



Innovate

PHYTOTECHNOLOGIES™

VERTICALLY INTEGRATED RESEARCH & DEVELOPMENT,
BIOTECHNOLOGY & LABORATORY SERVICE COMPANY

ABOUT US

Vertically integrated with full-spectrum analytical capabilities including testing, formulation, validation, genomic and metabolic fingerprinting, tissue culture and genetic development, IP development and protection, and licensed small batch manufacturing we aim to be one of the most cutting-edge third-party service providers in the Health Canada regulated space.

UNIQUE OPPORTUNITY

We are creating one of Canada's most advanced and forward-thinking laboratories in the analytical and contract research space.

APPLIED EXPERTISE

We bring together industry-proven experts in research, product development, genetics, cultivation, biopharmaceutical and natural health products, in addition to having the tools and experience to provide world-class services.

ALL ENCOMPASSING SERVICES

Because nobody else puts the entire process in one location, by offering a spectrum of regulatory, analytical and product development expertise we significantly reduce the turnaround time.

INVESTMENT HIGHLIGHTS

Rapidly emerging contract research and development sector projecting to be worth USD \$54.7 billion by 2025¹



OUR COMPETITIVE ADVANTAGE

- Going beyond analytical and compliance testing, we provide R&D, formulation, regulatory and genetic services that are in high demand in the emerging medicinal and recreational cannabis market. We also offer our unique services to a multiple of other sectors, including Pharmaceuticals, Food, Agriculture and Controlled Drug and Substances.
- With the ability to create our own validated methods for testing we will never have to turn away a client because the methods required aren't standardized.
- Exceptional Technical Team with experience designing, building and managing biotechnology laboratories. From generating genetic databases to biomolecular engineering we have the experts and cutting-edge technology to become an industry leader.
- Projected analytical testing revenue of over C\$18,000,000 including commissioning and ramp-up

1. Source: Grand View Research.

WHOLLY OWNED SUBSIDIARIES

RESEARCH AND
DEVELOPMENT,
ANALYTICAL, COMPLIANCE
AND PRODUCT
DEVELOPMENT SERVICE
PROVIDER.¹



INNOVATE PHYTOCEUTICALS INC.

Research and development, analytical, compliance and product development service provider.¹

Standard and non-standardized analytical testing for compliance and R&D:

- Licensed Cannabis Analytical Testing and Research
- Controlled Substances Dealers License
- Human genome sequencing.
- Compliance and regulatory consulting.
- Product development and IP.
- Seed banking and tissue culture.
- R&D
 - ✓ Product formulation (format, delivery method, solubility, stability).
 - ✓ Bioavailability and pharmacokinetics.
 - ✓ Propagation techniques.
 - ✓ CRISPR (and other) genetic editing for targeted strain and genetic development.

10,000 ft² cutting-edge laboratory fully equipped with advanced instruments from ThermoFisher, VWR, Agilent and Quantech

1. ISO 17025; ISO 9000; CFR21; CFIA; GLP; GCP; GMP Compliant and accreditation upon commissioning

BIOSAFETY LEVEL 2
(BSL 2)



Licensed for standard & non-standard analytical testing, genomics, product formulation & development as well as Active Pharmaceutical Ingredient (API) and patented Intellectual Property creation

HEALTH CANADA ISSUED

LICENSE NAME	LICENSE NUMBER
Controlled Drugs and Substances Dealer’s License	6-1292
Cannabis Analytical	LIC-RZVTUIIGTZ-2020-1
Cannabis Research - Nanoemulsion	LIC-GVN4B1W0IF-2020-1
Cannabis Research – Genomics & R&D	LIC-BO1M44DLTU-2020-1
Cannabis Research – Institution Wide	LIC-JRXQKMBHJD-2021
Cannabis Nursery	LIC-ZZG4R3NYMB-2021
Pathogen & Toxicology	L-R2-96550-20-PE-00
Natural Health Products Site License	302415
Industrial Hemp	LIC-XLTCFIAQA9-2021
City of Kelowna Business License	04085496

COMPARISON OF LABORATORY SERVICES

An assessment of third party labs licensed for Cannabis research and analytical activities in Canada shows that no other facility has as much capacity or capability as Innovate Phytoceuticals Inc. (IPI). Noted services unique to Innovate include Sequencing, GMP Compliance, and Technical Writing.



SERVICES	IPI	Other 3rd Party Labs with Cannabis Analytical and/or Research License																			
Analytical standardised testing	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
Non standardized validated testing	<div><div></div></div>	<div><div></div></div>			<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>		<div><div></div></div>	<div><div></div></div>			<div><div></div></div>	<div><div></div></div>		<div><div></div></div>	<div><div></div></div>	<div><div></div></div>		
PMRA testing	<div><div></div></div>	<div><div></div></div>					<div><div></div></div>														
Genetics	<div><div></div></div>														<div><div></div></div>						
Plant Culture	<div><div></div></div>												<div><div></div></div>			<div><div></div></div>					
Sequencing	<div><div></div></div>																				
General Chemical Testing	<div><div></div></div>	<div><div></div></div>				<div><div></div></div>	<div><div></div></div>									<div><div></div></div>				<div><div></div></div>	<div><div></div></div>
Microbiology Testing	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>		<div><div></div></div>					<div><div></div></div>	<div><div></div></div>			<div><div></div></div>						
Formula & Product development	<div><div></div></div>			<div><div></div></div>				<div><div></div></div>				<div><div></div></div>				<div><div></div></div>	<div><div></div></div>	<div><div></div></div>		<div><div></div></div>	
Product validation via bench analysis and R&D batches	<div><div></div></div>						<div><div></div></div>														
Stability Studies	<div><div></div></div>				<div><div></div></div>					<div><div></div></div>	<div><div></div></div>				<div><div></div></div>						
Small batch manufacturing	<div><div></div></div>																			<div><div></div></div>	
Regulatory services	<div><div></div></div>			<div><div></div></div>																	
GMP compliance	<div><div></div></div>																				
Technical writing	<div><div></div></div>																				
Grant writing	<div><div></div></div>																		<div><div></div></div>		
Academic partnership projects	<div><div></div></div>																	<div><div></div></div>	<div><div></div></div>		
Research	<div><div></div></div>																	<div><div></div></div>			
On site undergraduate and graduate student projects	<div><div></div></div>																		<div><div></div></div>		
Psilocybin, LSD, MDMA R&D	<div><div></div></div>																			<div><div></div></div>	
SECTORS																					
Cannabis	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
Natural Health Products	<div><div></div></div>				<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>		<div><div></div></div>	<div><div></div></div>				<div><div></div></div>				<div><div></div></div>		
Viticulture	<div><div></div></div>	<div><div></div></div>														<div><div></div></div>					<div><div></div></div>
Agriculture	<div><div></div></div>								<div><div></div></div>							<div><div></div></div>					<div><div></div></div>
Pest Products	<div><div></div></div>	<div><div></div></div>					<div><div></div></div>														<div><div></div></div>
Food	<div><div></div></div>						<div><div></div></div>		<div><div></div></div>					<div><div></div></div>	<div><div></div></div>						<div><div></div></div>
Beer	<div><div></div></div>																				
Wine	<div><div></div></div>																		<div><div></div></div>		
Cosmetics	<div><div></div></div>				<div><div></div></div>		<div><div></div></div>				<div><div></div></div>				<div><div></div></div>				<div><div></div></div>		
Oceans and Fisheries	<div><div></div></div>									<div><div></div></div>				<div><div></div></div>							<div><div></div></div>
Pharmaceuticals	<div><div></div></div>				<div><div></div></div>	<div><div></div></div>	<div><div></div></div>			<div><div></div></div>	<div><div></div></div>				<div><div></div></div>		<div><div></div></div>				
Controlled Drugs and Substances	<div><div></div></div>																			<div><div></div></div>	
PET	<div><div></div></div>										<div><div></div></div>										



