



---

**CANNABIS ONE HOLDINGS INC.**

**FORM 2A - LISTING STATEMENT**

IN CONNECTION WITH THE LISTING OF SHARES OF CANNABIS ONE HOLDINGS INC., THE ENTITY FORMERLY KNOWN AS METROPOLITAN ENERGY CORP. AFTER THE REVERSE TAKEOVER BY BERTRAM CAPITAL FINANCE, INC.

---

February 19, 2019

**Bertram Capital Finance, Inc. ("Bertram") derives a substantial portion of its revenues indirectly from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. Through its contractual partnerships and manufacturing licensing agreements, as a service provider to actual licensed cannabis producers, Bertram is only indirectly involved in the cannabis industry in the United States through these primary customers, who themselves are licensed cannabis producers and retailers. Bertram only provides services to its licensed clients in certain of those states where local state laws permit such activities including, as of the date of this Listing Statement, the States of Colorado, Nevada and Washington and with proposed expansion with new customers located in the States of Oregon and California within the next twelve months from the date hereof. Further, Bertram is currently evaluating the potential to expand the scope of its service operations into Canada in connection with the proclamation into force of the *Cannabis Act* (Canada) (the "Cannabis Act").**

**While some states in the United States have authorized the use and sale of cannabis, it remains illegal under federal law and the approach to enforcement of U.S. federal laws against cannabis is subject to change. Because Bertram indirectly engages in cannabis-related activities in the United States, it assumes certain risks due to conflicting state and federal laws. The federal law relating to cannabis could be enforced at any time and this would put the licensed clients Bertram currently services at risk of being prosecuted and having their assets seized. Investors should consult their own counsel in connection with any investment in the Resulting Issuer, including with respect to any potential immigration issues caused by an investment in connection with an industry that remains illegal under current federal law in the United States.**

**On January 4, 2018, former United States Attorney General Jeff Sessions issued a memorandum to United States district attorneys (the "Sessions Memorandum") which rescinded previous guidance from the United States Department of Justice specific to cannabis enforcement in the United States, including the Cole Memorandum (as defined herein). With the Cole Memorandum rescinded, United States federal prosecutors no longer have guidance relating to the exercise of their discretion in determining whether to prosecute cannabis related violations of United States federal law. In response to the Sessions Memorandum, on April 13, 2018, the United States President Donald Trump promised Colorado Senator Cory Gardner that he will support efforts to protect states that have legalized cannabis. Mr. Sessions resigned as United States Attorney General on November 7, 2018 and his permanent successor has not been confirmed. Nevertheless, a significant change in the federal government's enforcement policy with respect to current federal laws applicable to the cannabis industry could cause significant financial damage to Bertram's clients, and therefore indirectly to Bertram's present business model. That is, Bertram may be irreparably harmed by a change in the**

cannabis enforcement policies of the federal government depending on the nature of such change.

Given the current illegality of cannabis under United States federal law, Bertram's ability to access both public and private capital may still be hindered by its indirect involvement in the cannabis industry since the majority of financial institutions are regulated by the United States federal government and are thus may not provide financing to companies directly or indirectly engaged in cannabis related activities, notwithstanding the guidance provided in February of 2014 by the Financial Crimes Enforcement Network ("FinCEN") Bureau of the U.S. Treasury Department (which mirrors the enforcement priorities of the Cole Memorandum and subjects cannabis industry related accounts to enhanced scrutiny). Despite its indirect involvement in the cannabis industry, Bertram's ability to access public capital markets in the United States is directly hindered as a result.

There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the Controlled Substances Act (the "CSA") with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, Bertram's business, results of operations, financial condition and prospects would be materially adversely affected.

Canada has regulated medical use and commercial activity involving cannabis and recently enacted the *Cannabis Act (Canada)* to regulate the production, distribution and sale of recreational cannabis for adult use in Canada. The production, distribution and sale of cannabis for adult use in Canada was formally legalized on October 17, 2018. Nevertheless, sales of cannabis are also expected to be strictly regulated at the provincial and municipal level and it is currently not known what particular restrictions or prohibitions will be put into place at the provincial and/or municipal levels.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018 the Canadian Securities Administrators published a staff notice ("Staff Notice 51-352") setting out the Canadian Securities Administrator's disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as

well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

For more information regarding the foregoing and the other risk factors applicable in respect of an investment in the business of Bertram, see Section 17 of this Listing Statement under the heading "*Risk Factors*".

## TABLE OF CONTENTS

	Page
<b>INTRODUCTION.....</b>	<b>4</b>
<b>CAUTION REGARDING RESULTING ISSUER BUSINESS.....</b>	<b>4</b>
<b>FORWARD-LOOKING INFORMATION AND STATEMENTS .....</b>	<b>5</b>
<b>1. GLOSSARY OF TERMS.....</b>	<b>10</b>
<b>2. CORPORATE STRUCTURE.....</b>	<b>17</b>
2.1 Corporate Name and Head and Registered Office .....	17
2.2 Jurisdiction of Incorporation .....	17
2.3 Intercorporate Relationships .....	17
<b>3. GENERAL DEVELOPMENT OF THE BUSINESS .....</b>	<b>18</b>
3.1 General Development of the Business .....	18
3.2 Significant Acquisitions and Dispositions .....	23
3.3 Trends, Commitments, Events or Uncertainties.....	23
<b>4. NARRATIVE DESCRIPTION OF THE BUSINESS.....</b>	<b>31</b>
4.1 General .....	31
4.2 Asset Backed Securities .....	49
4.3 Companies with Mineral Projects.....	49
4.4 Companies with Oil and Gas Operations .....	49
<b>5. SELECTED CONSOLIDATED FINANCIAL INFORMATION .....</b>	<b>49</b>
5.1 Consolidated Financial Information – Annual and Interim Information .....	49
5.2 Dividends .....	51
<b>6. MANAGEMENT'S DISCUSSION AND ANALYSIS .....</b>	<b>51</b>
<b>7. MARKET FOR SECURITIES .....</b>	<b>52</b>
<b>8. CONSOLIDATED CAPITALIZATION .....</b>	<b>52</b>
<b>9. OPTIONS TO PURCHASE SECURITIES.....</b>	<b>53</b>
9.1 Summary of Equity Incentive Plan .....	53
<b>10. DESCRIPTION OF THE SECURITIES .....</b>	<b>59</b>
10.1 – 10.6 Description of the Resulting Issuer's Securities .....	59
10.7 Prior Sales .....	69
10.8 Stock Exchange Price.....	71

# TABLE OF CONTENTS

(continued)

	Page
<b>11. ESCROWED SECURITIES.....</b>	<b>71</b>
<b>12. PRINCIPAL SHAREHOLDERS .....</b>	<b>72</b>
12.1 – 12.2 Principal Shareholders.....	72
12.3 Voting Trusts.....	73
12.4 Associates and Affiliates .....	73
<b>13. DIRECTORS AND OFFICERS.....</b>	<b>73</b>
13.1 – 13.5 Directors and Officers .....	73
13.6 – 13.9 Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies .....	77
13.10 Conflicts of Interest .....	78
13.10 Other Reporting Issuer Experience.....	78
13.11 Management.....	78
<b>14. CAPITALIZATION.....</b>	<b>82</b>
14.1 Issued Capital .....	82
14.2 Convertible/Exchange Securities .....	84
14.3 Other Listed Securities.....	85
<b>15. EXECUTIVE COMPENSATION .....</b>	<b>85</b>
<b>16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS .....</b>	<b>87</b>
<b>17. RISK FACTORS.....</b>	<b>88</b>
17.1 Business of the Resulting Issuer Risks .....	88
<b>18. PROMOTERS .....</b>	<b>112</b>
<b>19. LEGAL PROCEEDINGS.....</b>	<b>112</b>
19.1 Legal Proceedings .....	112
19.2 Regulatory Actions.....	113
<b>20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....</b>	<b>113</b>
<b>21. AUDITORS, TRANSFER AGENTS AND REGISTRARS .....</b>	<b>113</b>
21.1 Auditors.....	113
21.2 Transfer Agent and Registrar.....	113
<b>22. MATERIAL CONTRACTS.....</b>	<b>114</b>

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
22.1 Material Contracts.....	114
22.2 Issued Capital .....	114
<b>23. INTEREST OF EXPERTS .....</b>	<b>114</b>
<b>24. OTHER MATERIAL FACTS.....</b>	<b>114</b>
<b>25. FINANCIAL STATEMENTS .....</b>	<b>114</b>
25.1 Financial Statements of the Company .....	114
25.2 Financial Statements of Bertram and the Resulting Issuer .....	115
<b>CERTIFICATE OF THE ISSUER .....</b>	<b>116</b>
<b>CERTIFICATE OF THE TARGET.....</b>	<b>117</b>
<b>APPENDIX A BUSINESS COMBINATION AGREEMENT.....</b>	<b>A-1</b>
<b>APPENDIX B FINANCIAL STATEMENTS OF (CANNABIS ONE HOLDINGS INC. (FORMERLY METROPOLITAN ENERGY CORP.).....</b>	<b>B-1</b>
<b>APPENDIX C MD&amp;A OF (CANNABIS ONE HOLDINGS INC. (FORMERLY METROPOLITAN ENERGY CORP.) .....</b>	<b>C-1</b>
<b>APPENDIX D FINANCIAL STATEMENTS OF BERTRAM CAPITAL FINANCE, INC. ....</b>	<b>D-1</b>
<b>APPENDIX E MD&amp;A OF BERTRAM CAPITAL FINANCE, INC.....</b>	<b>E-1</b>
<b>APPENDIX F CONSOLIDATED PRO FORMA BALANCE SHEET OF THE RESULTING ISSUER .....</b>	<b>F-1</b>

## INTRODUCTION

This Listing Statement is furnished on behalf of the management of the Company in connection with the closing of the reverse takeover of the Company as more particularly described in this Listing Statement and in accordance with the rules of the CSE and the listing of the Subordinate Voting Shares on the CSE under the symbol "CBIS".

Capitalized terms used in this Listing Statement which are not otherwise defined shall have the meanings set forth under the heading "*Glossary of Terms*" of this Listing Statement. Information contained in this Listing Statement is given as of February 19, 2019, unless otherwise specifically stated.

## CAUTION REGARDING RESULTING ISSUER BUSINESS

Bertram's clients operate in the cannabis and cannabis-related industries primarily in the United States and Bertram has intentions to expand its clientele to Canada and possibly other countries with regulated cannabis industries. This Listing Statement relates to the business of an entity that derives or plans to derive a substantial portion of its revenues indirectly through the recreational and/or medical cannabis industry in certain U.S. States and Canada as permitted under applicable Cannabis Laws.

A majority of States have recently legalized medical cannabis and a number of States have further legalized the "recreational" or "adult-use" of cannabis. However, THC and cannabis remain a controlled Schedule I drug under U.S. federal laws although, as a matter of enforcement priorities, the federal government's position has been not to enforce these laws in U.S. States that have effective state-level regulations and enforcement policies in place. Recent pronouncements by, and changes in personnel of, the U.S. federal government have cast uncertainty in this area.

Under the CSA, the policies and regulations of the U.S. federal government and its agencies are that THC and cannabis have a high potential for abuse, have no acceptable medical benefit and have a lack of safety for the use of the drug under medical supervision. Those engaged in cannabis cultivation and distribution related activities may also be liable under various anti-money laundering statutes, including 18 U.S.C. § 1956, which prohibits financial transactions which involve property known to be the proceeds of some unlawful activity. A range of activities including cultivation and the personal use of cannabis is prohibited unless and until the U.S. Congress amends the Controlled Substances Act with respect to THC and cannabis. The timing or scope of any such potential amendments are not assured and there is a risk that federal authorities may enforce current federal law, and the business of the Resulting Issuer may be deemed to be in violation of federal law of the U.S.

On October 17, 2018, the *Cannabis Act (Canada)* was proclaimed into force and introduced a new system in Canada relating to the legalization, regulation and restriction on access to cannabis including Recreational Cannabis and CBD-Infused Products. Nevertheless, the sales of cannabis are expected to be strictly regulated at the provincial



and municipal level and it is currently not known what particular restrictions or prohibitions will be put into place at such levels.

There are a number of risks associated with the business of the Resulting Issuer. See Section 17 of this Listing Statement under the heading "*Risk Factors*" for a detailed list of certain material risk factors. Although the Resulting Issuer will perform its business in accordance with applicable Cannabis Laws, the Resulting Issuer may become subject to additional government regulation and legal uncertainties that could restrict the demand for its services or increase its cost of doing business thereby adversely affecting its financial results.

## FORWARD-LOOKING INFORMATION AND STATEMENTS

The information provided in this listing statement ("**Listing Statement**") may contain "forward-looking statements" about Cannabis One Holdings Inc. (formerly Metropolitan Energy Corp.) (the "**Company**"), Bertram Capital Finance, Inc. ("**Bertram**"), Metropolitan Acquisition Corp. ("**Subco**") and the Resulting Issuer (as defined below). In addition, the Company, Bertram or the Resulting Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company, Bertram or the Resulting Issuer that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company, Bertram or the Resulting Issuer that address activities, events or developments that the Company, Bertram or the Resulting Issuer 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. Without limiting the generality of the foregoing, the narrative description of the business of Bertram set forth in Section 4 of this Listing Statement under the heading "*Narrative Description of the Business*" contains a number of forward-looking statements.

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 regulation of the Recreational Cannabis industry in certain jurisdictions and the Resulting Issuer's intentions to participate in such markets, if and when legalized;

- the future performance of the Resulting Issuer, including statements with respect to business objectives and milestones;
- the Company's and Bertram's expectations regarding revenues, expenses and anticipated cash needs of the Resulting Issuer;
- the intention to grow the business and operations of the Resulting Issuer and opportunities for growth in local and international markets and in the cannabis industry and expectations regarding the future growth;
- the requirement for, and the Resulting Issuer's ability to obtain, future funding on favourable terms or at all;
- the Company's and Bertram's expectations regarding the timing for availability of the Resulting Issuer's clients' products and acceptance of their products by the market;
- the competitive conditions of the industry in which the Resulting Issuer will operate and agricultural advances of competitive products;
- the Resulting Issuer's dependence on expanding its client base;
- the Company's and Bertram's plans in respect of strategic partnerships for research and development;
- the Company's and Bertram's plan to retain and recruit personnel for the Resulting Issuer;
- the strategy with respect to the protection of the Resulting Issuer's intellectual property;
- laws and any amendments thereto applicable to the Company, Bertram and/or the Resulting Issuer; and
- the plans with respect to the Resulting Issuer's payment of dividends.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under the heading "*Risk Factors*" in Section 17 of this Listing Statement. Although the forward-looking statements contained in this Listing Statement are based upon what management of the Company and Bertram believe are reasonable assumptions, the Company and Bertram cannot assure investors that actual results will be consistent with these forward-looking statements and should not be unduly relied upon by investors. These forward-looking statements are made as of the date of this Listing Statement.

