and managing foreign operations; infringement of third-party intellectual property rights; adapting its products for new markets; difficulties collecting accounts receivable; or difficulties associated with repatriating cash generated or held abroad in a tax-efficient manner.

The growth and expansion of the Company's business is heavily dependent upon the successful implementation of the Company's business strategy. Execution of the Company's business strategy is subject to a variety of risks, including operating and technical problems, regulatory uncertainties and possible delays. There can be no assurance that the Company will be successful in the implementation of its business strategy. These factors could cause the Company's expansion into a new business area or into the United Kingdom or the European Union to be unsuccessful or less profitable or could cause the Company's operating costs to increase unexpectedly or its sales to decrease, any of which could have a material adverse effect on the Company's prospects, business, financial condition or results of operations. In addition, there can be no assurance that laws or administrative practices relating to taxation, foreign exchange or other matters in the European Union and the United Kingdom within which the Company intends to operate will not change. Any such change could have a material adverse effect on the Company's business, financial condition and results of operations.

New Industry and Market

The CBD industry and market are relatively new in the European Union and the United Kingdom, and this industry and market may not continue to exist or grow as anticipated or the Company may ultimately be unable to succeed in this new industry and market. These licensed producers are operating in a relatively new CBD industry and market. The licensed producers are subject to general business risks, as well as risks associated with a business involving an agricultural product and a regulated consumer product. The Company holds a controlling interest in an applicant to be a licensed extraction facilities in certain jurisdictions within the European Union, namely Romania and Poland. Within the European Union and the United Kingdom, the Company intends to sell and market its CBD products. To this extent the Company needs to build brand awareness in this industry, and in the markets it operates in through significant investments in its strategy, its production capacity, quality assurance, and compliance with regulations. These activities may not promote the Company's brand and products as effectively as intended, or at all. Competitive conditions, consumer tastes, patient requirements and spending patterns in this new industry and market are relatively unknown and may have unique circumstances that differ from existing industries and markets. There are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the CBD industry and market could have a material adverse effect on the Company's business, financial condition and results of operations.

Reliance on Licenses and Authorizations

The Company's ability to source hemp and extract CBD oil and isolate in various jurisdictions within the

European Union and the United Kingdom is dependent on the Company's, including but not limited to the Company's partners, suppliers, and joint venture partners', ability to sustain and/or obtain the necessary licenses and authorizations by certain authorities in certain jurisdictions within the European Union and the United Kingdom. The impact of the compliance regimes, any delays in obtaining, or failure to obtain or keep the regulatory approvals may significantly delay or impact the development of markets, products, operations and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Company.

The licenses and authorizations are subject to ongoing compliance and reporting requirements and the ability of the Company, including but not limited to the Company's partners, suppliers and joint venture partners', to obtain, sustain or renew any such licenses and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in the jurisdictions within the European Union and the United Kingdom and potentially in other foreign jurisdictions. Failure to comply with the requirements of the licenses or authorizations or any failure to maintain the licenses or authorizations would have a material adverse impact on the business, financial condition and operating results of the Company, including but not limited to the Company's subsidiaries.

Although the Company believes that it will meet the requirements to obtain, sustain or renew the necessary licenses and authorizations, there can be no guarantee that the applicable authorities will issue these licenses or authorizations. Should the authorities fail to issue the necessary licenses or authorizations, the Company may be curtailed or prohibited from the production and/or extraction of CBD or from proceeding with the development of its operations as currently proposed and the business, financial condition and results of the operation of the Company may be materially adversely affected.

There is no assurance that the Stillcanna Facilities will operate as intended or that the projected revenues will be achieved.

The Company has constructed CBD extraction facilities, namely the Origin Facility and the Nexus Facility (together, the "**Stillcanna Facilities**"), and this component of the Company's business plan is subject to considerable risks, including:

- (a) there is no assurance that the Stillcanna Facilities will achieve the intended CBD extraction rates;
- (b) the costs of constructing and operating the Stillcanna Facilities may be greater than anticipated and the Company may not be able to recover these greater costs through increases in CBD extraction and production;
- (c) the potential distribution or manufacturer partners who have indicated a willingness to purchase our CBD products may withdraw if our CBD products are not produced by the anticipated timeline; and
- (d) the revenues from the sales of the CBD products may be less than anticipated.