SERVICES

- ✓ ANALYTICAL TESTING
- ✓ RESEARCH & DEVELOPMENT
- ✓ GENOMIC SERVICES
- ✓ PRODUCT DEVELOPMENT AND STABILITY



TESTING, R&D AND FORMULATION

- | | |
|-------------------------------------|--|
| ✓ ANALYTICAL TESTING | ISO 17025, Health Canada, US and European regulations compliant. Testing services including potency, pesticide screening, microbial analysis, genetic, heavy metal, residual solvent screening and terpene profiling. |
| ✓ RESEARCH & DEVELOPMENT | Research & Development including validation using in house small batch manufacturing and non-standard testing. <ul style="list-style-type: none">○ Absorption, Distribution, Metabolism, Excretion and Toxicity services.○ Drug Metabolism and Pharmacokinetics services. |
| ✓ GENOMIC SERVICES | Employing the latest technology in strain development, genomic fingerprinting, sequencing and testing, using CRISPR gene editing technology for the development of proprietary processes/delivery methods/molecules. |
| ✓ STABILITY | Real time (Shelf life) , accelerated and stress stability studies for raw materials, intermediate and finished products including active pharmaceutical ingredients (API). |
| ✓ PRODUCT DEVELOPMENT | Development of products using proprietary process, delivery methods and molecules. |



Innovate Phytoceuticals 10,000 ft² facilities, Kelowna BC

SERVICES

✓ GENOME SEQUENCING SERVICES



HUMAN GENOME SEQUENCING

Innovate Phytotechnologies offers Whole Exome Sequencing and Whole Genome Sequencing through a combination of Nanopore sequencing, ION torrent sequencing, proprietary technology, and technical expertise.

Applications of this technology include

- Personalized health profiles and plans
- Personalized genetic and genomic medicines



WHOLE EXOME SEQUENCING VS. WHOLE GENOME SEQUENCING

Whole Exome Sequencing (WES) allows for a specific and targeted view of a specific coding region (exome) of the genome. It is an effective method for the detection of 85% of disease causing sequencing data.

- The average exome contains approximately 45 MB of data.
- To ensure accurate and reliable data, the exome must be sequenced 100 times.

Whole Genome Sequencing (WGS) offers a comprehensive view of the human genome. It is a powerful and reliable tool for detecting all genetic variant types, and has been essential for the research of genetic disorders. Its capabilities are also critical for the development of personalized health profiles.

- There are 3.2 billion base pairs in human genome.
- To ensure accurate and reliable data (99.9% sensitivity), the genome must be sequenced 30 times.
- 30x WGS creates approximately 120 GB of data.

“The market size of personalized medicine is expected to reach USD 87.7 billion by the year 2023, while the digital genome market is expected to be worth over 45 billion by 2024.” – *Global Market Insights, 2017*



SERVICES

- ✓ **PSILOCYBIN AND OTHER PSYCHEDELIC RESEARCH AND DEVELOPMENT**
- ✓ **CULTIVATE PSYCHEDELIC MUSHROOMS**

***Controlled Drug and
Substances Dealers License
6-1292**



PSILOCYBIN AND PSILOCIN

“Magic mushroom” is the name commonly given to hallucinogenic fungi which contain the psychoactive constituents: psilocybin and psilocin. Innovate Phytotechnologies Inc. offers genomic, analytical, formulation and R&D services within the *psilocibe* industry which include:

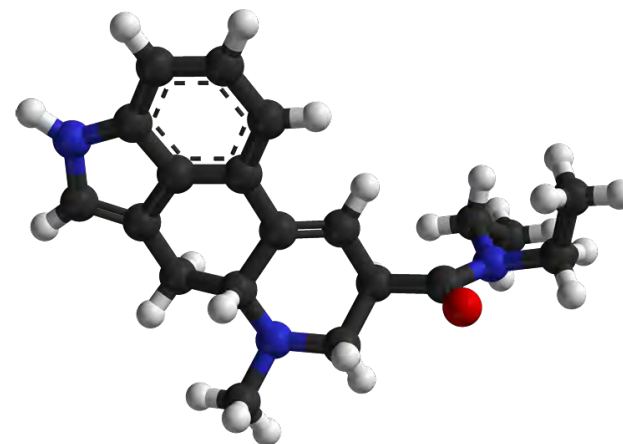
- Genetic analysis of *psilocibe* family
- Improving neurological health and function using fungal extracts and their active ingredients
- Creating industry spanning novel formulations (food, beverages, cosmetics and pharmaceuticals) with *psilocibe* components
- Coformulation with cannabis products



HALUCINOGENS AND MICRODOSING

Psychedelics are known for their profound changes in human consciousness and perception. These effects can include sensory enhancement, sense of time changing, and the appearance of real or imagined objects (hallucination). Health professionals consider psychedelics to be a promising treatment to aid in therapy for a broad range of psychiatric diseases including alcoholism, schizophrenia, autism and depression. Several target molecules (LSD, mescaline, ibogaine, ayahuasca and other) will be pharmacologically investigated in our lab as potential pharmaceutical or drug enhancement agent.