A number of factors could cause actual events, performance or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in the forward-looking statements. Factors that could cause actual events, performance or results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- the extent of future losses;
- the ability to obtain the capital required to fund development and operations;
- the development and growth of the medical and recreational cannabis industry in general;
- the impact of legislative changes in the U.S. and Canada to the medical and recreational cannabis regulatory process;
- the ability to capitalize on changes to the marketplace;
- the ability to comply with applicable governmental regulations and standards and applicable Cannabis Laws;
- the ability to attract and retain skilled and experienced personnel;
- the impact of changes in the business strategies and development priorities of strategic partners and businesses in which Bertram has certain non-binding and/or binding acquisition rights;
- the ability to obtain patent protection and to protect Bertram's and the Resulting Issuer's intellectual property rights and not infringe on the intellectual property rights of others;
- stock market volatility;
- general public acceptance of the cannabis industry; and
- other risks detailed from time-to-time in the Company's or the Resulting Issuer's ongoing quarterly and annual filings with applicable securities regulators, and those which are discussed under the heading "*Risk Factors*" of Section 17 of this Listing Statement.

Readers should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. Each of the forward-looking statements contained in this Listing Statement are expressly qualified by this cautionary statement. The Company, Bertram and the Resulting Issuer expressly disclaim any obligation or responsibility to update the forward-looking statements in this Listing Statement except as otherwise required by applicable law.

## Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third-party sources, including industry publications. The Company and Bertram believe that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, neither the Company nor Bertram have independently verified any of the data from third-party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

## Currency

Unless otherwise indicated, all references to "\$" or "US\$" in this Listing Statement refer to United States dollars and all references to "C\$" in this Listing Statement refer to Canadian dollars.

## Information Concerning Bertram

The information contained or referred to herein relating to Bertram has been furnished by Bertram, without independent verification by the Company. In preparing this Listing Statement, the Company has relied upon Bertram to ensure that this Listing Statement contains full, true and plain disclosure of all material facts relating to Bertram.

## Enforcement of Judgements Against Foreign Persons

Mr. Jeffery A. Mascio, the President, Chief Executive Officer and a Director of Bertram (and following the Business Combination, the Resulting Issuer), Dr. Darrick Payne, the Vice President of Compliance and Director of Bertram (and following the Business Combination, a Director of the Resulting Issuer), Mr. Bradley Harris, the Vice President of Retail of Bertram (and following the Business Combination, a Director of the Resulting Issuer) and Mr. Bernard S. Radochonski II a Director of Bertram (and following the Business Combination, a Director of the Resulting Issuer), each reside outside of Canada. Additionally, Bertram, is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction. Each of the aforementioned directors and officers and Bertram have appointed the following agent for service of process:

Name of Person or Company	Name and Address of Service Agent
Jeffery A. Mascio	Nerland Lindsey LLP 1400, 350 – 7 <sup>th</sup> Ave S.W. Calgary, Alberta, T2P 3N9

Darrick Payne	Nerland Lindsey LLP 1400, 350 – 7 <sup>th</sup> Ave S.W. Calgary, Alberta, T2P 3N9
Bradley Harris	Nerland Lindsey LLP 1400, 350 – 7 <sup>th</sup> Ave S.W. Calgary, Alberta, T2P 3N9
Bernard S. Radochonski II	Nerland Lindsey LLP 1400, 350 – 7 <sup>th</sup> Ave S.W. Calgary, Alberta, T2P 3N9
Bertram Capital Finance, Inc.	Nerland Lindsey LLP 1400, 350 – 7 <sup>th</sup> Ave S.W. Calgary, Alberta, T2P 3N9

Readers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

## 1. GLOSSARY OF TERMS

The following is a glossary of certain general terms used in this Listing Statement including in the summary hereof. Terms and abbreviations used in the financial statements appended to this Listing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

All of the figures included in this Listing Statement are presented after giving effect to the Private Placement and the Bertram Stock Split. The use of "TM" or <sup>TM</sup> in this Listing Statement means that the relevant trademark has been registered with the Colorado Secretary of State.

"**Affiliate**" has the meaning specified in the BCBCA.

"**ACMPR**" means the Access to Cannabis for Medical Purposes Regulation (ACMPR) which came into force on August 24, 2016 (including any successor regulations or legislation governing medical cannabis) and replaced the *Cannabis for Medical Purposes Regulations* (Canada) issued June 7, 2013 pursuant to the *Controlled Drug and Substances Act* (Canada).

"**Awards**" has the meaning ascribed thereto in Section 9 of this Listing Statement under the heading "*Options to Purchase Securities*".

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Bertram**" means Bertram Capital Finance, Inc., a corporation existing under the Laws of Colorado.

"**Bertram Broker Warrants**" means the warrants to purchase shares of Bertram Common Stock issued as a selling concession to eligible brokers in connection with the Private Placement, entitling the holders to acquire an aggregate of 42,326 shares of Bertram Common Stock at an exercise price of C\$0.50 per share of Bertram Common Stock (on a post-Bertram Stock Split basis) expiring October 17, 2020 pursuant to the terms of the applicable warrant certificates.

"**Bertram Common Stock**" means the common stock in the capital of Bertram.

"**Bertram Existing Warrants**" means the warrants to purchase Bertram Common Stock issued and outstanding, entitling the holders to acquire an aggregate of up to 290,809 Bertram Common Stock, at an exercise price of US\$0.337025 per Bertram Common Stock until January 15, 2020, pursuant to the terms of the applicable warrant certificates.

"**Bertram Financial Statements**" means the financial statements of Bertram attached hereto as Appendix D.

**"Bertram Meeting"** means the annual meeting of Bertram Shareholders held on October 3, 2018 for the consideration and approval of the Bertram Meeting Matters.

**"Bertram Meeting Materials"** means the notice of annual meeting and proxy circular of Bertram that was distributed to Bertram Shareholders in connection with the Bertram Meeting.

**"Bertram Meeting Matters"** means the matters considered and approved by the Bertram Shareholders at the Bertram Meeting, including, but not limited to, the Business Combination and the Bertram Stock Split, all in accordance with the Bertram Meeting Materials.

**"Bertram Preferred Stock"** means the preferred stock in the capital of Bertram.

**"Bertram Private Placement Warrants"** means the warrants to purchase Bertram Common Stock issued upon conversion of the Bertram Subscription Receipts, entitling the holders to acquire an aggregate of up to 7,905,987 Bertram Common Stock, at an exercise price of C\$0.75 per Bertram Common Stock for a period of two years from the date of issuance pursuant to the terms of the applicable warrant certificates.

**"Bertram Rights"** means rights to acquire Bertram Common Stock held by certain management and existing shareholders pursuant to long term incentive awards and anti-dilution rights, respectively, entitling the holders to receive an aggregate of 12,000,000 Bertram Shares which shall be assumed by the Company in connection with the Business Combination and which entitle the holders to receive 12,000,000 Subordinate Voting Shares upon and subject to the terms and conditions set forth in the Business Combination Agreement.

**"Bertram Shareholders"** means the holders of Bertram Common Stock.

**"Bertram Stock Split"** means the 5.93-to-1 split to the Bertram Common Stock approved by the Bertram Shareholders at the Bertram Meeting.

**"Bertram Subscription Receipts"** means the 15,811,974 subscription receipts of Bertram issued in the Private Placement, which were automatically exchanged for one share of Bertram Common Stock and one half of one (½) Bertram Private Placement Warrant for no additional consideration upon the satisfaction of the Escrow Release Conditions.

**"Board of Directors"** or **"Board"** means the board of directors of the Company.

**"Business Combination"** means the completion of the steps set out in the Business Combination Agreement resulting in, among other things, the reverse takeover of the Company by Bertram.

**"Business Combination Agreement"** means the business combination agreement entered into between the Company, Bertram and Subco dated October 17, 2018.

"**cannabis**" means all parts of the plant of the genus cannabis, the seeds thereof, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture or preparation of the plant, its seeds, or its resin. The term "cannabis" does not include industrial hemp, nor does it include fiber produced from stalks, oil, or cake made from the seeds of the plant, sterilized seed of the plant which is incapable of germination, or the weight of any other ingredient combined with cannabis to prepare topical or oral administrations, food, drink, or other product.

"**Cannabis Act**" means the *Cannabis Act* (Canada).

"**Cannabis Laws**" means, collectively, the U.S. State and federal U.S. legislation and regulations, the ACMPR and the Cannabis Act and all applicable state, provincial, municipal and/or federal legislation and regulations governing Medical Cannabis, Recreational Cannabis, CBD-Infused Products and activities related thereto in the U.S. and Canada and any successor federal or applicable provincial legislation and regulations.

"**BCBA**" means the Colorado Revised Statutes Title 7, Article 90 – Colorado Corporations and Associations, and Articles 101-117 – Colorado Business Corporations.

"**CBD**" means cannabidiol, the principal non-psychoactive cannabinoid constituent of the cannabis plant.

"**CBD-Infused Products**" means products infused with hemp-based CBD for medical, therapeutic or recreational adult use in jurisdictions where permitted by the applicable regulatory authorities in accordance with applicable Cannabis Laws that are intended for use or consumption other than by smoking.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Cole Memorandum**" means the memorandum dated August 29, 2013, addressed to "All United States Attorneys" from James M. Cole, Deputy Attorney General of the United States, as more particularly described under the heading "*Risk Factors – United States federal overview*" of this Listing Statement.

"**Common Shares**" means the common shares in the capital of the Company.

"**Company**" means Cannabis One Holdings Inc. (formerly Metropolitan Energy Corp.), a corporation existing under the BCBCA.

"**Company Financial Statements**" means the financial statements of the Company attached hereto as Appendix B.

"**Company Meeting**" means the annual general and special meeting of the Company Shareholders, held on October 5, 2018, whereby the Company received shareholder approval of the Company Meeting Matters.



**"Company Meeting Materials"** means the notice of annual general and special meeting and information circular of the Company dated September 11, 2018 filed on SEDAR and distributed to Company Shareholders in connection with the Company Meeting.

**"Company Meeting Matters"** means the items presented for shareholder approval at the Company Meeting with respect to the Company all in accordance with the Company Meeting Materials.

**"Company Options"** means the options to purchase 200,000 Common Shares awarded and outstanding on the date hereof, at an exercise price of C\$0.35 per Common Share until May 11, 2023, pursuant to the terms of the applicable option agreements.

**"Company Compensation Warrants"** means the Common Share purchase warrants issued to Wildhorse Capital Partners Inc. to purchase that number of Subordinate Voting Share purchase warrants of the Company equal to the greater of 2.5% of the total number of Subordinated Voting Shares (inclusive of such number of Subordinated Voting Shares as are issuable upon conversion of the Super Voting Shares) issued in connection with the Business Combination at the Effective Time or 1,575,000 Subordinated Voting Share purchase warrants, with each share purchase warrant entitling the holder thereof to acquire one Subordinated Voting Share at an exercise price equal to C\$0.40 from time to time until the date that is two (2) years from the Effective Date.

**"Company Warrants"** means the warrants to purchase 10,000,000 Common Shares issued and outstanding as of the date hereof at an exercise price of C\$0.25 per Common Share until March 29, 2020.

**"Company Shareholders"** means the holders of Common Shares.

**"Company Stock Option Plan"** means the incentive stock option plan of the Company approved by the Company Shareholders at the Company Meeting.

**"Controlled Substances Act"** means the U.S. federal Controlled Substances Act of 1970 (21 U.S.C. § 811), as amended.

**"CSE"** means the Canadian Securities Exchange.

**"CSE Policies"** means the rules and policies of the CSE in effect as of the date hereof.

**"DB Labs"** refers to DB Labs, LLC, the first independent cannabis-testing laboratory certified by the State of Nevada.

**"Effective Date"** means the effective date of the Merger as determined pursuant to the Business Combination Agreement.

**"Escrow Release Conditions"** means the following collectively:

- (a) the Business Combination Agreement having been executed by Bertram, the Company and Subco; and
- (b) Bertram having delivered a release notice to the Subscription Receipt Agent in accordance with the terms of the Subscription Receipt Agreement confirming that the condition in (a) above has been satisfied.

**"Equity Incentive Plan"** means the equity incentive plan, approved by the Company Shareholders at the Company Meeting, to be adopted by the Resulting Issuer.

**"FDA"** means the United States Federal Drug Administration.

**"FinCEN"** has the meaning ascribed thereto in Section 17 of this Listing Statement under the heading "*Risk Factors*".

**"forward-looking Information"** has the meaning set forth under the heading "*Forward-Looking Information and Statements*" of this Listing Statement.

**"hemp"** or **"industrial hemp"** means the plants and plant parts of the genus cannabis, the leaves and flowering heads of which do not contain more than 0.3% THC w/w and includes the derivatives of such plants and plant parts and also includes the derivatives of non-viable cannabis seed but does not include plant parts of the genus cannabis that consist of non-viable cannabis seed, other than its derivatives, or of mature cannabis stalks that do not include leaves, flowers, seeds or branches or of fibre derived from those stalks.

**"ISOs"** has the meaning ascribed thereto in Section 9 of this Listing Statement under the heading "*Options to Purchase Securities*".

**"ITA"** means the *Income Tax Act* (Canada).

**"Listing Statement"** means this CSE Form 2A Listing Statement of the Company together with all Appendices attached.

**"Medical Cannabis"** or **"Medicinal Cannabis"** means cannabis that is grown and sold to approved, medical patients pursuant to applicable Cannabis Laws for medical purposes (as opposed to recreational purposes).

**"Mergeco"** means Bertram, to be named Cannabis One U.S. Inc.

**"Merger"** means the merger of Subco and Bertram as more particularly described in the Business Combination Agreement.

**"Name Change"** means an amendment to the notice of articles of the Company to change the name of the Company from "Metropolitan Energy Corp." to "Cannabis One Holdings Inc.".

"**NEX**" means the NEX board of the TSXV.

"**NQSOs**" has the meaning ascribed thereto in Section 9 of this Listing Statement under the heading "*Options to Purchase Securities*".

"**Options**" has the meaning ascribed thereto in Section 9 of this Listing Statement under the heading "*Options to Purchase Securities*".

"**Participants**" has the meaning ascribed thereto in Section 9 of this Listing Statement under the heading "*Options to Purchase Securities*".

"**Person**" means any individual, corporation, partnership, unincorporated association, trust, joint venture, governmental body or any other legal entity whatsoever.

"**Private Placement**" means the private placement by Bertram of Bertram Subscription Receipts for aggregate gross proceeds of approximately C\$7.9 million which closed in two tranches on September 28, 2018 and on October 24, 2018, respectively.

"**Recreational Cannabis**" means cannabis that is grown and sold to adult users pursuant to applicable Cannabis Laws for recreational and/or retail purposes (as opposed to medical purposes).

"**Related Person**" has the meaning attributed to it in the CSE Policies.

"**Resulting Issuer**" means Cannabis One Holdings Inc. following the Business Combination.

"**Resulting Issuer Shares**" means, collectively, the Subordinate Voting Shares and Super Voting Shares.