Change of Laws, Regulations, and Guidelines

Laws and regulations, including but not limited to those that apply to the hemp and CBD industries, are dynamic and subject to evolving interpretations which could require the Company to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Company's business. The Company cannot predict the nature of any future laws, regulations,

interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Company's business. Management expects that the legislative and regulatory environment in the CBD industry in the European Union and the United Kingdom and internationally will continue to be dynamic and will require innovative solutions to try to comply with this changing legal landscape in this nascent industry for the foreseeable future. Compliance with any such legislation may have a material adverse effect on the Company's business, financial condition and results of operations.

Public opinion can also exert a significant influence over the regulation of the CBD industry. A negative shift in the public's perception of the CBD industry could affect future legislation or regulation in different jurisdictions, including in the United Kingdom and other European countries that Company plans to distribute its CBD products.

Uncertain Demand for Hemp and Derivative Products

The legal hemp and hemp extracts industry in the European Union and the United Kingdom is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of hemp extracts are mixed and evolving and can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of hemp extracts and related products, such as CBD. 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 hemp market or CBD 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 hemp extracts and on the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding hemp or CBD in general, or associating the consumption of hemp extracts with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for hemp use and the consumption of CBD extracts has traditionally been inconsistent and varies from jurisdiction to jurisdiction. The Company's ability to gain and increase market acceptance of its business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure to materialize into significant demand may have an adverse effect on the Company's financial condition.

Product Liability

As a distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused bodily harm or injury. In addition, the sale of the Company's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at

all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Product Recalls

Distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to an alleged product contamination or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin, or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if the Company's products are subject to recall, the reputation of the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies, requiring further management attention, potential loss of applicable licenses, and potential legal fees and other expenses.

Regulatory Compliance Risks

Achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the manufacture and sale of its products. The Company may not be able to obtain or maintain the necessary licenses, permits, quotas, authorizations or accreditations to operate its business, or may only be able to do so at great cost. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by local governmental authorities.

The Company will also rely on the advice of local experts and professionals in connection with any current and new regulations that develop in respect of banking, financing and tax matters in the operating countries within the European Union and the United Kingdom. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices in the European Union and/or the United Kingdom are beyond the control of the Company and may adversely affect its business.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Retention and Acquisition of Skilled Personnel

The loss of any member of the Company's management team, could have a material adverse effect on its business and results of operations. In addition, the inability to hire or the increased costs of hiring new personnel, including members of executive management, could have a material adverse effect on the Company's business and operating results. The expansion of marketing and sales of its products will require the Company to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and the Company may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and in many cases, take a significant amount of time before they achieve full productivity. As a result, the Company may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses issued in connection to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as the Company moves into new jurisdictions, it will need to attract and recruit skilled employees in those new areas.

Risks Inherent in a Hemp Extraction Business

The Company's business involves the extraction of hemp extracts, which is an agricultural product. The occurrence of severe adverse weather conditions, especially droughts or floods is unpredictable, may have a potentially devastating impact on agricultural production, and may otherwise adversely affect the supply of hemp. Adverse weather conditions may be exacerbated by the effects of climate change and may result in the introduction and increased frequency of pests and diseases. The effects of severe adverse weather conditions may reduce the Company's yields or require the Company to increase its level of investment to maintain yields. Additionally, higher than average temperatures and rainfall can contribute to an increased presence of insects and pests, which could negatively affect cannabis crops. Future droughts could reduce the yield and quality of the Company's supply of hemp, which could materially and adversely affect the Company's business, financial condition and results of operations.

The occurrence and effects of plant disease, insects and pests can be unpredictable and devastating to agricultural operations, potentially rendering all or a substantial portion of the affected harvests unsuitable for processing. Even when only a portion of the production is damaged, the Company's results of operations could be adversely affected because all or a substantial portion of the production costs may have been incurred. Although some plant diseases are treatable, the cost of treatment can be high and such events could adversely affect the Company's operating results and financial condition. Furthermore, if the Company fails to control a given plant disease and the production is threatened, the Company may be unable to adequately supply its customers, which could adversely affect its business, financial condition and results of operations. There can be no assurance that natural elements will not have a material adverse effect on production.

Limited Operating History

The Company was previously in the business of mineral exploration prior to its transition into life sciences. As a result, the Company has a limited operating history in the CBD extraction space upon which its business and future prospects may be evaluated. The Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for the Company to meet its future operating requirements, the Company will need to be successful in its production, marketing and sales efforts of its CBD products. Additionally, where the Company experiences increased sales, the Company's current operational

infrastructure may require changes to scale the Company's business efficiently and effectively to keep pace with demand, and achieve long-term profitability. If the Company's products are not accepted by new partners, the Company's operating results may be materially and adversely affected.