Innovate Phytoceuticals will conduct research on the micro-dosing phenomenon (regular ingestion of very small quantities of psychedelic substances). Individuals who micro-dose report minimal acute effect from the substances yet claim a range of long-term health benefits.



SERVICES

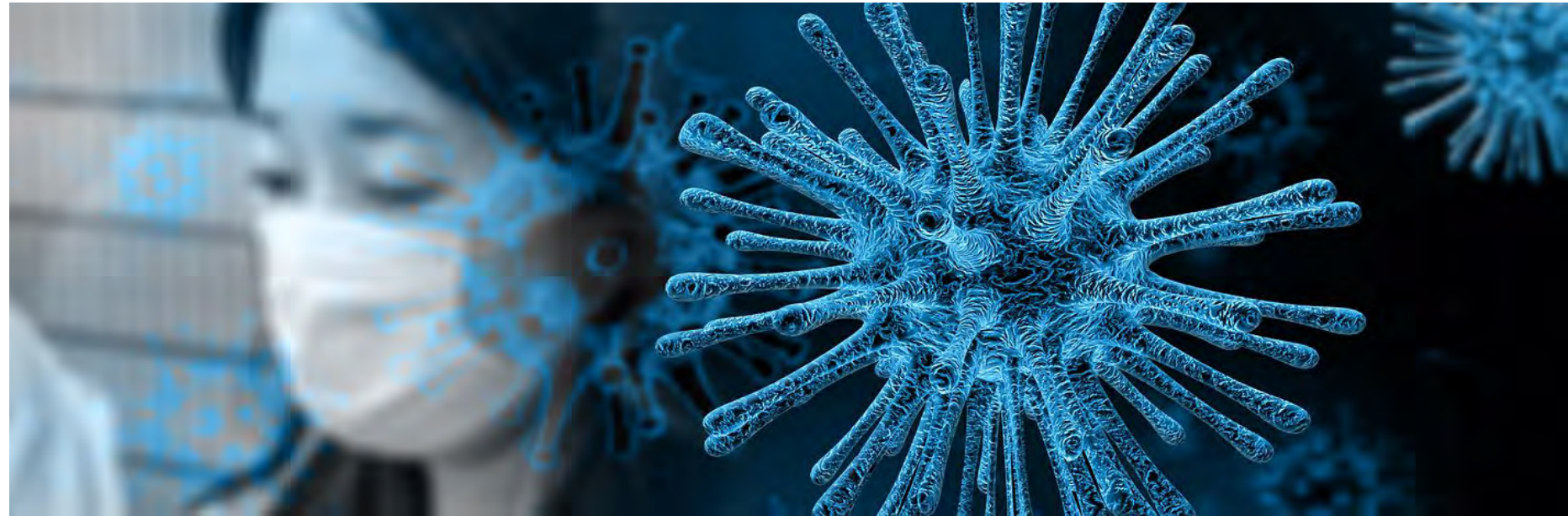
✓ COVID-19 AREAS of INVOLVEMENT



SARS-CoV-2 and COVID-19 DISEASE

Innovate Phytotechnologies allocated significant resources to help fight Coronavirus. Our multidisciplinary approach will include:

- Development of unique rapid test for COVID-19 detection
- Identification of biomarkers that are biologically relevant and for prognosis and diagnosis
- Antigenic evaluation of viral capsid proteins and polypeptide synthesis of selected epitopes for antibody production
- ADME/TOX and formulation of new pharmaceutical products
- Search for new Coronavirus related molecular targets
- Screening for inhibitors of identified virus related several protein targets:
 - transmembrane metallopeptidase inhibitors in order to prevent virus entry to the cell
 - nicotinic acetylcholine receptor
 - serine protease TMPRSS2 which is crucial for SARS-CoV-2 infection



WHOLLY OWNED SUBSIDIARIES

GENETIC, CULTIVATION, AND
NATURAL HEALTH PRODUCT
DEVELOPMENT COMPANY



PHYTOMATRIX NATURAL TECHNOLOGIES INC.

Genetic, cultivation and natural health product development company

- Hemp for Life™ line of natural health products
- Hemp for Petz™ line of food and treats
- FDA and Health Canada Compliant
- Licensed Natural Health Products (NPN)
- White labelling services
- Seed Establishment License
- Registered Cultivars
- 70-acre (28 hectare) hemp crop in 2019 (R&D and CBD)
- Micropropagation for the supply of superior plantlets
- Using molecular, biochemical and epigenetics to provide feminized seeds

2,700 ft² propagation & breeding facility located in the Okanagan region of BC



SERVICES

✓ TISSUE CULTURE & MICROPROPAGATION



TISSUE CULTURE AND GENETIC DEVELOPMENT

By employing the latest technology in strain development, genomic fingerprinting, sequencing and testing, we offer our clients the following services:

- Targeted and non-targeted genetic manipulation.
- Genomic & metabolomic fingerprinting.
- Intellectual property, breeding rights and patents.
- Seed banking.
- Licensed Producer of Cannabis and Industrial Hemp.
 - › Tissue culture calli of preferred strains acclimatized to specific growing conditions shipped globally using proprietary methods.
 - › Feminized seeds of superior quality using advanced molecular, biochemical and epigenetic technology.



CANNABIS PROPAGATION SERVICES

1. Clients search our extensive database of genetic traits and work with us to order plantlets optimized for their growing conditions.
2. Disease/pest/pathogen resistant traits are further developed using in house gene editing technique and tools e.g. CRISPR.
3. Clones are created and shipped to the clients where they are grown on site.
4. Grown material is shipped back to our facilities for testing and development, further improving the phytochemical and metabolomic profiles of the client's crop, while also producing intellectual property, breeding rights, and patents.





SERVICES

- ✓ **CULTIVATION AND GENETICS**
- ✓ **INDUSTRIAL HEMP LICENSE 2019**
 - Import/export seed
 - Import/export grain (viable/non viable)
 - Possess grain for cleaning and processing purposes
 - Sell industrial hemp, grain, flowering heads, leaves and branches.