"**Resulting Issuer Warrants**" means, collectively, the Company Warrants, the Company Compensation Warrants, the Bertram Broker Warrants, the Bertram Existing Warrants and the Bertram Private Placement Warrants.

"**RFA**" has the meaning ascribed thereto in Section 17 of this Listing Statement under the heading "*Risk Factors*".

"**RSUs**" has the meaning ascribed thereto in Section 9 of this Listing Statement under the heading "*Options to Purchase Securities*".

"**SARs**" has the meaning ascribed thereto in Section 9 of this Listing Statement under the heading "*Options to Purchase Securities*".

"**Section 280E**" has the meaning ascribed thereto in Section 17 of this Listing Statement under the heading "*Risk Factors*".

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval available at [www.sedar.com](http://www.sedar.com).

"**Sessions Memorandum**" has the meaning ascribed thereto in Section 17 of this Listing Statement under the heading "*Risk Factors*".

"**Subco**" means Metropolitan Acquisition Corp., a direct, wholly-owned subsidiary of the Company incorporated under the CBCA on October 3, 2018 for the sole purpose of effecting the Merger in connection with the Business Combination.

"**Subordinate Voting Shares**" means the Class A subordinate voting shares in the capital of the Company, or following the Business Combination, the Resulting Issuer.

"**Subscription Receipt Agent**" means Odyssey Trust Company and its successors and permitted assigns.

"**Subscription Receipt Agreement**" means the subscription receipt agreement between Bertram and the Subscription Receipt Agent setting out the terms and conditions of the Bertram Subscription Receipts.

"**Super Voting Shares**" means the Class B super voting shares in the capital of the Company, or following the Business Combination, the Resulting Issuer.

"**THC**" means tetrahydrocannabinol, the principal psychoactive cannabinoid constituent of the cannabis plant.

"**Transfer Agent**" means Odyssey Trust Company.

"**TSXV**" means the TSX Venture Exchange.

"**U.S.**" or "**United States**" means the United States of America.

"**US\$**" are references to United States Dollars and all references to "**C\$**" are to Canadian dollars.

"**U.S. Resident**" means a resident of the United States as defined in Regulation S under the U.S. Securities Act.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

"**U.S. State**" or "**State**" or "**state**" means one of the 50 constituent political entities of United States of America that shares its sovereignty with the United States federal government.

"**U.S. Tax Code**" means the United States Internal Revenue Code of 1986, as amended.

## **2. CORPORATE STRUCTURE**

### **2.1 Corporate Name and Head and Registered Office**

This Listing Statement has been prepared in connection with the Business Combination and proposed listing on the CSE of the Resulting Issuer's Subordinate Voting Shares.

The head and registered office of the Company is Suite 610, 700 West Pender Street, Vancouver, British Columbia, Canada, V6C 1G8.

Bertram currently has operations in Colorado, Nevada and Washington with expansion plans currently underway in respect of the State of Oregon and California in the next twelve months from the date hereof. Bertram's principal office is located at 821 - 22<sup>nd</sup> Street, Denver, Colorado, United States, 80205.

Upon completion of the Business Combination, the registered office and head office address of the Resulting Issuer will be the same as set forth above for the Company.

### **2.2 Jurisdiction of Incorporation**

#### **The Company**

The Company was incorporated on July 16, 2007 under the BCBCA. By amendment to its notice of articles effective November 8, 2018, the Company changed its name to Cannabis One Holdings Inc.

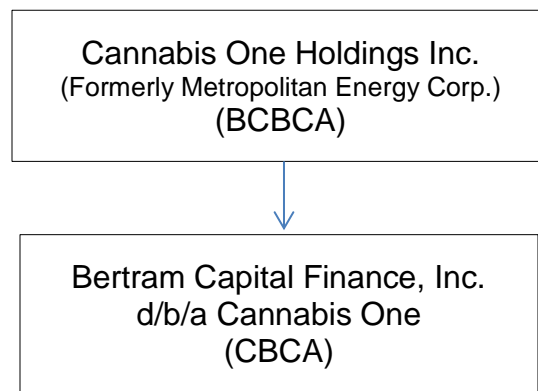
On October 3, 2018, the Company incorporated Subco under the CBCA as a direct, wholly-owned subsidiary of the Company for the sole purpose of effecting the Merger in connection with the Business Combination.

#### **Bertram**

Bertram was incorporated on February 20, 2015 under the CBCA.

### **2.3 Intercompany Relationships**

The organization chart of the Resulting Issuer setting out the material subsidiaries following the closing of the Business Combination, is set forth below. All information presented on the Resulting Issuer assumes the closing of the Business Combination and all lines represent 100% ownership of outstanding securities of the applicable subsidiary.



Prior to the closing of the Business Combination, the Company had one wholly owned subsidiary being Subco and Bertram had no subsidiaries.

### **3. GENERAL DEVELOPMENT OF THE BUSINESS**

#### **3.1 General Development of the Business**

##### **The Company**

The Company is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia and has its common shares listed and posted for trading on the NEX under the trading symbol "MOE.H".

The Company currently does not carry on an active business and in the past has been involved in the exploration of mineral resource properties.

##### **Issued and Outstanding Securities**

Immediately before the closing of the Business Combination, the Company had an aggregate of 15,202,314 Common Shares issued and outstanding on a non-diluted basis after giving effect to the 10-to-1 consolidation of Common Shares completed by the Company on March 29, 2018 and would have an aggregate of 25,402,314 Common Shares issued and outstanding on a fully diluted basis (inclusive of the Company Options and the Company Warrants) but excluding the Company Compensation Warrants.

##### **Bertram**

Bertram is a Colorado based corporation that presently provides various support services and infrastructure development to licensed producers of cannabis in the States of Colorado, Nevada and Washington. Established in 2015, Bertram itself employs over 50 people and indirectly serves thousands of customers in the jurisdictions that its licensed clients operate.

Bertram has licensing agreements and contractual partnerships with unrelated licensed cannabis producing entities to provide a variety of services including product packaging, equipment leasing, and site personnel and management resources. Bertram also owns certain intellectual property, including the trademarks, domain names and/or licensing rights for various cannabis related brands within the State of Colorado. For example, this intellectual property includes the trademark, trade name and domain names for the cannabis production brand “Cannabis™”, for the retail locations known as “The Joint™” and for the innovative vape style cannabis delivery system known as “INDVR™”.

Headquartered in Denver, Bertram intends to directly (if specifically permitted under state regulations) or indirectly support additional licensed cannabis producers by expanding its current client base in Colorado, Nevada and Washington through new licensing agreements, contractual partnerships and possibly even direct cannabis license acquisition where permitted. Bertram also intends to expand its client base and provide support services in additional markets across the highly regulated U.S. states (initially targeting California and Oregon in particular in 2019) and including Canada as appropriate opportunities present themselves.

Bertram’s long term plan for expansion is to extend throughout North America and internationally with the intention of establishing a leading brand culture and reputation in the cannabis industry.

The Resulting Issuer is borne out of the reverse takeover of the Company by Bertram pursuant to the Business Combination. As of the Effective Date, the Resulting Issuer will assume the business interests of Bertram.

On July 6, 2018, at the request of the Company and in connection with the contemplated Business Combination of the Company with Bertram, the Company requested that the Common Shares be halted for trading on the NEX pending completion of the Business Combination and the substitute listing of the Subordinate Voting Shares on the CSE.

#### Issued and Outstanding Securities

Immediately before the closing of the Business Combination and after giving effect to the Bertram Stock Split and the Private Placement, Bertram had an aggregate 58,193,095 Bertram Common Stock issued and outstanding on a non-diluted basis and would have had an aggregate of 66,432,217 Bertram Common Stock issued and outstanding on a fully diluted basis (inclusive of the Bertram Private Placement Warrants, the Bertram Existing Warrants and the Bertram Broker Warrants) but excluding the Bertram Rights. Bertram has no stock options issued and outstanding.

## **The Business Combination**

Following the Canadian government's April 2017 announcement of its intention to legalize cannabis, the Company began exploring opportunities related to the cannabis industry. In late spring 2018, management of the Company and Bertram initially discussed the possibility of a business combination after identifying the commercial opportunities available to the Company within the cannabis industry in North America and worldwide.

Following further discussions, the Company and Bertram entered into a letter of intent dated July 5, 2018 in connection with the Business Combination and entered into the definitive Business Combination Agreement on October 17, 2018. Bertram and the Company are arms-length parties for the purposes of the Business Combination.

Pursuant to the Business Combination Agreement, the Company will acquire all the issued and outstanding securities of Bertram, the result of which will constitute a reverse takeover of the Company by the holders of Bertram Common Stock. Subco shall merge with and into Bertram on or subsequent to the Effective Date. The Resulting Issuer will operate within a number of state legal markets throughout the U.S. and will retain packaging, manufacturing, distribution, and licensing agreements with licensed cannabis producers. Pursuant to the terms of the Business Combination Agreement, the Company has attained conditional approval to delist from the NEX and apply for listing of the Subordinate Voting Shares on the CSE with such listing to have been accepted by the CSE subject to standard conditions concurrent with the completion of the Business Combination.

Upon completion of the Business Combination, the business of Bertram shall become the principal business of the Resulting Issuer. As a result and subject to applicable Cannabis Laws and regulatory approvals, the forward-looking statements included in this Listing Statement and the risk factors described herein, the Company anticipates that it will either be engaged in or poised to be engaged in cannabis related industries in certain U.S. states and potentially Canada.

On October 3, 2018, the Bertram Shareholders approved the Business Combination and the Bertram Meeting Matters. On October 5, 2018 the shareholders of the Company approved the Company Meeting Matters. Approval of the Company Shareholder's was not required for the Business Combination.

Upon completion of the Business Combination, the Resulting Issuer's authorized share capital will consist of an unlimited number of Subordinate Voting Shares and an unlimited number of Super Voting Shares.

Immediately after the closing of the Business Combination and after giving effect to certain adjustments authorized by Bertram and the Company in connection with the issuances of fractional securities through the Private Placement, the Company anticipates that the Resulting Issuer will have an aggregate of 36,517,588



Subordinate Voting Shares; and 3,687,758 Super Voting Shares issued and outstanding on a non-diluted basis and will have an aggregate of 52,300,531 Subordinate Voting Shares and an aggregate of 4,110,871 Super Voting Shares issued and outstanding on a fully diluted basis (inclusive of the Bertram Private Placement Warrants, the Bertram Existing Warrants, the Bertram Broker Warrants, the Company Options, the Company Warrants and the Company Compensation Warrants) but excluding the Bertram Rights.

### **Reasons for the Business Combination**

The parties entered into the Business Combination Agreement for a number of reasons including but not limited to the following:

1. enhancing shareholder value by combining the assets of the Company and Bertram;
2. through the Business Combination, the business of Bertram is anticipated to benefit from access to capital markets so as to be in a better position to obtain the financing required in connection with the projected business objectives of Bertram;
3. improved liquidity for the shareholders of the Company as a result of the combined market capitalization of the Resulting Issuer; and
4. the election to the board of directors and appointment to the management team of the Resulting Issuer of certain directors and officers who have experience in the cannabis industry and significant relationships with key sector investors and analysts that should help to attract strong retail and institutional support.

The Business Combination provided a number of benefits to enhance value to the shareholders of the Company including, but not limited to, the following:

1. providing the Company with access to an alternate line of business in an industry which the Board believed has a commercially viable and promising future;
2. the combined financial strength of the Company and Bertram provides the Resulting Issuer with the capacity to expand its operations and pursue certain of the business objectives more particularly described in this Listing Statement;
3. the Resulting Issuer will initially have significant assets in three major U.S. states, with the prospect of expanding to other U.S. states that have legalized medical and/or recreational cannabis; and

4. increased share trading liquidity and a greater market capitalization that is attractive to a wider range of investors than offered to the Company prior to the Business Combination.

### **Directors and Officers**

Upon completion of the Business Combination, the Company anticipates that the directors of the Resulting Issuer will be Jeffery A. Mascio, Joshua Mann, Christopher Fenn, Darrick Payne, Bradley Harris and Bernard S. Radochonski II.

Upon completion of the Business Combination, the Board intends to appoint Jeffery A. Mascio as Chairman, President and Chief Executive Officer of the Resulting Issuer and Ryan B. Atkins as Chief Financial Officer.

### **Securities Subject to Escrow or Restrictions in Connection with the Business Combination**

None of the Resulting Issuer Shares issuable to the former Company Shareholders in connection with the Business Combination are required to be held in escrow or subject to resale restrictions pursuant to applicable securities legislation or the policies of the CSE.

All of the Resulting Issuer Shares and securities convertible into Resulting Issuer Shares issuable to Bertram Shareholders in connection with the Business Combination will be subject to escrow and/or resale restrictions pursuant to applicable securities legislation, the policies of the CSE or as agreed to by the Bertram Shareholders as follows:

1. 15,671,243 Subordinate Voting Shares and 1,583,860 Super Voting Shares (on a non-diluted basis) held by the Bertram Shareholders will be subject to a restriction from trading of 4 months and a day and each such certificate will include the following legend: "The holder of this security must not trade the security before the date that is 4 months and a day after [insert closing date of the Business Combination]."
2. 8,171,031 Subordinate Voting Shares and 1,851,198 Super Voting Shares (on a non-diluted basis) issued to Bertram Shareholders who are "Related Persons" (as defined under the policies of the CSE) will also be subject to the terms of an escrow agreement pursuant to Form 46-201F1 – *Escrow Agreement* and Section 2.8 of Policy 2 – *Qualifications for Listing* of the CSE and will be released as follows:

Timing	Release
On the date that the Common Shares are listed on the CSE (the " <b>Listing Date</b> ")	1/10 of the escrowed securities
6 months after the Listing Date	1/6 of the escrowed securities
12 months after the Listing Date	1/5 of the escrowed securities
18 months after the Listing Date	1/4 of the escrowed securities
24 months after the Listing Date	1/3 of the escrowed securities
30 months after the Listing Date	1/2 of the escrowed securities
36 months after the Listing Date	The remaining escrowed securities

Please also see Section 11 of this Listing Statement under the heading "*Escrowed Securities*".

### **Arm's Length Transaction**

The Business Combination is an arm's length transaction and does not meet the criteria under MI 61-101 to be a "related party transaction". Further, the Business Combination is not a "business combination" that requires the Company to obtain the approval of a majority of the minority of shareholders of the Company or a formal independent valuation opinion in connection with the requirements of MI 61-101.

### **3.2 Significant Acquisitions and Dispositions**

On March 1, 2017, Bertram acquired certain intellectual property assets for a total of US\$1,145,000. Such assets include the trade names, trademarks, and domains of the brands Cannabis™, "The Joint" by Cannabis™, and INDVR™.

### **3.3 Trends, Commitments, Events or Uncertainties**

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana-Related Activities ("**Staff Notice 51-352**"), below is a table of concordance that is intended to assist readers in identifying those parts of this Listing Statement that address the disclosure expectations outlined in Staff Notice 51-352.