Managing Growth

In order to manage growth and changes in strategy effectively, the Company must: (a) maintain adequate systems to meet customer demand; (b) expand sales and marketing, distribution capabilities, and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, the Company expects to invest its earnings and capital to support its growth, but may incur additional unexpected costs. If the Company incurs unexpected costs it may not be able to expand quickly enough to capitalize on potential market opportunities.

Legal and Regulatory Proceedings

From time to time, the Company may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. The Company will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on the Company's financial results.

The Company's participation in the hemp and hemp extracts industries may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by third parties, other companies and/or various governmental authorities against the Company, including but not limited to the DragonFly Litigation. Litigation, complaints, and enforcement actions involving the Company could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Insurance Coverage

The Company's production is, in general, subject to different risks and hazards, including adverse weather conditions, fires, plant diseases and pest infestations, other natural phenomena, industrial accidents, labour disputes, changes in the legal and regulatory framework applicable to the Company and environmental contingencies.

The Company's insurance may cover only part of the losses it may incur and does not cover losses on crops due to drought or floods, or losses arising from the Stillcanna Facilities. Furthermore, certain types of risks may not be covered by the policies that the Company may hold. Additionally, any claims to be paid by an insurer due to the occurrence of a casualty covered by the Company's policies may not be sufficient to compensate the Company for all of the damages suffered. The Company may not be able to maintain or obtain insurance of the type and amount desired at a reasonable cost. If the Company were to incur significant liability for which it were not fully insured, it could have a materially adverse effect on the Company's business, financial condition and results of operations.

Inter-company Transfers of Funds

As the Company's operations will be carried on through its subsidiaries, it will be dependent on cash

flows from its subsidiaries. The Company is not currently subject to or aware of any limitations on the repatriation of funds from the subsidiaries in the United Kingdom and the European Union. The Company will develop a cash management system to provide for the flow of funds between the Company and the subsidiaries. It is expected that such a system will provide for:

- (1) the structuring and documentation of fund transfers as loan arrangements, capital investments and/or management services arrangements between relevant entities;
- (2) internal approval process by the controller and the general manager at the subsidiary level, and for certain transactions exceeding the subsidiary's authority limits, by the Company's CFO; and
- (3) compliance with internal procedures and applicable local regulations.

If any issues arising with the repatriation of funds it may have an adverse effect on the Company.

Emerging Market Risks

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments. All of the Company's operations are in the European Union and the United Kingdom, some jurisdictions within those areas have a history of geopolitical instability and crises including those related to terrorism. Although there is no current major political instability in the operating countries, this could be subject to change in the future and could adversely affect the Company's business, financial condition and results of operations.

Global Economy

Financial and securities markets in the European Union and the United Kingdom are influenced by the economic and market conditions in other countries. Although economic conditions in these countries may differ significantly from economic conditions in Canada, international investors' reactions to developments in these other countries, may substantially affect capital inflows into the European Union economy, and the market value of securities of Company's with operations in the European Union and the United Kingdom.

Economic downturn or volatility could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, weakening of economic conditions could lead to reductions in demand for the Company's products. For example, its revenues can be adversely affected by high unemployment and other economic factors. Further, weakened economic conditions or a recession could reduce the amount of income customers are able to spend on the Company's products. In addition, as a result of volatile or uncertain economic conditions, the Company may experience the negative effects of increased financial pressures on its clients. For instance, the Company's business, financial condition and results of operations could be negatively impacted by increased competitive pricing pressure, which could result in the Company incurring increased bad debt expense. If the Company is not able to timely and appropriately adapt to changes resulting from a weak economic environment, its business, results of operations and financial condition may be materially and adversely affected.

Additional Risks Relating to Doing Business Internationally

The Company may be subject to risks generally associated with doing business in international markets when it expands into the international markets, specifically Poland, Romania, Germany and the United Kingdom. Several factors, including legal and regulatory compliance and weakened economic conditions

in any of the international jurisdictions in which the Company may do business could adversely affect such expansion and growth.

Additionally, if the Company enters into new international jurisdictions, such entries would require management attention and financial resources that would otherwise be spent on other parts of the business.