CULTIVATION, BIOMASS & GENETICS

We are the Holder of an Industrial Hemp License for the possession, cultivation, import/export and sale of hemp grain, fibre and flower.

At our 70 acre R&D farm we are constructing a 2,700 ft² facility for the micropropagation, breeding and feminization of hemp strains.

We will be producing tissue culture seeds of preferred strains, acclimatized to specific climates with proprietary shipping methods anywhere in the world. Using molecular, biochemical and epigenetics we are committed to provide superior feminized seeds to farmers.

Currently under our Breeder Recognition License, we have 17 proprietary strains to be registered on the Approved Industrial Hemp Cultivars list, including 6 hemp cultivars with 13-22% CBD.



Greenwood, BC



PRODUCTS

- ✓ CAPSULES
- ✓ TOPICALS
- ✓ INFUSIONS
- ✓ ELIXIRS



HEMP FOR LIFE™ PRODUCTS

Hemp for Life™ is proprietary developed functional line of products using organic hemp seed derivatives in combination with other ingredients to target specific medical conditions.

Hemp for life™ pain lotion is a protective cream that carries our proprietary ingredient HempCentra™ to provide relief from muscle aches, soreness and chronic joint pain.

- The key ingredient is fully owned proprietary developed HempCentra™.
- Developed and standardized innovative process used to convert HempCentra™ into water-soluble powder or liquid that can be added directly into wide range of beverage, cosmetic and natural health products.
- All products are validated by FDA.



COMPARING VALUE ADDED COMPANIES ¹



Anandia Laboratories Inc.

Revenue \$3.5MM; Sold to Aurora for \$115MM

Dalton Pharma

Revenue \$17MM; Sold to Seikagaku for \$41MM

Numinus Wellness

Market Cap \$157MM – September 2021



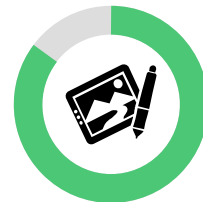
Segra International Corp.

\$8 MM raised for micropropagation services

Hemp Fusion Inc.

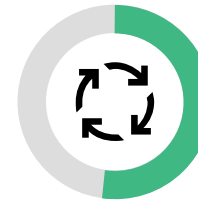
\$30MM raised for hemp based product sales

DEMAND FOR CONTRACT RESEARCH



85%

Creating New
Products or
Derivatives



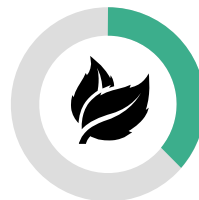
57%

New Delivery
Methods



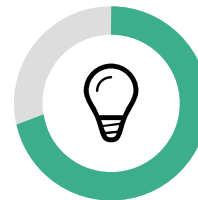
75%

Demand for
varied
derivative
products



37%

Demand for
organic and
non-pesticide
products



71%

Technologies
or Patents



50%

Demand for
medical and
safety
education

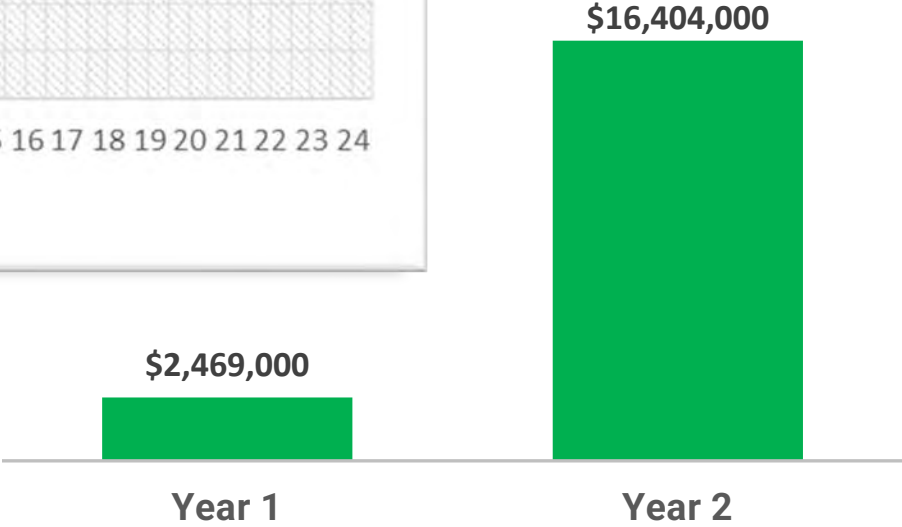
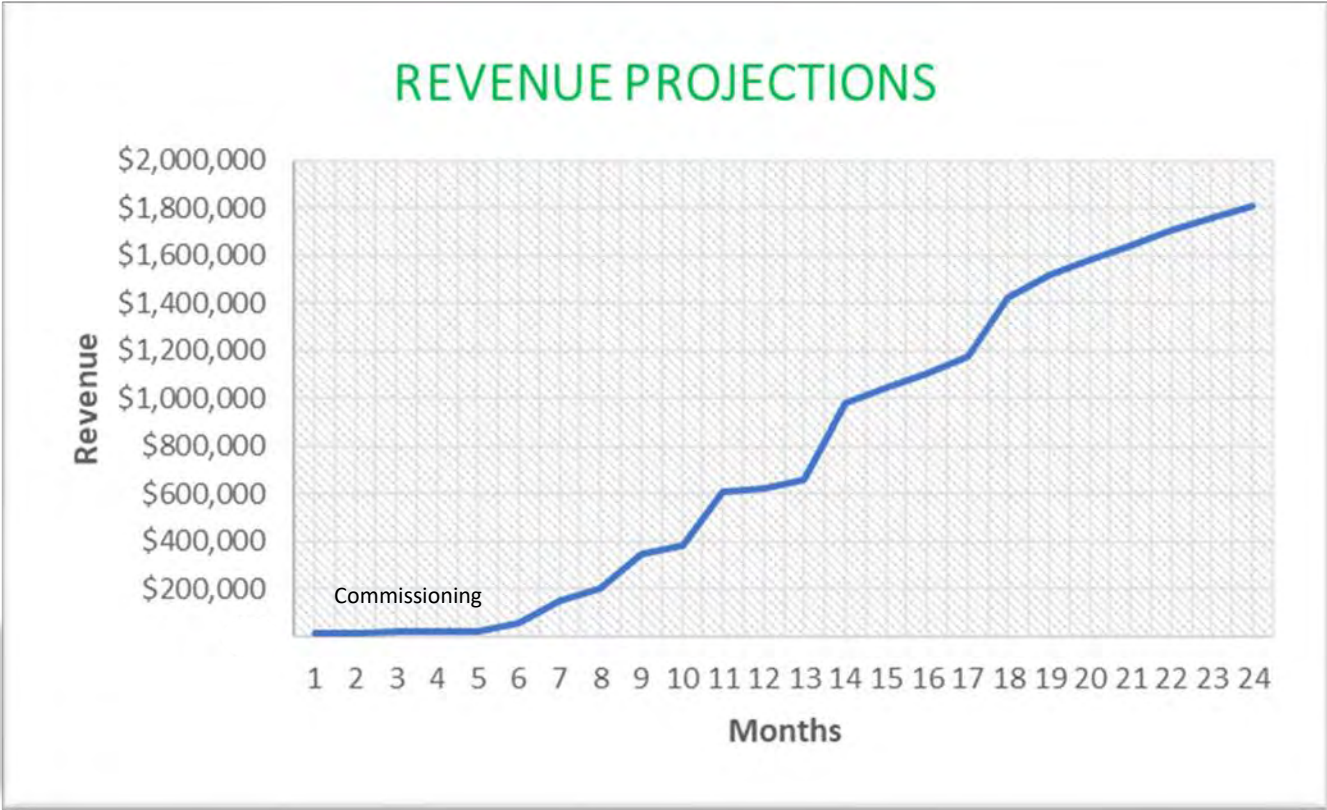