<b>Industry Involvement</b>	<b>Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties</b>	<b>Listing Statement Cross Reference</b>
<b>All Issuers with U.S. Marijuana-Related Activities</b>	Describe the nature of the issuer's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	<i>Section 4 – Narrative Description of the Business</i>
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	<i>Cover Page (disclosure in bold typeface)</i>
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities.	<i>Cover Page (disclosure in bold typeface)</i>  <i>Section 3.3 – Trends, Commitments, Events or Uncertainties – Regulation of Cannabis in the United States Federally</i>  <i>Section 17 – Risk Factors – Marijuana remains illegal under U.S. federal law</i>  <i>Section 17 – Risk Factors – Federal regulation of marijuana in the United States</i>
	Outline related risks including, among others, the risk that third party service providers could suspend or withdraw services and the risk that	<i>Cover Page (disclosure in bold typeface)</i>  <i>Section 17 – Risk Factors – Restricted access to banking</i>

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
	regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S.	<p><i>Section 17 – Risk Factors – U.S. state regulatory uncertainty</i></p> <p><i>Section 17 – Risk Factors – Regulatory scrutiny of the Resulting Issuer's interests in the United States</i></p> <p><i>Section 17 – Risk Factors – Constraints on marketing products</i></p> <p><i>Section 17 – Risk Factors – Proceeds of crime statutes</i></p> <p><i>Section 17 – Risk Factors – Heightened scrutiny by Canadian regulatory authorities</i></p> <p><i>Section 17 – Risk Factors – Limited trademark protection</i></p> <p><i>Section 17 – Risk Factors – Lack of access to U.S. bankruptcy protections</i></p> <p><i>Section 17 – Risk Factors – Legality of contracts</i></p> <p><i>Section 17 – Risk Factors – Newly established legal regime</i></p>

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
		<i>Section 17 – Risk Factors – Risk of civil asset forfeiture</i>
	Given the illegality of marijuana under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	<i>Section 4.1(1) – Narrative Description of the Business -- Total Funds Available</i>  <i>Section 4.1(1) – Narrative Description of the Business – Ability to Access Public and Private Capital</i>  <i>Section 17 – Risk Factors – Newly established legal regime</i>  <i>Section 17 – Risk Factors – Restricted access to banking</i>
	Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities.	<i>Section 5 – Selected Consolidated Financial Information</i>  <i>Schedules C to G to the Listing Statement.</i>
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	<i>Not applicable. Ancillary or indirect involvement only.</i>

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
<b>U.S. Marijuana Issuers with direct involvement in cultivation or distribution</b>	Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	<i>Not applicable. Ancillary or indirect involvement only.</i>
	Discuss the issuer's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the issuer's licence, business activities or operations.	<i>Not applicable. Ancillary or indirect involvement only.</i>
<b>U.S. Marijuana Issuers with indirect involvement in cultivation or distribution</b>	Outline the regulations for U.S. states in which the issuer's investee(s) operate.	<p><i>Section 3.3 – Trends, Commitments, Events or Uncertainties – Regulation of the Cannabis Market at State and Local Levels</i></p> <p><i>Section 17 – Risk Factors – U.S. state regulatory uncertainty.</i></p>
	Provide reasonable assurance, through either positive or negative	<i>Section 3.3 – Trends Commitments, Events or</i>

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
	statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee's licence, business activities or operations.	<p><i>Uncertainties – Regulatory Overview</i></p> <p><i>Section 3.3 – Trends, Commitments, Events or Uncertainties – Regulation of the Cannabis Market at State and Local Levels</i></p> <p><i>Section 17 – Risk Factors – U.S. state regulatory uncertainty.</i></p>
<b>U.S. Marijuana Issuers with material ancillary involvement</b>	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	<p><i>Section 3.3 – Trends Commitments, Events or Uncertainties – Regulatory Overview</i></p> <p><i>Section 3.3 – Trends, Commitments, Events or Uncertainties – Regulation of the Cannabis Market at State and Local Levels</i></p> <p><i>Section 17 – Risk Factors – U.S. state regulatory uncertainty</i></p>

### **Regulatory Overview**

In accordance with Staff Notice 51-352, below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where Bertram's material clients (based on proportionate revenues) are represented. Bertram is not a licensed producer and is not directly engaged in the manufacture, possession, use, sale or distribution of cannabis in the recreational and/or medicinal cannabis marketplace. Bertram is however indirectly and/or engaged on an ancillary basis in the manufacture, possession, use, sale or distribution of cannabis in the



recreational and/or medicinal cannabis marketplace in the State of Colorado. Bertram has recently established and continues to develop new relationships with customers and potential customers in the states of Nevada and Washington. However, at the time of filing this listing statement, the income generated from these expanding customer relationships in Nevada and Washington have not generated a material level of revenue for Bertram to justify further regulatory disclosures.

In accordance with Staff Notice 51-352, the Resulting Issuer will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented and amended to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation. Any non-compliance, citations or notices of violation received by Bertram's customers that may have a material impact on the Resulting Issuer's business activities or operations will be promptly disclosed by the Resulting Issuer.

### **Regulation of Cannabis in the United States Federally**

The United States federal government regulates drugs through the Controlled Substances Act, which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. A Schedule I controlled substance is defined as a substance that has no currently accepted medical use in the United States, a lack of safety for use under medical supervision and a high potential for abuse. The Department of Justice defines Schedule I drugs, substances or chemicals as "drugs with no currently accepted medical use and a high potential for abuse." **Notwithstanding the statements of various medical professionals, the United States Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication.**

Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical and recreational marijuana under the ACMPR and the Cannabis Act, marijuana is largely regulated at the state level in the United States.

**State laws regulating cannabis are in direct conflict with the federal Controlled Substances Act, which makes cannabis use and possession federally illegal. Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under any and all circumstances under the Controlled Substances Act. Although Bertram's activities are indirect and compliant with applicable United States state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve Bertram or the Resulting Issuer of liability**

**under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against Bertram or the Resulting Issuer.**

The risk of federal enforcement and other risks associated with the Resulting Issuer's business are described in Section 17 of this Listing Statement under the heading "*Risk Factors*".

### **Regulation of the Cannabis Market at State and Local Levels**

Bertram's clients, being the licensed producers and licensed retailers, are required to maintain compliance with state and local regulatory authorities as part of their agreements with Bertram. Bertram reserves the right to revoke licensing contracts in the event of non-compliance of any regulatory laws.

#### **Colorado**

The Colorado medical and recreational cannabis industries are regulated by the Colorado Marijuana Enforcement Division (MED), an office of the Colorado Department of Revenue. In November 2000, medical marijuana was decriminalized by voter passage of Amendment 20. Recreational marijuana was later voter approved through the passage of Amendment 64 in November 2012. Laws governing both medical and recreational marijuana are presented within Colorado's Constitutional Article XVIII, sections 14 and 16, respectively. The Colorado Revised Statutes (C.R.S.) are the codified general and permanent statutes of the Colorado General Assembly; laws related to marijuana can be found in C.R.S. Title 44, Articles 11 and 12, respectively.

#### ***Available Colorado License Types – Medical***

The following framework represents the medical licenses available to be issued by the Colorado MED relevant to Bertram's clients, who are actually the licensees (availability of corresponding local licenses is not guaranteed and subject to local ordinances):

<b>Colorado Medical Marijuana Business Licenses</b>		
<b>License Class</b>	<b>Permitted Business</b>	<b>Relevant C.R.S.</b>
Medical Marijuana Center (MMC)	<ul style="list-style-type: none"><li>• Sell medical marijuana to Colorado Medical Marijuana Patients and Transporting Caregivers</li><li>• Must own and operate at least 1 Medical Marijuana Cultivation and produce a minimum of 70% of all on-hand inventory</li></ul>	44-11-402 C.R.S.
Medical Marijuana Optional Premises	<ul style="list-style-type: none"><li>• Grow and harvest Medical Marijuana</li></ul>	44-11-403 C.R.S.

Cultivation (MMOPC)	<ul style="list-style-type: none"> <li>• Must be affiliated with either an MMC or MMIPM</li> </ul>	
Medical Marijuana Infused Product Manufacturer (MMIPM)	<ul style="list-style-type: none"> <li>• Produce Medical Marijuana Infused Products, i.e. edibles, concentrates and tinctures</li> <li>• Authorized to wholesale products to MED licensed MMCs</li> </ul>	44-11-404 C.R.S.

The following framework represents the recreational licenses available to be issued by the Colorado MED relevant to Bertram's clients (availability of corresponding local licenses is not guaranteed and subject to local ordinances):

<b>Colorado Recreational Marijuana Business Licenses</b>		
<b>License Class</b>	<b>Permitted Business</b>	<b>Relevant C.R.S.</b>
Retail Marijuana Store (RMS)	<ul style="list-style-type: none"> <li>• Sell recreational use marijuana to individuals at least 21 years of age</li> </ul>	44-12-402 C.R.S.
Retail Marijuana Cultivation (RMC)	<ul style="list-style-type: none"> <li>• Grow and harvest Retail Marijuana plants</li> </ul>	44-12-403 C.R.S.
Retail Marijuana Product Manufacturer	<ul style="list-style-type: none"> <li>• Produce Retail Marijuana Infused Products, i.e. edibles, concentrates and tinctures</li> </ul>	44-12-404 C.R.S.

All licenses granted by the Colorado MED are conditioned upon Local Authority approval, are valid for twelve (12) months and are non-transferable.

#### **4. NARRATIVE DESCRIPTION OF THE BUSINESS**

##### **4.1 General**

Bertram is focused on providing personnel and management resources as well as infrastructure and equipment for the production, cultivation and dispensary operations of licensed cannabis by licensed producers. Bertram itself does not directly produce or sell cannabis products but rather provides support services to licensed cannabis providers. Bertram operates primarily in Colorado where the legal commercial production and vending of marijuana is permitted by Colorado state law under Colorado Amendment 64. Additionally, licensing of Bertram's intellectual property and sales of device packaging to licensed cannabis businesses is a component of the overall business objective. Current brands in Bertram's portfolio of IP assets include Cannabis™ (which is licensed to commercial-scale cannabis cultivators), The Joint by Cannabis™ (licensed to an award-winning dispensary operation), and INDVR™ and INDVR Fire™ (a

hardware and packaging line of fashionable and discreet vaporizers). Bertram intends to acquire additional intangible assets to add to its portfolio in the coming years. The risks associated with federal level trademark effectiveness of cannabis related trademark applications are described in Section 17 of this Listing Statement under the heading "Risk Factors".

## **(1) Narrative Description of the Business**

The below description of the business of Bertram will become the Resulting Issuer's business.

Bertram's clients in the cultivation, manufacturing, and retail space are currently operational and vertically integrated in Colorado, with expansion currently underway in Nevada and Washington, and further expansion into Oregon and California anticipated to occur within twelve (12) months. These markets, where supply and demand can be reasonably predicted due to a history of market data and consumer cycles, create the foundation upon which Bertram has already created and anticipates sustainable, profitable growth. Expansion into other marijuana-legal states and countries is anticipated to follow.

Bertram develops, markets and provides packaging for its portfolio of brands including Cannabis™, INDVR™ and INDVR Fire™. Clients licensed to produce such cannabis-related products distribute to various dispensaries, some of which are also a client of Bertram's through its licensing of the name The Joint™.

This combination of property development and leasing, equipment financing and personnel management at cultivation facilities, processing and manufacturing plants, and retail dispensaries supports Bertram's strategy of brand distribution at scale. This design enables Bertram to generate brand awareness and earn consumer loyalty, capture considerable market share, and thus maintain continued and increasing profitability. By facilitating shelf space in The Joint™ retail stores, and its ability to develop and maintain mutually-beneficial relationships with other dispensary owners, Bertram's vertically-integrated business model thrives due to the variety of quality services provided throughout the pipeline and a variety of outlets for their distribution and sale.

### **Vertically-Integrated Divisions Include:**

#### **1. Cultivation**

- Bertram provides the personnel to licensed producers to manage the cultivation of a variety of unique cannabis flower strains in Colorado and is prepared to replicate their processes in additional jurisdictions where economically and logistically beneficial to the overall growth model.

- The first Cannabis™ prototype facility opened in Denver in 2015, with Bertram leasing cultivation and extraction equipment to assist a licensed producer to expand this operation into a state-of-the-art, fully automated cultivation facility in 2018.
- The second Cannabis™ cultivation facility, already operational in Denver, will feature both indoor and greenhouse growing environments.
- Bertram is actively engaging additional cultivation license holders in the pursuit of signing acquisition Letters of Intent in jurisdictions where corporate ownership is authorized, with caution not to over-extend its resources in what management believes will become a commoditized market.

## 2. Processing & Manufacturing

- Bertram provides the personnel and equipment to its licensed producer manufacturing partners to process flower into its proprietary formulations, utilizing several industry standard methods such as CO<sub>2</sub> extraction.
- Flower is also produced and packaged by its clients under the licensing and branding of certain high-profile industry celebrities.
- Client facilities accommodate both wet and dry processing for extracted oils, beverages and edibles, and pills and dissolvable tablets, respectively.
- Products formulated by licensed producers from Bertram's extraction process include:
  - Vaporizer pens (disposable and refillable)
  - Concentrates such as wax, shatter, live resin and sauce
  - Edibles such as gummies, chocolates, mints, tinctures and baked goods
  - Lotions and other topical creams
- Bertram provides the personnel and product development teams to assist licensed producers explore a variety of organic essential oils, terpenes, and other materials for integration into uniquely branded formulas.

- Bertram develops and enhances the commercial-scale operational experience for licensed producers in the cannabis industry.
- Bertram provides its suite of services in the manufacturing space to licensed producers in Colorado, Washington and Nevada, with services to California and Oregon anticipated to be online in 2019.

### 3. Marketing, Sales and Distribution

- Bertram's portfolio of brands is available at licensed retail dispensaries in three states and is primed to bring its portfolio of established brands to new markets.<sup>1</sup>
- Through its licensing of the brand The Joint™, Bertram is able to control shelf space for its portfolio of client-manufactured products.
- Bertram's clients currently own 7 licenses, with a projection for potentially up to 50 licenses by year-end 2019, 24 of which are planned to be additional The Joint™ locations across the U.S.<sup>2</sup>
- Bertram assisted a licensed retailer to develop and refine The Joint™ prototype strategy in Denver, Colorado, with franchise-model experienced management.
- Bertram engages a proven consumer packaged goods marketing firm.

### Business Objectives

In the 12 months following completion of the Business Combination, the Resulting Issuer anticipates acquiring a variety of assets, brands, licensing agreements, and property/businesses. This may include both directly-owned (where authorized by the applicable regulatory authorities) and indirectly-operated cultivation, retail, and manufacturing facilities, along with brands and other intellectual property.