International business operations expose the Company to risks and expenses inherent in operating or selling products in foreign jurisdictions. In addition to the risks mentioned elsewhere, these risks and expenses could have a material adverse effect on the Company's business, results of operations or financial condition and include without limitation:

- adverse currency rate fluctuations;
- risks associated with complying with laws and regulations in the countries in which the Company intends to sell its products, and requirements to apply for and obtain licenses, permits or other approvals and the delays associated with obtaining such licenses, permits or other approvals;
- multiple, changing and often inconsistent enforcement of laws, rules and regulations;
- the imposition of additional foreign governmental controls or regulations, new or enhanced trade restrictions or non-tariff barriers to trade, or restrictions on the activities of foreign agents, and distributors;
- increases in taxes, tariffs, customs and duties, or costs associated with compliance with import and export licensing and other compliance requirements;
- the imposition of restrictions on trade, currency conversion or the transfer of funds or limitations on the Company's ability to repatriate non-Canadian and/or non-UK and/or non-EU earnings in a tax effective manner;
- the imposition of Canadian and/or other international sanctions against a country, company, person or entity with whom the Company may do business that would restrict or prohibit the Company's business with the sanctioned country, company, person or entity;
- downward pricing pressure on the Company's products in the Company's international markets, due to competitive factors or otherwise;
- laws and business practices favouring local companies;
- political, social or economic unrest or instability;
- expropriation and nationalization and/or renegotiation or nullification of necessary licenses, approvals, permits and contracts;
- greater risk on credit terms, longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- difficulties in enforcing or defending intellectual property rights; and

- the effect of disruptions caused by severe weather, natural disasters, outbreak of disease or other events that make travel to a particular region less attractive or more difficult.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on doing business, price controls, import controls, currency remittance, income and other taxes, royalties, the repatriation of profits, foreign investment, licenses and approvals and permits.

The Company's international efforts may not produce desired levels of sales. Furthermore, the Company's experience with selling products in Israel may not be relevant or may not necessarily translate into favourable results if it sells in other international markets. If and when the Company enters into new markets in the future, it may experience different competitive conditions, less familiarity by customers with the Company's brand and/or different customer requirements. As a result, the Company may be less successful than expected in expanding sales to new international markets. Sales into new international markets may take longer to ramp up and reach expected sales and profit levels, or may never do so, thereby affecting the Company's overall growth and profitability. To build brand awareness in these new markets, the Company may need to make greater investments in legal compliance, advertising and promotional activity than originally planned, which could negatively impact the expected profitability of sales in those markets.

Risks Related to Investment in a European Company

Potential Political, Economic and Military Instability in the European Union

The Company's operations are located in the European Union and the United Kingdom (the "**Operating Jurisdictions**"). Consequently, the Company is dependent upon Operating Jurisdictions' economic, political and military conditions. As a result, the Company's business, financial position and results of operations may be affected by the general conditions of the economy, price instabilities, currency fluctuations, inflation, interest rates, regulation, taxation, social instabilities, political unrest and other developments in or affecting the Operating Jurisdictions, over which the Company has no control. In the past, the Operating Jurisdictions have experienced periods of weak economic activity and deterioration in economic conditions. The Company cannot assure that such conditions will not return or that such conditions will not have a material adverse effect on the Company's business, financial condition or results of operations. The Company's operations could be disrupted by the absence for significant periods of one or more of its senior management, key employees or a significant number of other employees.

Crime and Business Corruption Risk

The Company and its personnel are required to comply with applicable anti-bribery laws, including the *Canadian Corruption of Foreign Public Officials Act*, as well as local laws in all areas in which the Company does business. These, among other things, include laws in respect of the monitoring of financial transactions and provide a framework for the prevention and prosecution of corruption offences, including various restrictions and safeguards. However, there can be no guarantee that these laws will be effective in identifying and preventing money laundering and corruption. While corruption does not appear to be institutionalized and businesses can largely operate and invest in the Operating Jurisdictions without interference from corrupt officials, there is evidence that corruption exists in the Operating Jurisdictions. The failure of the European Union's and the United Kingdom's government to fight corruption or the perceived risk of corruption could have a material adverse effect on the local economies. Any allegations of corruption or evidence of money laundering in the Operating Jurisdictions could adversely affect the ability of the European Union and/or the United Kingdom to attract foreign investment and thus have a

material adverse effect on its economy which in turn could have a material adverse effect on the Company's business, results of operations, financial condition and prospects. Moreover, findings against the Company, the directors, the officers or the employees of the Company, or their involvement in corruption or other illegal activity could result in criminal or civil penalties, including substantial monetary fines, against the Company, the directors, the officers or the employees of the Company. Any government investigations or other allegations against the Company, the directors, the officers or the employees of the Company, or finding of involvement in corruption or other illegal activity by such persons, could significantly damage the Company's reputation and its ability to do business and could have a material adverse effect on its financial condition and results of operations.