14%

Speeding up
time release
cannabinoids

REVENUE PROJECTIONS

OVER \$18MM
2 YEAR PROJECTED
GROSS REVENUE
INCLUDING
COMMISSIONING



The global Pharmaceutical Analytical Testing Outsourcing market size is expected to gain market growth in the forecast period of 2020 to 2025, with a CAGR of 5.7% in the forecast period of 2020 to 2025 and will expected to reach USD 5609.4 million by 2025, from USD 4493.2 million in 2019.
Published by Global Info Research Mar 22 2020

SCIENCE AND REGULATORY TEAM



Dr. Jacek Usakiewicz
Director of Science & Research,
M.Sc., Ph.D.

Dr. Jacek Usakiewicz joins the Innovate team with over 20 years of industrial and R&D experience and a MSc and PhD in organic chemistry from the University of Wrocław, Poland. After completing his postdoctoral research at the Biotechnology Research Institute (National Research Council of Canada), Jacek joined Advanced Bioconcept Inc. and oversaw the design, construction and operations of their R&D laboratory that focused on cutting-edge biomolecular fluorescent labelling. Advanced Bioconcept Inc. was subsequently acquired by PerkinElmer Life Sciences where Jacek was a senior research investigator focused on GPCR fluorescent assay techniques. After several productive years at PerkinElmer, Dr. Usakiewicz moved to a MIT biotechnology startup - EngeneOS Inc. where he designed, built and managed their nanotechnology R&D laboratory. His research focused on developing engineered biological systems that enabled programmable biomolecular machines. Dr. Usakiewicz is the author of 40 peer-reviewed scientific papers and 12 international patent applications.



Adam Sexsmith
Phytomatrix Operations
Manager

Mr. Sexsmith began developing cannabis-related technologies in 2013. He maintains a particular focus on seed and strain cultivation and the development of a cannabis-based IP. In 2016, he partnered to form the Okanagan Valley's only commercial/industrial Hemp Farm. The Company successfully developed a number of cannabis based natural health products with Issuance Documents granted from Health Canada.



Dr. Lukman Sarker
Lab Manager, M.Sc., Ph.D

Dr. Sarker is a molecular biologist with expertise in analytical chemistry. He started his career as a microbiologist in ICDDRDB on the Bill and Melinda Gates vaccine development project prior to pursuing his doctorate. At UBC Okanagan, Dr. Sarker's Ph.D focused on lavender secondary metabolites, and more specifically, how they regulate essential oil quality. He has been an integral part of UBC Okanagan's research department, running multiple investigational studies in addition to instructing coursework and supervising undergraduate and graduate students. With his extensive experience generating genomic data, Dr. Sarker can provide insight on numerous applications surrounding plant and life sciences. Recently, Dr. Sarker studied hepatitis B virus immunizations among university students and the association of viral agents in diarrheal diseases.



Belal Hossain
Lead Microbiologist,
M.Sc.

Mr. Hossain holds an M.Sc. degree in Microbiology from the University of Chitagong, Bangladesh. He has sixteen years of experience in multiple fields of life science including diagnostic microbiology, clinical research, genomics, water technology and the cannabis industry. Previously, he worked with a licensed producer and earned experience in quality assurance (QA) in cannabis propagation, production, packaging and distribution. Mr. Hossain has significantly contributed to the development of rapid pathogen detection technology for the water purification industry at UBC Okanagan. Mr. Hossain worked with Tanaka R&D and evaluated rapid detection kits for Influenza virus A & B. He received training on bioinformatics and genome sequencing from Oxford University and established a molecular detection system for undiagnosed infections in children. He worked with the CDC and Johns Hopkins University to design and implement study protocols for the detection of aetiology in neonatal infections in South Asia..

CORPORATE MANAGEMENT TEAM



Robert Emlyn
CEO

Robert Emlyn has over 25 years of experience in business development and management across many industries. In 2009 he founded Antares Project Services, a planning and development company managing projects across Canada specializing in hydroelectric facilities and commercial development. After completing the successful sale of Antares in 2014, he continued serving as CEO until 2018 when he founded Innovate Phytotechnologies, a biotechnology laboratory and research facility. Robert has a proven track record of developing opportunities, raising capital and taking projects successfully from inception to implementation.



Don Gordon
CFO

Mr. Gordon has over 30 years of experience and expertise in corporate finance analysis, as consultant to Issuers, investment dealers, and stock exchanges. Currently he is a Director of several public companies and provides CFO services and corporate finance consulting in the areas of regulatory compliance and fund raising strategies. He is a past President of the Vancouver Society of Financial Analysts, and currently serving in his 11th year as Director of Truvera Trust Company, a fully licensed and registered Canadian trust company. Mr. Gordon has been a senior executive and a consultant with two of Canada's stock exchanges. He holds a BA and MBA from the University of British Columbia and holds the Chartered Financial Analyst (CFA) designation.