### *Current Market Manufacturing and Retail Expansion*

In Colorado, Bertram is actively looking at the acquisition of real property of both existing retail locations and potential locations for new licensees, as well as the acquisition of real property of an additional existing cultivation and two existing manufacturing facilities. Bertram intends to expand the licensing of its brand The Joint™ in Colorado with a projection for four (4) new retail clients during the 2019 fiscal year.

---

<sup>1</sup> Brands are not available in all jurisdictions. Regional legislation and regulation may restrict market access.

<sup>2</sup> Operational milestones based on management projections and subject to regional legislation and regulations.

### *New Market Expansion*

In Nevada, Bertram anticipates finalizing a packaging, sales, and distribution agreement with an edible and cannabis product producer in Las Vegas. In Washington State, Bertram has started to sell its INDVR Fire™ packaging to an award-winning product manufacturer. In both cases, Bertram intends to license the distribution of its brands to these states, while reciprocally bringing these clients' brands to Colorado. Bertram intends to target a total of 25 retail licensee clients, including five (5) locations each in Nevada, Washington, Oregon, and California, in addition to the proposed Colorado locations.

### *Brand Development and Distribution*

Bertram intends to continue to maximize marketing and distribution through cannabis-licensed clients of its suite of brands to retail dispensaries in current operating markets and intends to invest in the development and marketing of additional brands. These new brands are anticipated to exploit underserved market opportunities and consumer segments in both current and new markets. Additionally, Bertram will explore the provision of its personnel, management, and financing resources to new manufacturing and distribution clients, with the intention of bringing its brands to markets where Bertram does not own and operate a license to cultivate, process, manufacture, or sell cannabis.

### *Infrastructure Improvements*

Bertram is assisting a licensed producer and retailer with the expansion and modernization of the current Cannabis™ cultivation facility, as well as the relocation of the current The Joint™ location to a larger and newly-remodeled property. Bertram is also providing capital and leasing equipment for the leasehold improvements in the construction of a state-of-the-art greenhouse with another cultivation client. Bertram intends to continue to recruit and hire experienced team members to lead and support growth of operations in key areas its leased personnel serve: cultivation, manufacturing and overall business operations, distribution and sales, retail operations, and branding and marketing, while helping to minimize turnover of the employee base. Bertram also plans to develop and implement information technology systems that promote efficient data acquisition, analysis, accessibility, storage, and security.

### *Significant Milestones and Costs*

Bertram anticipates that the Resulting Issuer may achieve the following principal milestones during the upcoming twelve (12) month period in connection with the business objectives described above:

1. on-time and on-budget completion of both cultivation upgrades, wholesale manufacturing capacity expansion, and new retail licensee clients. These key operations should be built out within two (2) to six (6) months, utilizing

currently available capital. Agreements are being executed in Colorado and Washington to provide personnel and management resources and property and equipment leasing to all three (3) segments of this business plan, with plans to expand its licensee client base for at least four (4) more The Joint™ branded dispensaries in Colorado during the 2019 fiscal year, along with an additional cultivation client and two (2) MIP (manufacturing infused product) clients. These agreements may vary from licensing agreements to purchases of property, equipment, or the intellectual property of established, well-known brands;

2. the successful and timely hiring of key personnel to support the execution of scale and growth initiatives, including key positions in operations, legal, IT, marketing, and human resources is an essential component to achieving each milestone;
3. current outlined projects are funded with a strong balance sheet; and
4. new clients are anticipated to be acquired in other areas of Colorado, as well as Washington and Nevada within the next two (2) to six (6) months. These clients are expected to primarily engage Bertram for its suite of personnel and financing services, as well as the sales and licensed distribution of Bertram's brand packaging.

Bertram anticipates that the achievement of the principal milestones described above will be subject to a number of factors and variables that may be outside of the control of Bertram including, but not limited to:

1. significant market changes or delayed facility openings that could impact revenue projections and would necessitate additional capital for execution;
2. the anticipated growth objectives assume the timely approval by state regulatory agents including that for facility expansion, updates and openings, as well as approval on materials for the purpose of branding, marketing and entering into sales agreements of the Resulting Issuer's packaging as finished cannabis goods and marketing of the Resulting Issuer's retail clients; and
3. the Resulting Issuer's activities assume current and relatively known anticipated regulatory environments. Regulatory delays or changes may affect outcomes.

By the end of 2019, Bertram is anticipating signing service agreements with more retail and manufacturing clients in both Oregon and California.

The costs associated with these different agreements will vary depending on the value of the services provided, the structure of each individual agreement, including the ability to meet minimum packaging order requirements, and in the



case of brand acquisition, the multiple in line with the respective asset type in the given geographic location.

### Funds Available

The pro forma working capital position of the Resulting Issuer as of October 31, 2018 after giving effect to the Business Combination as if it had been completed on that date, was approximately US\$7,579,065.

As at September 30, 2018 (being the end of Bertram's most recent interim period for which financial statements have been published), Bertram had working capital of US\$856,383. The Resulting Issuer expects to have positive cash flow from operations to fund its ongoing operations in its existing markets.

The consolidated pro forma balance sheet of the Resulting Issuer, which gives effect to the Business Combination as if it had been completed on October 31, 2018 is attached hereto as Appendix F.

### Financing

On September 28, 2018 and October 24, 2018, Bertram completed the first and second tranche of its private placement of subscription receipts, respectively, for aggregate gross proceeds of approximately C\$7.9 million.

### Purpose of Funds

The Resulting Issuer shall have approximately C\$6,500,000 available to it to spend for the principal purpose of asset acquisitions and subsequent business combinations, supporting its efforts to service the cannabis industry through its personnel and financing resources, packaging sales and distribution agreements, and for general corporate purposes. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives. The Resulting Issuer may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and expects to either issue additional securities or incur debt to do so.

Bertram has invested approximately US\$1.8 million in capital expenditures associated with the build-out of cultivation and dispensary facilities in Colorado and approximately US\$538,000 in spending for working capital and general corporate purposes since January of 2018. There can be no assurance that additional funding required by the Resulting Issuer will be available if required. It is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives for the forthcoming twelve (12) month period. The amounts shown in the table below are estimates only and are based on the information available to the Resulting Issuer as of the date of this Listing Statement.

<b>Forecast</b>	<b>C\$</b>
Expected funds available to the Resulting Issuer	6,500,000
Committed to the asset acquisition and subsequent business combinations	4,500,000
General administrative expenses	1,478,750
Future capital expenditure	267,800
Excess funds available to Resulting Issuer for general working capital	253,450

The Resulting Issuer expects to have positive cash from operations over the next 12 months to fund its ongoing operations.

*Ability to Access Public and Private Capital*

As the cannabis industry is federally illegal in the United States, thereby limiting the banking and financial services available to industry and ancillary businesses, it is largely difficult to access capital in the U.S. from federally regulated and insured commercial and investment banks.

Bertram's board of directors has experience raising private capital and has been successful raising equity in the private market by way of prospectus-exempt, private placement offerings.

The pro forma working capital of the Resulting Issuer, including the proceeds from the Private Placement, and the cash from existing operations are sufficient to fund ongoing business in the identified existing markets. Bertram anticipates there may be a need to raise additional equity capital during the next twelve (12) months to fund its planned growth.

There are no assurances that additional capital will be available to the Resulting Issuer when needed or on terms acceptable to the Directors. See Section 17 of this Listing Statement under the heading "Risk Factors – Restricted Access to Banking" and "Risk Factors – Newly-Established Legal Regime".

**(2) Principal Products and Services**

*Overall Business Growth/Scalability Model*

In order to achieve measured, scalable growth, Bertram expects the Resulting Issuer will engage in a business plan that focuses on the following core areas of value-based, vertically integrated production, distribution and sales through its agreements to provide personnel and management resources, real property and

equipment financing, packaging sales, brand licensing and -- where specifically permitted under state regulations -- the acquisition of licensed cannabis producers:

1. Acquisition:

- Deployment of capital to purchase operating cannabis assets/intellectual property. This type of market acquisition can occur in one of the following ways: (a) apply for and be granted a state-issued license where specifically permitted by state law; (b) purchase or acquire a state-issued license from an existing operator where specifically permitted by state law; (c) acquire property/intellectual property of an existing cannabis industry operator; and (d) enter into licensing agreements with other operators, brands, and manufacturing companies.

2. Development/Enhancement:

- Use of business operational experience, local and state regulatory knowledge, motivated sales personnel and extensive distribution channels, and high-level marketing to improve the dynamics of all phases of the value chain.
- Key performance indicators must be thoroughly studied and the results meticulously followed with particular focus on the following metrics:
  - Return on Investment: asset acquisitions, whether real property, equipment, leasehold improvements or intellectual property;
  - Cultivation: through the management services provided, cost to grow (including an understanding of plant costs, energy use, water and nutrient supply, yield, etc.), harvest yields, management of grow cycles, proper understanding of the botany involved;
  - Manufacturing: cost to produce hardware, compliant packaging, along with order fill rates, production forecast accuracy, gross margins, percentage of distribution;
  - Retail: cost to build/upgrade/maintain, revenue per square foot, gross margins, same-store sales, transaction amount, purchase frequency, customer demographics, unique and repeat visitors, product mix, dollars sold on promotion;
  - Financial: accounting practices, POS and IT system efficiency, banking relationships; and

- Personnel: recruitment and time to fill openings, talent assessment, employee engagement, career progression, turnover (voluntary and involuntary) and community involvement.

### 3. Market Growth:

- Bertram's business plan is to expand its footprint in all areas of the vertical integration model, using operational efficiency and economies of scale to accomplish this task. Bertram approaches growth in the following ways:
  - Current Market Manufacturing Expansion: growing the overall manufacturing capacity as determined by the supply and demand market dynamics, with a focus on branded products;
  - Current Market Retail Expansion: expansion of the consumer retail footprint through acquisition of existing retail stores where specifically permitted by state law, or possibly through application for new licenses where specifically permitted by state law, and the addition of clients licensing the brand The Joint™;
  - New Market Expansion: identification of new markets that support Bertram's integrated business model. Economies of scale are designed to allow for improved profitability due to efficiencies across the various aspects of the business across multiple states;
  - Brand Development and Distribution: focus on consumer trends and needs, with timely development of branded products that appeal to consumers across a vast demographic make-up. Bertram intends to continue to increase product reach through a growing distribution system across the U.S. and beyond; and
  - Infrastructure Improvements: continually upgrading personnel, technology, facilities, equipment, and processes to improve the overall construct and viability of the business.

### Retail Operations

Bertram acquired the intellectual property of The Joint™, including the trademark, trade name and related domain, which is an award-winning retail outlet focused on delivering a high level customer experience by providing a wide variety of consistent and high-quality products, implementing an affordable pricing model,

hiring knowledgeable staff who interact well with customers and provide friendly information and education, all occurring within a fun, casual environment.

This approach has led to a loyal customer base that has allowed The Joint™ to maintain and grow significant market share while also earning the title of "Best Dispensary in Denver" according to Leafly readers.

Bertram is prepared to license the assets of The Joint™ to at least four (4) additional cannabis dispensary licenses within Colorado during the 2019 fiscal year, with multi-state expansion proposed to follow concurrently, and through 2020. With a vertically-integrated business model, Bertram intends to generate significant profitability by controlling priority shelf space in the The Joint™ brand of retail outlets and sale of the growing portfolio of branded products. Bertram also strives to develop long-lasting and mutually-beneficial relationships with other vendors and dispensary outlets, allowing for a broad reach to consumers. This vertical integration is anticipated to allow for scalability and maximum profitability.

#### Brand Manufacturing

Bertram has a variety of core competencies that are crucial to success in the branded products space. It has a highly diverse management team with business success over a multitude of differing backgrounds.

On behalf of licensed producers and retailers, this team has developed a range of branded products and a recognizable branded retail experience. After successfully bringing these brands to market in Colorado through its licensing agreements and contractual partnerships with unrelated licensed cannabis producing entities, the company is now poised to quickly scale into multiple states and eventually nationally and internationally. By maintaining control of the vertically-integrated process, Bertram is positioned to maximize both profit and efficiency.

Bertram believes that having a diverse portfolio of brands is the key to success in this rather new and fast-evolving industry. This portfolio offers a wide array of experiences to the consumer, appealing to new consumers as well as long-time cannabis connoisseurs. This is achieved through maintaining items within a variety of product categories, as well as offering different ingredients and flavours within each category.

Market research is also a critical tool in evaluating consumer trends and then using that information to direct the products offered. Bertram strives to capitalize on the understanding of the cannabis market across the country, as well as Canada. With such extensive industry knowledge, the management team is able to steer the company in the appropriate direction, recognizing that adaptability is crucial.

Bertram's marketing team has experience launching new products as well as re-branding and re-directing current marketing efforts. They bring both creativity and

marketing-specific knowledge to the team and have helped to navigate the regulatory restrictions of packaging in a variety of jurisdictions.

Currently, Bertram, through its personnel services and licensing agreements, assists licensed producers with the manufacturing, distribution, and marketing of brands through the comprehensive list of approved cannabis categories in the U.S., including flower/bud, pre-rolls, concentrates (such as wax, live resin, shatter, etc.), concentrates for vaping including disposable vaporizers and pre-filled cartridges, tinctures, edibles (such as chocolate, cookies/baked goods, gummies, mints, etc.), and topical applications (such as creams, salves, etc.).

Bertram's production clients cultivate over 40 flower strains and manufacture over 200 product formulations. These offerings are designed to appeal to the largest consumer segments as well as products tailored to specific consumer wants.

Bertram maintains strict brand and quality assurance standards and incorporates extensive standard operating procedures and safety protocols through its management services across its clients' cultivation and processing/production facilities to ensure employee safety, product consistency and a seamless consumer experience throughout all operating markets.

The principal products or services of Bertram that accounted for 15% or more of its total consolidated revenues for the year ended December 31, 2017 and which are derived from sales to customers of Bertram are as follows:

- Equipment leasing representing approximately 47% of Bertram's consolidated revenues for the year ended December 31, 2017;
- Package sales representing approximately 29% of Bertram's consolidated revenues for the year ended December 31, 2017; and
- Payroll/personnel services representing approximately 24% of Bertram's consolidated revenues for the year ended December 31, 2017.

#### Research and Development

Bertram's product package development activities have been primarily focused on the development and testing of both hardware as well as variety of terpene, and essential oil blends for vaporizer lines. Cultivation R&D has been focused on grow variables (lighting, carbon dioxide levels, temperature, pest mitigation, plant spacing and yields) and, through its management resources provided to licensed cannabis producing clients, genetics (strain breeding and individual cannabinoid yields).

Bertram estimates that R&D costs for future product development will be approximately US\$1,250,000, including costs associated with obtaining the necessary equipment and prototypes for production. Research and development

of product packaging, equipment and infrastructure improvements will continue to be managed by the Resulting Issuer.