Operational Risks

Operations in the Operating Jurisdictions are subject to risk due to the potential for social, political, economic, legal and fiscal instability. Governments in the European Union and the United Kingdom face ongoing problems including but not limited to inflation, unemployment and inequitable income and wealth distribution. Although the Company is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in the Operating Jurisdictions, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in the Company's operations, or other matters.

Enforcement of Judgments

The Company was incorporated under the laws of the Province of British Columbia, however all of its assets are located outside Canada. As a result, investors may not be able to effect service of process within Canada upon the Company's potential future foreign directors or officers or enforce against them in Canadian courts judgments predicated on Canadian securities laws. Likewise, it may also be difficult for an investor to enforce in Canadian courts judgments obtained against these persons in courts located in jurisdictions outside Canada. As a result, shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the Board or controlling shareholders than they would as public shareholders of a Canadian company.

Difficulty Enforcing Canadian Law Against a Foreign Company and Foreign Directors

All of the Company's assets and the assets of each of the directors and executive officers, except Jason Dussault and Henry Lees-Buckley, are located outside of Canada. Therefore, a judgment obtained against the Company, or the foreign directors and officers, including a judgment based on the civil liability provisions of the Canadian securities laws, may not be collectible in Canada and may not be enforced by a court in the European Union or United Kingdom. It also may be difficult to effect service of process in Canada or to assert Canadian securities law claims in original actions instituted in the European Union or the United Kingdom. European courts may refuse to hear a claim based on an alleged violation of Canadian securities laws reasoning that the European Union is not the most appropriate forum in which to bring such a claim. In addition, even if a European court agrees to hear a claim, it may determine that European law and not Canadian law is applicable to the claim. If the Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by foreign law. As a result of the difficulty associated with enforcing a judgment against the Company or the Company in the European Union, it may be difficult to collect any damages awarded by either a Canadian or a foreign court. See "*Enforceability of Civil Liabilities*".

Risks Related to Financial and Accounting

Access to Capital

The Company makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, the Company has financed these expenditures through offerings of its equity securities. The Company will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. The Company may incur major unanticipated liabilities or expenses. The Company can provide no assurance that it will be able to obtain financing on reasonable terms or at all to meet the growth needs of its operations.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Company's securities will be established or sustained. The market price for the Company's securities could be subject to wide fluctuations. Factors such as announcements of quarterly variations in operating results and acquisition or disposition of properties, as well as market conditions in the industry, may have a significant adverse impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Foreign Sales and Currency Fluctuations

The Company's functional currency is denominated in Canadian dollars. The Company currently expects that sales will be denominated in euros or sterling pounds and may, in the future, have sales denominated in the currencies of additional countries in which it establishes operations or distribution. In addition, the Company incurs the majority of its operating expenses in euros and sterling pounds. In the future, the proportion of the Company's sales that are international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Company's business, financial condition and results of operations. The Company has not previously engaged in foreign currency hedging. If the Company decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide the Company from foreign currency fluctuations and can themselves result in losses.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the Pro Forma Financial Statements, the Stillcanna Financial Statements and the Sativa Financial Statements, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. The Company's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause the Company's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of the Company. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non-financial assets, fair value of CBD assets, as well as revenue and cost recognition.

PROMOTERS

Jeremy Thomas, a past Director of Sativa, is considered a promoter of the Issuer as he was instrumental in the founding and organization of the business of Sativa Group plc. Mr. Thomas beneficially owns, controls or directs 78,407,125 Common Shares representing 26% of the issued and outstanding Common Shares as of the date of this Listing Statement, on a non-diluted basis. In addition, Mr. Thomas holds 12,465,008 Convertible Securities of the Issuer. Mr. Thomas will receive a sum of GBP30,000 in cash as compensation for the Transaction.

AUDITORS OF THE RESULTING COMPANY

The current auditors of Stillcanna is Dale Matheson Carr-Hilton Labonte, Chartered Professional Accountants located at 1140 W Pender Street, #1500-1700, V6E 4G1 Vancouver, British Columbia and will continue to be the auditors of the Resulting Company following the completion of the Transaction.

TRANSFER AGENT AND REGISTRAR

The Company's registrar and transfer agent, National Securities Administrators of 777 Hornby Street, Suite 702, Vancouver, BC V6Z 1S2, will be the registrar and transfer agent of the Resulting Company.