Rod Charlton
General Manager

Rod Charlton is an expert in constructing effective policy in heavily regulated and dynamic industries. He is currently responsible for the day-to day operations of a multi-million dollar finance company. Mr. Charlton is an outstanding asset in P&L management, as well as human resources, operations, accounting and risk management.



Anna Nesterchuk
**Director of Corporate
Development**

Anna Nesterchuk brings over 8 years of experience in Corporate Development for reporting issuers and publicly traded companies across various sectors. She has worked as a Corporate Manager with issuers and has expertise taking companies through the listing process. Ms. Nesterchuk earned a bachelor's degree in law from Ternopil National Economic University, Ukraine (2008) and successfully completed CSC at Canadian Securities Institute (2014).

DISCLAIMER

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Future Matters

The information provided in this Investor Presentation, including information incorporated by reference, may contain “forward-looking statements” about Innovate Phytotechnologies Inc. (the “Company”) and its subsidiaries. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward looking statements, including, but not limited to, risks and uncertainties related to: the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; other risks described in this Investor Presentation and described from time to time in documents filed by the Company with Canadian securities regulatory authorities; and the regulation of the cannabis industry in Canada. The forward-looking statements contained in this Investor Presentation are based on certain key expectations and assumptions, including: (i) expectations and assumptions concerning the timing of receipt of required regulatory approvals, and the receipt of required licenses and third party consents, if any; and (ii) expectations and assumptions concerning the success of the operations of the Company. With respect to the forward-looking statements contained in this Investor Presentation, although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the availability of sources of income to generate cash flow and revenue; the dependence on management and directors; risks relating to the receipt of the required licenses, risks relating to federal and provincial regulations applicable to the production and sale of cannabis, risks relating to additional funding requirements; due diligence risks; exchange rate risks; risks relating to non-controlling interests; potential conflicts of interest; and potential transaction and legal risks, as more particularly described under the “Risk Factors” set out in this Investor Presentation. Consequently, all forward-looking statements made in this Investor Presentation are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this Investor Presentation should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on its behalf may issue. The Company has no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

US Disclosure

This document does not constitute any part of any offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of any “US person” as defined in Regulation S under the US Securities Act of 1993 (“Securities Act”). The Company’s shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person without being so registered or pursuant to an exemption from registration including an exemption for qualified institutional buyers.

Right of Action for Ontario Purchasers

Section 130.1 of the Securities Act (Ontario) provides that every purchaser of securities pursuant to an offering memorandum (such as this Investor Presentation) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a Misrepresentation. Where used herein, “Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;
- (a) the issuer and the selling security holders, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (b) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (c) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years after the date of the transaction that gave rise to the cause of action.

This Investor Presentation is being delivered in reliance on the exemption from the prospectus requirements contained under section 73.3 of the Securities Act (Ontario) (the “accredited investor exemption”). The rights referred to in section 130.1 of the Securities Act (Ontario) do not apply in respect of an offering memorandum (such as this Investor Presentation) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in NI 45-106);
- (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

RISK FACTORS

The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Listing Statement. These risks and uncertainties are not the only ones the Corporation is facing. Additional risks and uncertainties not presently known to the Corporation, or that it currently deems immaterial, may also impair its operations. If any such risks actually occur, the business, financial condition, liquidity and results of the Corporation's operations could be materially adversely affected. The risk factors described below should be carefully considered by readers, including investors considering a purchase of securities of the Corporation, along with all other information set forth in this Listing Statement. An investment in securities of the Corporation should only be made by persons who can afford a significant or total loss of their investment.

Risks Related to the Operations of the Corporation

Regulatory Risks

The business and activities of the Corporation will be heavily regulated in all jurisdictions where it will carry on business. The proposed activities of the Corporation will be subject to various laws, regulations and guidelines by governmental authorities, including, but not limited to, Health Canada. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Corporation, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Corporation's products and services. The Corporation's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products and/or provision of its services. The Corporation cannot predict the time required to secure all appropriate regulatory approvals for its products and services, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Corporation. Although the operations of the Corporation are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Corporation's ability to conduct business in the jurisdictions and industries in which it currently operates or intends to operate, including the cannabis, pharmaceutical and natural health supplements industries. Amendments to current laws and regulations governing the Corporation's current and/or intended operations, more stringent implementation thereof or other unanticipated events could have a material adverse impact on the business, financial condition and operating results of Corporation.

Regulatory Approvals, Permits and Licenses

If obtained, any licenses the Corporation or its subsidiaries obtain in Canada and/or abroad are expected to be subject to ongoing compliance and reporting requirements (see "Phytomatrix Natural Technologies – Industrial Hemp Production" and see Phytomatrix Natural Technologies – Licenses"). Although the Corporation believes it and its subsidiaries will meet the requirements for their applications and future renewals for their licenses (if awarded), there can be no guarantee that government bodies will award or renew any applicable licenses or, if renewed, that such licenses will be renewed on the same or similar terms or that regulatory authorities will not revoke any licenses. Failure by the Corporation or any of its subsidiaries to comply with the requirements of their licenses or any failure to maintain such licenses would have a material adverse impact on the business, financial condition and operating results of the Corporation. Should any jurisdiction in which the Corporation considers a license important not grant, extend or renew such license or should it renew such license on different terms, or should it decide to grant more than the anticipated number of licenses to other businesses, the business, financial condition and results of the operation of the Corporation could be materially adversely affected.

Government licenses are currently, and in the future may be, required in connection with the Corporation's and its subsidiaries' operations, in addition to other unknown permits and approvals which may be required. To the extent such permits and approvals are required and not obtained, for example, the Cannabis Act research license and hemp production license that have been applied for but not yet obtained, the Corporation and its subsidiaries may be prevented from operating and/or expanding their business, which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Changes in Laws, Regulations and Guidelines

The Corporation's operations will be subject to various laws, regulations, guidelines and licensing requirements both in Canada and potentially abroad. The Corporation is expected to be in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Corporation could have a material adverse effect on the Corporation's business, results of operations and financial condition. In particular, any amendment to or replacement of the Cannabis Act, may cause adverse effects to the Corporation's operations.