### **(3) Production and Sales**

#### **Cannabis Cultivation/Production**

Bertram is involved with its cultivation clients by providing personnel management, facility upgrades, and R&D initiatives. The facilities focus on commercialization and commoditization of the cannabis plant with a goal of maximizing yields and profitability through scaling. Bertram maintains a lease in good standing for the Denver property and sublets to Cannabis Corp. In addition, Bertram has invested in state-of-the-art equipment for the new facility which is leased to the cannabis-licensed cultivator. Bertram is also financing the build of a new greenhouse in order to significantly increase grow capacity for another cannabis-licensed client.

At each facility, Bertram places great importance on both employee and customer safety and demands strict quality control. The measures implemented in each facility staffed by Bertram result in several key benefits, including consistent production of high-quality products, lack of safety issues, and the absence of product recalls and customer complaints.

Bertram's flower brand, Cannabis<sup>TM</sup>, was first produced in a small, unsophisticated grow warehouse in Denver. After entering into an agreement to provide site personnel resources, Bertram became involved in operational management in 2017, and has now embarked on the expansion and upgrade into a state-of-the-art, fully-automated indoor facility. Upon completion of this expansion, the cultivation will occupy approximately 13,000 square feet.

Additionally, Bertram has a cannabis-licensed cultivation client with another 19,000 square feet of existing grow space, encompassing both indoor and greenhouse operations. Along with this facility, Bertram brings to its management staff an award-winning master grower to oversee both existing spaces and additional future cultivation clients.

Having a master grower as part of the team is a differentiator in the industry, as that knowledge of cannabis plant botany is crucial to the success of this first stage of the integrated business model. Knowledge of the plant and agricultural applications in the modern cultivation facility allow for high yields and scalability. Bertram has helped to introduce proprietary cultivation techniques as well, adding even more value in this segment of the integrated model. Cross-breeding of strains further allows Bertram's clients to develop flower with consumer-popular cannabinoid/terpene profiles as well as advantageous genetic growing characteristics. This also opens up opportunities to breed new, proprietary strains that can be branded, and possibly trademarked/patented, within the portfolio of Bertram intellectual property.

Bertram works with a large network of cultivation and agriculture material suppliers to constantly improve and upgrade the cultivation techniques and processes. It is also cognizant of the cyclical nature of outdoor grow operations and how those harvests can impact the Bertram business model. This cyclical nature appears to be changing as the market matures and has become less influential on cannabis flower wholesale pricing, with less overall fluctuations in cost and supply.

#### *The Joint Dispensary as a Proven Sales Model*

Bertram has been pivotal in the ongoing success of The Joint™ brand, with management skills leading to a financially-successful business model for its cannabis-licensed clients, with updated branding and marketing leading to a growing loyal customer base. The company purchased the intellectual property surrounding the The Joint™ brand and subsequently licenses said IP to Cannabis Corp.

By leveraging the powerful combination of cultivation and retail operation, Bertram and its clients have proven their ability to succeed in both areas and set themselves up for scaling quickly and successfully. Bertram maintains a lease in good standing for this property and sublets the location to Cannabis Corp. Also, Bertram has invested in the new modern, updated facility to which the flagship The Joint™ will be relocating to in 2019.

By receiving flower directly from the cultivation operations, The Joint™ maintains higher margins than when buying flower on the open market. Combined with brand manufacturing partners, the entire supply chain is controlled within the organization, allowing for maximum consumer exposure and profitability. Bertram seeks to control significant market share in each jurisdiction, both in terms of its clients' retail presence as well as through its agreements with cannabis-licensed cultivators and product manufacturers.

With multiple dispensary clients planned in each market, Bertram will have the opportunity to maintain its buying power through third-party cultivators and product manufacturers. It also broadens the consumer exposure to both The Joint™ brand as well as all Bertram brand lines and third party partner-owned cannabis branded products.

It is a highly accretive position for Bertram to have involvement in multiple-location retail stores in different markets as well as an extensive line of branded products across the array of product categories. This symbiotic relationship ensures the ongoing distribution and sales of Bertram's portfolio of assets. This is also a key component driving scalability.

Customer service has also been a high priority for the company, with the consumer experience at the forefront of the mission. Bertram's processes and procedures are designed to deliver a consistent, reliable, and repeatable experience throughout the proposed 25 retail locations by year-end 2019 through its site



personnel agreements, with the expectation that the number of dispensary-licensed clients may double by 2020. The experienced management team and corporate operating structure is designed to support the expansion of an award-winning retail concept along with a portfolio of award-winning cannabis products.

Shelf space is an obvious premium as consumers are making purchase decisions, therefore Bertram strives to maintain a significant amount of this coveted shelf space for its own portfolio of brands in its clients' The Joint™ retail outlets. Bertram is also heavily involved with maintenance of market share in all dispensaries to which its manufacturing clients distribute its brands, placing great importance on developing and maintaining those third-party relationships.

Please also see above under the heading "*Principal Products and Services – Retail Operations*" for more information.

#### *Proprietary Brand Manufacturing and Partnerships*

Bertram has entered into the following contractual partnerships and proprietary operations:

1. **Cannabis™** – a commercial-scale cannabis cultivator/operator located in Colorado;
2. **INDVR™** – the world's first line of incognito vaporizers for discreet vaporizing;
3. **The Joint™** – a consumer-favourite cannabis retail experience, voted the top dispensary in the Denver area in 2018; and
4. **INDVR Fire™** – a line of stylish, yet discreet, disposable vaporizers and cartridges.

Bertram has also entered into long-term manufacturing licensing agreements with the following brands, or is in the process of finalizing these agreements:

1. **Evergreen Organix** – operates a licensed cannabis production facility located in Nevada. It was established in 2015 and has grown to be one of Nevada's premiere cannabis edibles producers. Evergreen Organix has developed its product line using only the finest ingredients and premium cannabis. Evergreen Organix has put together a talented team of bakers, chocolatiers, scientists, and cannabis experts to collaborate on and create its products. Manufactured using only top-of-the-line equipment in its state-of-the-art facility, the company takes pride in every process of its production and takes excessive measures to make sure it crafts safe products in a clean environment. Furthermore, every one of their products is tested by DB Labs to ensure product potency and safety;

2. **Honu Inc.** – is an award-winning recreational cannabis product manufacturer. It produces cannabis concentrates, edibles, flowers and topicals. Honu Inc. was founded in the State of Washington;
3. **Zoots Premium Cannabis Infusions** – produces a line of high-quality cannabis-infused products. It operates in the States of Colorado and Washington. One of the company's best-selling products, Db3's ZootDrops come in two flavours: Yippee Ki-Yay, which includes caffeine, and Kickback, which is made with chamomile. The flavoured THC-infused liquid is packaged in small discreet bottles and can be stirred into a beverage or consumed alone. Selling the drops, and sister-products ZootBites brownies, ZootRocks lozenges and ZootBlast energy shots, Db3 has become one of the largest producers of edible cannabis products in Washington State;
4. **Myaderm** – produces a line of CBD-focused pain relief products. It produces an all-natural transdermal cream that utilizes CBD for the treatment of pain and inflammation. It uses pharmaceutical technologies to create innovative CBD products that provide a therapeutic benefit. It is headquartered in the State of Colorado; and
5. **Medamints Cannabis Mints** – produces a line of THC-infused mints. Its cannabis mints are available at dispensaries throughout Colorado and Nevada (with plans to distribute in California in the near-future).

Bertram's processing and manufacturing clients have also developed certain proprietary intellectual property pertaining to operating hydrocarbon and carbon dioxide extraction machinery, including best production practices, procedures, and methods. This requires specialized skills within the extraction and refining segments.

Bertram has not registered any patents and is not in the process of registering patents.

Bertram relies on non-disclosure/confidentiality agreements to protect its IP rights. To the extent Bertram describes or discloses its proprietary cultivation or extraction techniques in its applications for cultivation or processing licenses, Bertram redacts or requests redaction of such information prior to public disclosure.

Please also see above under the heading "*Principal Products and Services – Brand Manufacturing*" for more information.

#### Cyclical or Seasonal Impacts

The cultivation segment has some seasonality related to outdoor cultivation producers and price fluctuations based on that supply and demand change.

Bertram understands these fluctuations and strategically prepares for these cycles, with less associated volatility.

#### Impacts of Contractual Renegotiation or Termination of Contracts

To the knowledge of Bertram, there are no renegotiations or contract terminations that should affect the Bertram business plan.

#### Environmental Protection Requirements

To the knowledge of Bertram, there are no major environmental protection requirements that should impact Bertram or necessitate major capital investment. There are various odour mitigation plans that are currently necessary in certain municipalities principally related to cultivation facilities, but these have been taken into account in the budgets for the current operational build-outs.

#### Bertram Employees

As of the date of this Listing Statement, Bertram has 98 full-time employees and no part-time employees. The Company's management team comprises of individuals who have direct experience in the cannabis industry.

### **(4) Competitive Conditions and Positions**

The U.S. market for cannabis and cannabis-related products is competitive. There are numerous companies competing in this space. As most sales in this section would be user-based, there is a relatively low capital threshold to enter this business. The extensive regulatory and licensing requirements applicable to the cultivation and distribution of cannabis and CBD-infused products applies to the business. Bertram anticipates that the Resulting Issuer will be subject to increased competition as the cannabis market continues to grow in North America and worldwide.

#### Colorado State

The business of the Resulting Issuer in the State of Colorado is proposed to include the provision of a suite of services to include business management consulting, intellectual property licensing, equipment/property and employee leasing, and nutrient/agriculture consulting to cannabis licensees in Colorado. Bertram actively works to identify and establish relationships with active cultivator/producer/processor licensees in Colorado, with the ultimate goal of striking mutually beneficial licensing and management agreements.

There are over 500 recreational dispensaries in the State, along with over 500 medical dispensaries (however, some of these are located within the same building). The majority of these are located within the city of Denver, with approximately 360 combined recreational and medical stores. Of these, The Joint

is the number one ranked dispensary according to the last Leafly list. Bertram has assisted this licensed retailer and may expand the brand to other licensed retailers within the state.

Colorado has approximately 280 recreational producer/processor licensees distributing wholesale product to various retail stores across the State. With over US\$1.5 billion of annual revenue related to the cannabis industry projected for 2018, Colorado is currently experiencing increased commercialization of the industry and consolidation of businesses whereby large multinational companies look to acquire cannabis processors, product manufacturers, independent farms, and small growers. Colorado has over 700 retail cultivation licenses, including many small to very small growers. The disparity between independent farms/small growers and the large multinational companies is drastically increasing. Bertram anticipates acquiring more cultivation square footage only when economically viable as part of its own consolidation strategy and to preserve supply chain integrity.

Bertram has assisted its licensed producer clients develop a proven cultivation model along with an award-winning retail operation that it is looking to expand upon, along with a growing list of branded cannabis products. These products include new products that Bertram is bringing to market independently, along with branded products from a variety of well-respected partners. This accretive strategy is anticipated to continue to drive Bertram's success, allowing for scalability through all phases of the vertically integrated business.

**(5) Lending and Investment Policies and Restrictions**

Bertram maintains a strict set of guidelines for its lending and investment practices, as determined by Bertram's board of directors.

**(6) Bankruptcy and Receivership**

Neither the Company nor Bertram nor any of their subsidiaries, have been the subject of any bankruptcy or any receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings, within any of the three most recently completed financial years (as applicable) or the current financial year.

**(7) Material Restructuring**

See Section 3.1 – *General Development of the Business* – The Business Combination.

## **(8) Fundamental Social and Environmental Policies**

As required by local Departments of Public Health and Environment, Bertram has worked with certified industrial hygienists to implement odor mitigation/control plans at cultivation facilities.

### **4.2 Asset Backed Securities**

Bertram does not have any asset-backed securities.

### **4.3 Companies with Mineral Projects**

Bertram does not have any mineral projects.

### **4.4 Companies with Oil and Gas Operations**

Bertram does not have any oil and gas operations.

## **5. SELECTED CONSOLIDATED FINANCIAL INFORMATION**

### **5.1 Consolidated Financial Information – Annual and Interim Information**

#### **The Company's Annual Information**

The following is a summary of the selected financial information for the Company for or as at the dates indicated and should be read in conjunction with the foregoing financial reports and notes thereto.

	<b>Nine Month Interim Period ended October 31, 2018 (unaudited)</b>	<b>Financial Year ended January 31, 2018</b>	<b>Financial Year ended January 31, 2017</b>	<b>Financial Year ended January 31, 2016</b>
Net Sales	Nil	Nil	Nil	Nil
Net Income (Loss) and Comprehensive Income (Loss)	(C\$515,559)	(C\$64,139)	(C\$59,911)	(C\$60,927)
Total Assets	C\$1,585,629	C\$727	C\$906	C\$5,884
Total Liabilities	C\$61,559	C\$260,864	C\$196,904	C\$143,971

Please also see Appendix B to this Listing Statement under the heading "*Financial Statements of Cannabis One Holdings Inc. (formerly Metropolitan Energy Corp.)*"

and Appendix C of this Listing Statement under the heading "*MD&A of Cannabis One Holdings Inc. (formerly Metropolitan Energy Corp.)*"

*Bertram's Annual Information*

The following is a summary of the selected financial information for Bertram for or as at the dates indicated and should be read in conjunction with the foregoing financial reports and notes thereto.

	<b>Financial year ended December 31, 2017 (US\$)</b>
Net Sales	US\$928,253
Net Income (Loss) and Comprehensive Income (Loss)	(US\$180,296)
Total assets	US\$4,047,276
Current liabilities	US\$679,632

Please also see Appendix D to this Listing Statement under the heading "*Financial Statements of Bertram Capital Finance, Inc.*" and Appendix E of this Listing Statement under the heading "*MD&A of Bertram Capital Finance, Inc.*"

*Selected interim and pro forma financial Information*

The following table sets forth selected financial information for the Company and Bertram and selected pro forma financial statements of the Resulting Issuer as at and for the nine months ended October 31, 2018. Such information is derived from the financial statements of the Company and Bertram and should be read in conjunction with such financial statements.

	<b>Company as of October 31, 2018 (unaudited)</b>	<b>Bertram as of September 30, 2018 (unaudited)</b>	<b>Resulting Issuer Pro Forma as at and for the nine months ended October 31, 2018 (unaudited)</b>
Statement of Operations			
Net Revenue	Nil	US\$1,238,762	US\$1,238,762
Gross Profit (Loss)	Nil	US\$612,999	US\$612,999

Net Income (Loss) and Comprehensive Income (Loss)	(US\$398,424)	(US\$843,466)	(US\$8,255,396)
Statement of Financial Position			
Total Assets	US\$1,208,361	US\$3,705,268	US\$10,212,863
Total Liabilities	US\$46,913	US\$724,434	US\$509,347
Members/ Shareholders' Equity	US\$1,161,448	US\$2,980,234	US\$9,703,516

Please also see Appendix F to this Listing Statement under the heading "*Consolidated Pro Forma Balance Sheet of the Resulting Issuer*" together with the financial statements and MD&A of each of the Company and Bertram referred to above.

## 5.2 **Dividends**

The Company has not declared dividends or distributions on its common shares in the past. It is intended that the Resulting Issuer will reinvest all future earnings to finance the development and growth of its business. As a result, the Resulting Issuer does not intend to pay dividends on Subordinate Voting Shares or the Super Voting Shares in the foreseeable future. Any future determination to pay distributions will be at the discretion of the board of directors of the Resulting Issuer and will depend on the financial condition, business environment, operating results, capital requirements, and any contractual restrictions on the payment of distributions and any other factors that the board of directors of the Resulting Issuer deems relevant. The Resulting Issuer is however not limited in any way to pay dividends in the event that the board of directors of the Resulting Issuer determines that a dividend is in the best interest of its shareholders.

## **IFRS**

The financial statements including the Listing Statement have been, and the future financial statements of the Resulting Issuer shall be prepared in accordance with IFRS.

## **6. MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Company's annual Management's Discussion and Analysis ("**MD&A**") for its three most recent fiscal years ended January 31, 2018, 2017 and 2016, and its interim MD&A for the three and nine month period ended October 31, 2018, are attached to this Listing Statement as Appendix C.

Bertram's MD&A for the year ended December 31, 2017 and the three and nine months ended September 30, 2018 is attached to this Listing Statement as Appendix E.

## 7. MARKET FOR SECURITIES

Prior to the closing of the Business Combination, the Company's Common Shares had been listed on the NEX under the symbol "MOE.H". The Resulting Issuer intends to have its Subordinate Voting Shares traded on the CSE under the symbol "CBIS".

## 8. CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company and Bertram prior to the Business Combination and in respect of the Resulting Issuer upon completion of the Business Combination as of the dates indicated. The table should be read in conjunction with the financial statements and MD&A of the Company and Bertram, including the notes thereto, attached to this Listing Statement.

Authorized Capital	Cannabis One Holdings Inc.  Immediately before the Business Combination	Bertram Capital Finance, Inc.  After the Bertram Share Split and immediately before the Business Combination	Cannabis One Holdings Inc.  Immediately after the Business Combination	
Long-term debt	Nil	Nil	Nil	
Common Shares	15,202,314 US\$3,303,993	58,193,095 US\$12,067,819	36,517,588 Subordinate Voting Shares US\$8,869,996	3,687,758 Super Voting Shares US\$8,957,437
Warrants	10,000,000 <sup>(1)</sup>	8,239,122 <sup>(2)</sup>	15,582,943 <sup>(3)</sup>	423,113 <sup>(4)</sup>
Options	200,000 <sup>(5)</sup>	Nil	200,000 <sup>(5)</sup>	Nil
Other Convertible Securities	Nil	12,000,000 <sup>(6)</sup>	12,000,000 <sup>(6)</sup>	Nil

Notes:

1. Comprised of the Company Warrants.
2. Comprised of the Bertram Broker Warrants, the Bertram Existing Warrants and the Bertram Private Placement Warrants.



3. Representing the number of Resulting Issuer Warrants held by non-U.S. Residents comprised of the following: (a) 7,500,000 warrants entitling the holders thereof to acquire an aggregate of 7,500,000 Subordinate Voting Shares at an exercise price of C\$0.25 per Subordinate Voting Share expiring March 29, 2020; (b) 1,575,000 warrants entitling the holders thereof to acquire an aggregate of 1,575,000 Subordinate Voting Shares at an exercise price of C\$0.40 per Subordinate Voting Share expiring two years from the Effective Date; (c) 290,809 warrants entitling the holders thereof to acquire an aggregate of 290,809 Subordinate Voting Shares at an exercise price of US\$0.337025 per Subordinate Voting Share expiring January 15, 2020; (d) 42,326 warrants entitling the holders thereof to acquire an aggregate of 42,326 Subordinate Voting Shares at an exercise price of C\$0.50 per Subordinate Voting Share expiring October 17, 2020; and (e) 6,174,808 warrants entitling the holders thereof to acquire an aggregate of 6,174,808 Subordinate Voting Shares at an exercise price of C\$0.75 per Subordinate Voting Share expiring two years from the Effective Date.
4. Representing the number of Resulting Issuer Warrants held by U.S. Residents comprised of the following: (a) 250,000 warrants entitling the holders thereof to acquire an aggregate of 250,000 Super Voting Shares at an exercise price of C\$2.50 per Super Voting Share expiring March 29, 2020; and (b) 173,113 warrants entitling the holders thereof to acquire an aggregate of 173,113 Super Voting Shares at an exercise price of C\$7.50 per Super Voting Share expiring two years from the Effective Date.
5. Comprised of the Company Options which are assumed by the Resulting Issuer on and after the Effective Date. Each such Company Option entitles the holder thereof to acquire one (1) Subordinate Voting Share at an exercise price of C\$0.35 per Subordinate Voting Share until May 11, 2023.
6. Comprised of the Bertram Rights which are assumed by the Resulting Issuer on and after the Effective Date. Each such Bertram Right is exercisable for one (1) Subordinate Voting Share.

## **9. OPTIONS TO PURCHASE SECURITIES**

### **9.1 Summary of Equity Incentive Plan**

In connection with the Business Combination, and in consideration of the number of employees of Bertram that are residents of the United States, the Company proposes to adopt an equity incentive plan (the "**Equity Incentive Plan**") to replace its current stock option plan. The Equity Incentive Plan was approved by the shareholders of the Company at the Company Meeting.

The principal features of the Equity Incentive Plan are summarized below.

#### **Purpose**

The purpose of the Equity Incentive Plan will be to enable the Company to: (i) promote and retain employees, officers, consultants, advisors and directors capable of assuring the future success of the Company, (ii) to offer such persons incentives to put forth maximum efforts, and (iii) to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership, thereby aligning the interests of such persons and Company's shareholders. The Equity Incentive Plan permits the grant of (i) nonqualified stock options ("**NQSOs**") and incentive stock options ("**ISOs**")

(collectively, "**Options**"), (ii) restricted stock awards, (iii) restricted stock units ("**RSUs**"), (iv) stock appreciation rights ("**SARs**"), and (v) performance compensation awards, which are referred to herein collectively as "**Awards**", as more fully described below.

To the extent that the Board has not appointed a compensation committee of the Board (a "**Compensation Committee**"), all rights and obligations noted below of a Compensation Committee in respect of the Equity Incentive Plan shall be those of the full Board.

### **Eligibility**

Any of the Company's employees, officers, directors, consultants (who are natural persons) are eligible to participate in the Equity Incentive Plan if selected by the Compensation Committee of the Company (the "**Participants**"). The basis of participation of an individual under the Equity Incentive Plan, and the type and amount of any Award that an individual will be entitled to receive under the Equity Incentive Plan, will be determined by the Compensation Committee based on its judgment as to the best interests of the Company and its shareholders, and therefore cannot be determined in advance.

The maximum number of Subordinate Voting Shares or Super Voting Shares (collectively, "**Underlying Shares**") that may be issued under the Equity Incentive Plan shall be determined by the Board from time to time. Any shares subject to an Award under the Equity Incentive Plan that are forfeited, cancelled, expire unexercised, are settled in cash, or are used or withheld to satisfy tax withholding obligations of a Participant shall again be available for Awards under the Equity Incentive Plan.

In the event of any dividend, recapitalization, forward or reverse stock split, reorganization, merger, amalgamation, consolidation, split-up, split-off, combination, repurchase or exchange of Underlying Shares or other securities of the Company, issuance of warrants or other rights to acquire Underlying Shares or other securities of the Company, or other similar corporate transaction or event, which affects the Underlying Shares, or unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or law, the Compensation Committee may make such adjustment, which is appropriate in order to prevent dilution or enlargement of the rights of Participants under the Equity Incentive Plan, to (i) the number and kind of shares which may thereafter be issued in connection with Awards, (ii) the number and kind of shares issuable in respect of outstanding Awards, (iii) the purchase price or exercise price relating to any Award or, if deemed appropriate, make provision for a cash payment with respect to any outstanding Award, and (iv) any share limit set forth in the Equity Incentive Plan.

## **Options**

The Compensation Committee is authorized to grant Options to purchase Underlying Shares that are either ISOs meaning they are intended to satisfy the requirements of Section 422 of the U.S. Tax Code, or NQSOs, meaning they are not intended to satisfy the requirements of Section 422 of the U.S. Tax Code. Options granted under the Equity Incentive Plan will be subject to the terms and conditions established by the Compensation Committee. Under the terms of the Equity Incentive Plan, unless the Compensation Committee determines otherwise in the case of an Option substituted for another Option in connection with a corporate transaction, the exercise price of the Options will not be less than the fair market value (as determined under the Equity Incentive Plan) of the shares at the time of grant. Options granted under the Equity Incentive Plan will be subject to such terms, including the exercise price and the conditions and timing of exercise, as may be determined by the Compensation Committee and specified in the applicable award agreement. The maximum term of an option granted under the Equity Incentive Plan will be ten years from the date of grant (or five years in the case of an ISO granted to a 10% shareholder). Payment in respect of the exercise of an Option may be made in cash or by check, by surrender of unrestricted shares (at their fair market value on the date of exercise) or by such other method as the Compensation Committee may determine to be appropriate.

## **Restricted Stock**

A restricted stock award is a grant of Underlying Shares, which are subject to forfeiture restrictions during a restriction period. The Compensation Committee will determine the price, if any, to be paid by the Participant for each Underlying Shares subject to a restricted stock award. The Compensation Committee may condition the expiration of the restriction period, if any, upon: (i) the Participant's continued service over a period of time with the Company or its affiliates; (ii) the achievement by the Participant, the Company or its affiliates of any other performance goals set by the Compensation Committee; or (iii) any combination of the above conditions as specified in the applicable award agreement. If the specified conditions are not attained, the Participant will forfeit the portion of the restricted stock award with respect to which those conditions are not attained, and the Underlying Shares will be forfeited. At the end of the restriction period, if the conditions, if any, have been satisfied, the restrictions imposed will lapse with respect to the applicable number of Underlying Shares. During the restriction period, unless otherwise provided in the applicable award agreement, a Participant will have the right to vote the shares underlying the restricted stock; however, all dividends will remain subject to restriction until the stock with respect to which the dividend was issued lapses. The Compensation Committee may, in its discretion, accelerate the vesting and delivery of shares of restricted stock. Unless otherwise provided in the applicable award agreement or as may be determined by the Compensation Committee, upon a Participant's termination of service with the Company, the unvested portion of a restricted stock award will be forfeited.

## **Restricted Share Units**

RSUs are granted in reference to a specified number of Underlying Shares and entitle the holder to receive, on achievement of specific performance goals established by the Compensation Committee, after a period of continued service with the Company or its affiliates or any combination of the above as set forth in the applicable award agreement, one Underlying Share for each such applicable Underlying Share covered by the RSU; provided, that the Compensation Committee may elect to pay cash, or part cash and part Underlying Shares in lieu of delivering only Underlying Shares. The Compensation Committee may, in its discretion, accelerate the vesting of RSUs. Unless otherwise provided in the applicable award agreement or as may be determined by the Compensation Committee, upon a Participant's termination of service with the Company, the unvested portion of the RSUs will be forfeited.

## **Stock Appreciation Rights**

A SAR entitles the recipient to receive, upon exercise of the SAR, the increase in the fair market value of a specified number of Underlying Shares from the date of the grant of the SAR and the date of exercise payable in Underlying Shares. Any grant may specify a vesting period or periods before the SAR may become exercisable and permissible dates or periods on or during which the SAR shall be exercisable. No SAR may be exercised more than ten years from the grant date. Upon a Participant's termination of service, the same general conditions applicable to Options as described above would be applicable to the SAR.

## **General**

The Compensation Committee may impose restrictions on the grant, exercise or payment of an Award as it determines appropriate. Generally, Awards granted under the Equity Incentive Plan shall be non-transferable except by will or by the laws of descent and distribution. No Participant shall have any rights as a shareholder with respect to Underlying Shares covered by Options, SARs, restricted stock awards, or RSUs, unless and until such Awards are settled in Underlying Shares.

No Option (or, if applicable, SARs) shall be exercisable, no Underlying Shares shall be issued, no certificates for Underlying Shares shall be delivered and no payment shall be made under the Equity Incentive Plan except in compliance with all applicable laws.

The Board may amend, alter, suspend, discontinue or terminate the Equity Incentive Plan and amend any outstanding Award at any time; provided that (i) such amendment, alteration, suspension, discontinuation, or termination shall be subject to the approval of the Company's shareholders if such approval is necessary to comply with any tax or regulatory requirement applicable to the Equity Incentive Plan (including, without limitation, as necessary to comply with any rules

or requirements of applicable securities exchange), and (ii) no such amendment or termination may adversely affect Awards then outstanding without the Award holder's permission.

In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of Underlying Shares or other securities of the Company or any other similar corporate transaction or event involving the Company (or the Company shall enter into a written agreement to undergo such a transaction or event), the Board may, in its sole discretion, provide for any (or a combination) of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, *provided that* the consummation of the event subsequently occurs):

- termination of the Award, whether or not vested, in exchange for cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights;
- the replacement of the Award with other rights or property selected by the Compensation Committee or the Board, in its sole discretion;
- assumption of the Award by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;
- that the Award shall be exercisable or payable or fully vested with respect to all Underlying Shares covered thereby, notwithstanding anything to the contrary in the applicable award agreement; or
- that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.

#### Tax Withholding

The Resulting Issuer may take such action as it deems appropriate to ensure that all applicable federal, state, local and/or foreign payroll, withholding, income or their taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant.

## **Convertible Securities of the Resulting Issuer**

<b>Description of Convertible Security (Including conversion/exercise/terms including exercise/conversion price)</b>	<b>Number of such securities outstanding</b>	<b>Number of Subordinate Voting Shares issuable</b>
Warrants entitling the holder thereof to acquire one (1) Subordinate Voting Share for C\$0.25 expiring on March 29, 2020	7,500,000	7,500,000
Warrants entitling the holder thereof to acquire one (1) Subordinate Voting Share for C\$0.40 expiring two years from the Effective Date	1,575,000	1,575,000
Warrants entitling the holder thereof to acquire one (1) Subordinate Voting Share for US\$0.337025 expiring on January 15, 2020	290,809	290,809
Warrants entitling the holder thereof to acquire one (1) Subordinate Voting Share for C\$0.50 expiring on October 17, 2020	42,326	42,326
Warrants entitling the holder thereof to acquire one (1) Subordinate Voting Share for C\$0.75 expiring two years from the Effective Date	6,174,808	6,174,808 <sup>(2)</sup>
Warrants entitling the holder thereof to acquire one (1) Super Voting Share for C\$2.50 expiring on March 29, 2020	250,000	2,500,000 <sup>(1)</sup>
Warrants entitling the holder thereof to acquire one (1) Super Voting Share for C\$7.50 expiring two years from the Effective Date	173,113	1,731,130 <sup>(1,2)</sup>
Company Options	200,000	200,000
Bertram Rights	12,000,000	12,000,000

Notes:

1. Assumes that all of the Super Voting Shares acquired in connection with the exercise of such warrants are converted on the applicable 1-for-10 basis into Subordinate Voting Shares.
2. If the Resulting Issuer's average daily closing price of the Subordinate Voting Shares is greater than C\$1.50 for ten (10) consecutive trading days, the Resulting Issuer may accelerate expiry of the Warrants at its discretion.