On April 13, 2017, the Canadian Federal Government put forward proposed legislation, the Cannabis Act, outlining the framework for the legalization of adult use cannabis, as well as laws to address drug-impaired driving, protect public health and safety and prevent youth access to cannabis. The provincial and municipal governments have been given explicit authority by the Federal Government to provide regulations regarding retail and distribution, as well as the ability to alter some of the existing baselines, such as increasing the minimum age of 18 years for purchase and consumption of cannabis. On June 21, 2018, the Cannabis Act received Royal Assent and came into force on October 17, 2018. The ACMPR will continue to operate in tandem with the recreational regime, and will be re-evaluated within five years of the Cannabis Act coming into force. Although the impact of such changes is uncertain and highly dependent on which specific laws or regulations are changed, the impact on the Corporation should be comparable to other companies in the same business as the Corporation.

To date, only fresh cannabis, dried cannabis and cannabis oil products are permitted. Health Canada has given guidance that other transformed products (primarily edibles and beverages infused with cannabis) will be permitted for legal sale one year (on October 19, 2019) subsequent to the Cannabis Act coming into effect. However, there remains uncertainty regarding how and when certain regulatory changes will be implemented. Further, the general legislation framework pertaining to the Canadian recreational cannabis market is subject to significant provincial and territorial regulation, which varies across provinces and territories. Unfavourable regulatory changes, delays or both may therefore materially and adversely affect the future business, financial condition and results of operations of the Corporation. In addition, the industries subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Corporation's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Corporation's earnings and could make future capital investments or the Corporation's operations uneconomic.

Factors related to the Corporation's Facilities which may prevent realization of business objectives

Any adverse changes affecting the development or construction of a facility and commencement of analytical and research services could have a material and adverse effect on the Corporation's business, financial condition and prospects. There is a risk that these changes or developments could adversely affect the Corporation's facilities by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- (a) delays in obtaining, or conditions imposed by, regulatory approvals;
- (b) plant design errors;
- (c) environmental pollution;
- (d) non-performance by third party contractors;
- (e) increases in materials or labour costs;
- (f) construction performance falling below expected levels of output or efficiency;
- (g) breakdown, aging or failure of equipment or processes;
- (h) contractor or operator errors;
- (i) labour disputes, disruptions or declines in productivity;
- (j) inability to attract sufficient numbers of qualified workers;
- (k) disruption in the supply of energy and utilities; or
- (l) major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

It is also possible that the costs of commencing analytical and research services and hemp/cannabis cultivation, as applicable, may be significantly greater than anticipated by the Corporation's management and may be greater than funds available to the Corporation, in which circumstance the Corporation may curtail, or extend the timeframes for completing its business plans. This could have an adverse effect on the financial results of the Corporation.

Environmental Risk and Regulation

The Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates or intends to operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations.

Government approvals and permits are currently, and may in the future, be required in connection with the Corporation's operations.

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 Corporation 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.

The Canadian Medical and Recreational Cannabis Markets are Relatively New and these Markets may not Continue or Grow as Anticipated

As an anticipated license holder under the Cannabis Act, the Corporation will be operating its business in a relatively new industry and market. In addition to being subject to general business risks, the Corporation must continue to build brand awareness in this industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the cannabis industry and market could have a material adverse effect on the Corporation's business, financial conditions and results of operations.

Limited Operating History

Innovate was incorporated and began carrying on business in 2018. The Corporation is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

The Corporation and Innovate have both incurred losses in recent periods. The Corporation may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Corporation expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Corporation's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Volatile Stock Price

The stock price of the Corporation is expected to be highly volatile and will be drastically affected by governmental and regulatory regimes and community support for the cannabis industry. The Corporation cannot fully predict the results of its operations expected to take place in the future. The results of these activities will inevitably affect the Corporation's decisions related to future operations and will likely trigger major changes in the trading price of the Corporation shares.

Risks Inherent in an Agricultural Business

The Corporation's business may, in the future, involve the growing of cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing is expected to be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production. In addition, if the Company cannot successfully develop its products, or if the Company experiences difficulties in the development process, such as quality control problems or other disruptions, the Company may not be able to develop market-ready commercial products at acceptable costs, which would affect its ability to successfully enter the market.

Energy Costs

The Corporation's cannabis growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Corporation and its ability to operate profitably.

Reliance on Management

Another risk associated with the production and sale of cannabis is the loss of important staff members. The Corporation is currently in good standing with all high-level employees and believes that with well managed practices it will remain in good standing. The success of the Corporation will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Corporation's business, operating results or financial condition. In addition, the Corporation's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Corporation may incur significant costs to attract and retain them.

Insurance and Uninsured Risks

The Corporation's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Although the Corporation maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Corporation is not generally available on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Corporation Will Be an Entrant Engaging in a New Industry

The medical and recreational cannabis industries are relatively new. There can be no assurance that an active and liquid market for the Common Shares of the Corporation will develop and shareholders may find it difficult to resell their Common Shares. Accordingly, no assurance can be given that the Corporation will be successful in the long term.

Dependence on Suppliers and Skilled Labour

The ability of the Corporation to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Corporation will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Corporation.

Difficulty to Forecast

The Corporation must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

Additional Financing

There is no guarantee that the Corporation will be able to execute on its business strategy. The continued development of the Corporation may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business strategy or the Corporation ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Corporation. In addition, from time to time, the Corporation may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Corporation's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Corporation to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Further, the Corporation's business activities rely on newly established and/or developing laws and regulations in Canada. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Corporation's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by Health Canada or the CSE. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Corporation's industry may adversely affect the business and operations of the Corporation, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, which could reduce, delay or eliminate any return on investment in the Corporation.

Management of Growth

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Internal Controls

Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Corporation under Canadian securities law, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's consolidated financial statements and materially adversely affect the trading price of the Common Shares.

Liquidity

The Corporation cannot predict at what prices the Corporation's Common Shares will trade, and there can be no assurance that an active trading market in the Corporation will develop or be sustained. Final approval of the CSE has not yet been obtained. There is a significant liquidity risk associated with an investment in the Corporation.

Dilution

The Corporation may issue equity securities to finance its activities, including future acquisitions. If the Corporation was to issue Common Shares existing holders of such shares may experience dilution in their holdings. Moreover, when the Corporation's intention to issue additional equity securities becomes publicly known, the Corporation's share price may be adversely affected.

Litigation

The Corporation may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Corporation becomes involved be determined against the Corporation such a decision could adversely affect the Corporation's ability to continue operating and the market price for the Common Shares and could use significant resources. Even if the Corporation is involved in litigation and wins, litigation can redirect significant resources of the Corporation.

Risks Related to the Cannabis Industry

Legislative or Regulatory Reform

The Corporation's operations will be subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. While to the knowledge of the Corporation's management, the Corporation is currently in compliance with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of the Corporation, may cause adverse effects to its operations and financial condition.

The recreational and medical cannabis industries are relatively new markets and the Corporation anticipates that such regulations will be subject to change as the Federal Government monitors Licensed Producers.

Unfavourable Publicity or Consumer Perception

Management of the Corporation believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical cannabis produced. Consumer perception of the Corporation's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Corporation's proposed products and the business, results of operations, financial condition and cash flows of the Corporation. The Corporation's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Corporation, the demand for the Corporation's proposed products, and the business, results of operations, financial condition and cash flows of the Corporation.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the Corporation's proposed products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

The Corporation may not be able to develop its brands, products and services, which could prevent it from ever becoming profitable

If the Corporation cannot successfully develop, manufacture, distribute and provide its brands, products and services (as applicable) or if the Corporation experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Corporation may not be able to develop successful brands, market-ready commercial products at acceptable costs, or provide sufficient services, which would adversely affect the Corporation's ability to effectively enter the market. A failure by the Corporation to achieve a low-cost structure through economies of scale or improvements in its manufacturing processes would have a material adverse effect on the Corporation's commercialization plans and the Corporation's business, prospects, results of operations and financial condition.

The Corporation's directors, officers, employees and investors may be subject to entry bans into the United States

Cannabis is illegal under United States (U.S.) federal law. Individuals employed at or investing in cannabis companies could face detention, denial of entry or lifetime bans from the U.S. for their business associations with cannabis businesses. Entry to the U.S. is granted at the sole discretion of Customs and Border Protection ("CBP") officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The government of Canada has started warning travelers that previous use of cannabis, or any substance prohibited by U.S. federal laws, could result in denial of entry to the U.S. business or financial involvement in the cannabis industry in Canada or in the U.S. could also be reason enough for CBP officers to deny entry. On September 21, 2018, CBP released a statement outlining its position with respect to enforcement of the laws of the U.S. It stated that Canada's legalization of cannabis will not change CBP enforcement of U.S. laws regarding controlled substances and because cannabis continues to be a controlled substance under U.S. law, working in or facilitating the proliferation of the cannabis industry in U.S. states or Canada may affect admissibility to the U.S. On October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the U.S. for reasons unrelated to the cannabis industry will generally be admissible to the U.S.; however, if such person is found to be coming into the U.S. for reasons related to the cannabis industry, such person may be deemed inadmissible. Employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in the U.S. or Canada (such as the Corporation), who are not U.S. citizens, face the risk of being barred from entry into the U.S. for life.

If any of the Corporation's directors, officers and employees are determined to be inadmissible to enter the United States, this could have a negative impact on the Corporation's ability to operate in the U.S. In addition, the perception that involvement in the cannabis industry could lead to inadmissibility to the U.S. could make it more difficult for the Corporation to continue to retain and engage qualified directors, officers and employees in the future.

Product Liability

If licensed as a distributor of products designed to be ingested by humans, the Corporation faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Corporation's products would involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Corporation's products alone or in combination with other medications or substances could occur. The Corporation may be subject to various product liability claims, including, among others, that the Corporation's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Corporation could result in increased costs, could adversely affect the Corporation'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 Corporation. There can be no assurances that the Corporation 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 Corporation's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Corporation's products are recalled due to an alleged product defect or for any other reason, the Corporation could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Corporation 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 Corporation 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 one of the Corporation's significant brands were subject to recall, the image of that brand and the Corporation could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Corporation's products and could have a material adverse effect on the results of operations and financial condition of the Corporation. Additionally, product recalls may lead to increased scrutiny of the Corporation's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Competition

There is potential for the Corporation to face intense competition from other companies, some of which have longer operating histories and more financial resources, industry, manufacturing and marketing experience than the Corporation. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger and better-financed competitors with geographic and other structural advantages could materially and adversely affect the proposed business, financial condition and results of operations of the Corporation. To date, the application process to secure a license under the Cannabis Act has remained rigorous and highly competitive. Because of the early stage of the industry in which the Corporation operates, the Corporation expects to face additional competition from new entrants. The current number of licenses granted and the rigorous regulatory landscape could hinder the Corporation's ability to secure a license, thereby having a negative impact on the operations of the Corporation. If the number of users of medical and/or recreational cannabis in Canada increases, the demand for products will increase and the Corporation expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Corporation will require a continued high level of investment in research and development, marketing, sales and client support. The Corporation may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of the Corporation.

Client Acquisition and Retention

The Corporation's success will depend to a substantial extent on the willingness of new customers to try or migrate to its service and/or products. If customers do not perceive the benefits of the Corporation's products and/or services, then the market for these products and/or services may not develop at all, or it may develop more slowly than expected, either of which would significantly adversely affect operating results. In addition, as a new company in this competitive market, the Corporation has limited insight into trends that may develop and affect its business. The Corporation may make errors in predicting and reacting to relevant economic and currency-related trends, which could harm its business. There are many factors which could impact the Corporation's ability to attract and retain customers, including but not limited to, the Corporation's ability to provide desirable and effective products and/or services, the Corporation's ability to successfully implement a customer-acquisition plan, continued growth in the number of medical and recreational cannabis users and the number of competitors providing similar products and/or services.

Strategic Partnerships

The Corporation's business plan contemplates several strategic partnerships or relationships that may not necessarily materialize in the course of the Corporation's business, particularly with respect to its proposed cultivation facility.

Transportation Risks

Due to the perishable nature of its proposed products, the Corporation will depend on fast and efficient third-party transportation services to distribute its product. Any prolonged disruption of third-party transportation services could have an adverse effect on the financial condition and results of operations of the Corporation.

Market Unpredictability

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

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

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

The Corporation will be reliant on information technology systems and may be subject to damaging cyberattacks.

The Corporation has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with its operations. The Corporation's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Corporation's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Corporation's reputation and results of operations.

The Corporation has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Corporation will not incur such losses in the future. The Corporation's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.