## **10. DESCRIPTION OF THE SECURITIES**

### **10.1 – 10.6 Description of the Resulting Issuer's Securities**

The Resulting Issuer will be authorized to issue an unlimited number of Subordinate Voting Shares and an unlimited number of Super Voting Shares.

Immediately after the closing of the Business Combination and after giving effect to certain adjustments authorized by Bertram and the Company in connection with the issuances of fractional securities through the Private Placement, the Company anticipates that the Resulting Issuer will have an aggregate of 36,517,588 Subordinate Voting Shares; and 3,687,758 Super Voting Shares issued and outstanding on a non-diluted basis and will have an aggregate of 52,300,531 Subordinate Voting Shares and an aggregate of 4,110,871 Super Voting Shares issued and outstanding on a fully diluted basis (inclusive of the Bertram Private Placement Warrants, the Bertram Existing Warrants, the Bertram Broker Warrants, the Company Options, the Company Warrants and the Company Compensation Warrants) but excluding the Bertram Rights.

#### **Subordinate Voting Shares**

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, and purchase for cancellation or surrender provisions attached to the Subordinate Voting Shares. In addition, there are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

Holders of the Subordinate Voting Shares are entitled to one vote in respect of each such Subordinate Voting Share held. The Resulting Issuer expects to have the Subordinate Voting Shares traded on the CSE under the symbol "CBIS".

The Resulting Issuer will have an unlimited number of Subordinate Voting Shares, without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

- (a) **Voting Rights.** Holders of Subordinate Voting Shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of shares of the Resulting Issuer shall have the right to vote. At each

such meeting holders of Subordinate Voting Shares shall be entitled to one vote in respect of each Subordinate Voting Share held.

- (b) **Alteration to Rights of Subordinate Voting Shares.** As long as any Subordinate Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Subordinate Voting Shares.
- (c) **Dividends.** Holders of Subordinate Voting Shares shall be entitled to receive as and when declared by the directors, dividends in cash or property of the Resulting Issuer. No dividend will be declared or paid on the Subordinate Voting Shares unless the Resulting Issuer simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Super Voting Shares.
- (d) **Liquidation, Dissolution or Winding-Up.** In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares shall, subject to the prior rights of the holders of any shares of the Resulting Issuer ranking in priority to the Subordinate Voting Shares be entitled to participate rateably along with all other holders of Super Voting Shares (on an as-converted to Subordinate Voting Share basis) and Subordinate Voting Shares.
- (e) **Rights to Subscribe; Pre-Emptive Rights.** The holders of Subordinate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Resulting Issuer now or in the future.
- (f) **Subdivision or Consolidation.** No subdivision or consolidation of the Subordinate Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

### **Super Voting Shares**

Holders of the Super Voting Shares are entitled to ten votes in respect of each such Super Voting Share held. The Resulting Issuer will not apply to have the Super Voting Shares listed for trading on the CSE or any other stock exchange.



The Resulting Issuer will have an unlimited number of Super Voting Shares, without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

- (a) **Voting Rights.** Holders of Super Voting Shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of shares of the Resulting Issuer shall have the right to vote. At each such meeting, holders of Super Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share into which such Super Voting Share could ultimately then be converted, which for greater certainty, shall initially equal 10 votes per Super Voting Share.
- (b) **Alteration to Rights of Super Voting Shares.** As long as any Super Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Super Voting Shares. Consent of the holders of a majority of the outstanding Super Voting Shares shall be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Super Voting Shares. In connection with the exercise of the voting rights contained in this paragraph (b) each holder of Super Voting Shares will have one vote in respect of each Super Voting Share held.
- (c) **Dividends.** The holder of Super Voting Shares shall have the right to receive dividends, out of any cash or other assets legally available therefor, pari passu (on an as converted basis, assuming conversion of all Super Voting Shares into Subordinate Voting Shares at the Conversion Ratio (as defined below)) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend will be declared or paid on the Super Voting Shares unless the Resulting Issuer simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares.
- (d) **Liquidation, Dissolution or Winding-Up.** In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Super Voting Shares will, subject to the prior rights of the holders of any shares of the Resulting Issuer ranking in priority to the Super Voting Shares, be entitled to participate rateably along with all other holders of Super Voting Shares (on an as-converted to Subordinate Voting Share basis) and Subordinate Voting Shares.

- (e) **Rights to Subscribe; Pre-Emptive Rights.** The holders of Super Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Resulting Issuer now or in the future.

(f) **Conversion.**

Subject to the conversion restrictions set forth in this section (f), holders of Super Voting Shares shall have conversion rights as follows (the “**Conversion Rights**”):

- (i) **Right to Convert.** Each Super Voting Share shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Resulting Issuer or any transfer agent for such shares, into fully paid and non-assessable Subordinate Voting Shares as is determined by multiplying the number of Super Voting Shares by the Conversion Ratio applicable to such share, determined as hereafter provided, in effect on the date the Super Voting Share is surrendered for conversion. The initial “**Conversion Ratio**” for shares of Super Voting Shares shall be 10 Subordinate Voting Shares for each Super Voting Share; provided, however, that the Conversion Ratio shall be subject to adjustment as set forth in subsections (vii) and (viii).
- (ii) **Conversion Limitations.** Before any holder of Super Voting Shares shall be entitled to convert the same into Subordinate Voting Shares, the board of directors of the Resulting Issuer (or a committee thereof) shall designate an officer of the Resulting Issuer to determine if any Conversion Limitation set forth in Section (f)(iii) shall apply to the conversion of Super Voting Shares.
- (iii) **Foreign Private Issuer Protection Limitation:** The Resulting Issuer will use commercially reasonable efforts to maintain its status as a “foreign private issuer” (as determined in accordance with Rule 3b-4 under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). Accordingly, the Resulting Issuer shall not effect any conversion of Super Voting Shares, and the holders of Super Voting Shares shall not have the right to convert any portion of the Super Voting Shares, pursuant to Section (f) or otherwise, to the extent that after giving effect to all permitted issuances after such conversions of Super Voting Shares, the aggregate number of Subordinate Voting Shares and Super Voting Shares held of record, directly or indirectly, by U.S. Residents (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act) would exceed forty percent (40%) (the “**40% Threshold**”) of the aggregate number of Subordinate Voting Shares and Super Voting Shares

issued and outstanding after giving effect to such conversions (the **"FPI Protective Restriction"**). The board of directors of the Resulting Issuer may by resolution increase the 40% Threshold to an amount not to exceed 50% and in the event of any such increase all references to the 40% Threshold herein, shall refer instead to the amended threshold set by such resolution.

**Conversion Limitations.** In order to effect the FPI Protection Restriction, each holder of Super Voting Shares will be subject to the 40% Threshold based on the number of Super Voting Shares held by such holder as of the date of the initial issuance of the Super Voting Shares and thereafter at the end of each of the Resulting Issuer's subsequent fiscal quarters (each, a **"Determination Date"**), calculated as follows:

$$X = [(A \times 0.4) - B] \times (C/D)$$

Where on the Determination Date:

X = Maximum Number of Subordinate Voting Shares Available for Issue upon Conversion of Super Voting Shares by a holder.

A = The Number of Subordinate Voting Shares and Super Voting Shares issued and outstanding on the Determination Date.

B = Aggregate number of Subordinate Voting Shares and Super Voting Shares held of record, directly or indirectly, by U.S. Residents on the Determination Date.

C = Aggregate number of Super Voting Shares held by holder on the Determination Date.

D = Aggregate number of all Super Voting Shares on the Determination Date.

For purposes of this subsection (f)(iii), the board of directors of the Resulting Issuer (or a committee thereof) shall designate an officer of the Resulting Issuer to determine as of each Determination Date: (A) the 40% Threshold and (B) the FPI Protective Restriction. Within thirty (30) days of the end of each Determination Date (a **"Notice of Conversion Limitation"**), the Resulting Issuer will provide each holder of record a notice of the FPI Protection Restriction and the impact the FPI Protective Provision has on the ability of each holder to exercise the right to convert Super Voting Shares held by the holder. To the extent that requests for conversion of Super Voting Shares subject to the FPI Protection Restriction would result in the 40% Threshold being exceeded, the number of such Super Voting

Shares eligible for conversion held by a particular holder shall be prorated relative to the number of Super Voting Shares submitted for conversion. To the extent that the FPI Protective Restriction contained in this Section (f) applies, the determination of whether Super Voting Shares are convertible shall be in the sole discretion of the Resulting Issuer.

(iv) **Mandatory Conversion.** Notwithstanding subsection (f)(iii), the Resulting Issuer may require each holder of Super Voting Shares to convert all, and not less than all, the Super Voting Shares at the applicable Conversion Ratio (a “**Mandatory Conversion**”) if at any time all the following conditions are satisfied (or otherwise waived by special resolution of holders of Super Voting Shares):

- (A) the Subordinate Voting Shares issuable upon conversion of all the Super Voting Shares are registered for resale and may be sold by the holder thereof pursuant to an effective registration statement and/or prospectus covering the Subordinate Voting Shares under the U.S. Securities Act;
- (B) the Resulting Issuer is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act; and
- (C) the Subordinate Voting Shares are listed or quoted (and are not suspended from trading) on a recognized North American stock exchange or by way of reverse takeover transaction on the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or Aequitas NEO Exchange (or any other stock exchange recognized as such by the Ontario Securities Commission).

The Resulting Issuer will issue or cause its transfer agent to issue each holder of Super Voting Shares of record a Mandatory Conversion Notice at least 20 days prior to the record date of the Mandatory Conversion, which shall specify therein, (i) the number of Subordinate Voting Shares into which the Super Voting Shares are convertible and (ii) the address of record for such holder. On the record date of a Mandatory Conversion, the Resulting Issuer will issue or cause its transfer agent to issue each holder of record on the Mandatory Conversion Date certificates representing the number of Subordinate Voting Shares into which the Super Voting Shares are so converted and each certificate representing the Super Voting Shares shall be null and void.

(v) **Disputes.** In the event of a dispute as to the number of Subordinate Voting Shares issuable to a Holder in connection with a conversion

of Super Voting Shares, the Resulting Issuer shall issue to the Holder the number of Subordinate Voting Shares not in dispute and resolve such dispute in accordance with Section(f)(xii).

- (vi) **Mechanics of Conversion.** Before any holder of Super Voting Shares shall be entitled to convert Super Voting Shares into Subordinate Voting Shares, the holder thereof shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Resulting Issuer or of any transfer agent for Subordinate Voting Shares, and shall give written notice to the Resulting Issuer at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for Subordinate Voting Shares are to be issued (each, a **"Conversion Notice"**). The Resulting Issuer shall (or shall cause its transfer agent to), as soon as practicable thereafter, issue and deliver at such office to such holder, or to the nominee or nominees of such holder, a certificate or certificates for the number of Subordinate Voting Shares to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the Super Voting Shares to be converted, and the person or persons entitled to receive the Subordinate Voting Shares issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Subordinate Voting Shares as of such date.
- (vii) **Adjustments for Distributions.** In the event the Resulting Issuer shall declare a distribution to holders of Subordinate Voting Shares payable in securities of other persons, evidences of indebtedness issued by the Resulting Issuer or other persons, assets (excluding cash dividends) or options or rights not otherwise causing adjustment to the Conversion Ratio (a **"Distribution"**), then, in each such case for the purpose of this subsection (f)(vii), the holders of Super Voting Shares shall be entitled to a proportionate share of any such Distribution as though they were the holders of the number of Subordinate Voting Shares into which their Super Voting Shares are convertible as of the record date fixed for the determination of the holders of Subordinate Voting Shares entitled to receive such Distribution.
- (viii) **Recapitalizations; Stock Splits.** If at any time or from time-to-time, the Resulting Issuer shall (i) effect a recapitalization of the Subordinate Voting Shares; (ii) issue Subordinate Voting Shares as a dividend or other distribution on outstanding Subordinate Voting Shares; (iii) subdivide the outstanding Subordinate Voting Shares

into a greater number of Subordinate Voting Shares; (iv) consolidate the outstanding Subordinate Voting Shares into a smaller number of Subordinate Voting Shares; or (v) effect any similar transaction or action (each, a “**Recapitalization**”), provision shall be made so that the holders of Super Voting Shares shall thereafter be entitled to receive, upon conversion of Super Voting Shares, the number of Subordinate Voting Shares or other securities or property of the Resulting Issuer or otherwise, to which a holder of Subordinate Voting Shares deliverable upon conversion would have been entitled on such Recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section (f) with respect to the rights of the holders of Super Voting Shares after the Recapitalization to the end that the provisions of this Section (f) (including adjustment of the Conversion Ratio then in effect and the number of Super Voting Shares issuable upon conversion of Super Voting Shares) shall be applicable after that event as nearly equivalent as may be practicable.

- (ix) **No Fractional Shares and Certificate as to Adjustments.** No fractional Subordinate Voting Shares shall be issued upon the conversion of any Super Voting Shares and the number of Subordinate Voting Shares to be issued shall be rounded up to the nearest whole Subordinate Voting Share. Whether or not fractional Subordinate Voting Shares are issuable upon such conversion shall be determined on the basis of the total number of shares of Super Voting Shares the holder is at the time converting into Subordinate Voting Shares and the number of Subordinate Voting Shares issuable upon such aggregate conversion.
- (x) **Adjustment Notice.** Upon the occurrence of each adjustment or readjustment of the Conversion Ratio pursuant to this Section (f), the Resulting Issuer, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Super Voting Shares a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Resulting Issuer shall, upon the written request at any time of any holder of Super Voting Shares, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Ratio for Super Voting Shares at the time in effect, and (C) the number of Subordinate Voting Shares and the amount, if any, of other property which at the time would be received upon the conversion of a Super Voting Share.

- (xi) **Effect of Conversion.** All Super Voting Shares which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the time of conversion (the “**Conversion Time**”), except only the right of the holders thereof to receive Subordinate Voting Shares in exchange therefor and to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion.
- (xii) **Disputes.** Any holder of Super Voting Shares that beneficially owns more than 5% of the issued and outstanding Super Voting Shares may submit a written dispute as to the determination of the conversion ratio or the arithmetic calculation of the conversion ratio of Super Voting Shares to Subordinate Voting Shares, the Conversion Ratio, 40% Threshold or the FPI Protective Restriction by the Resulting Issuer to the board of directors of the Resulting Issuer with the basis for the disputed determinations or arithmetic calculations. The Resulting Issuer shall respond to the holder within five (5) business days of receipt, or deemed receipt, of the dispute notice with a written calculation of the conversion ratio, the Conversion Ratio, 40% Threshold or the FPI Protective Restriction, as applicable. If the holder and the Resulting Issuer are unable to agree upon such determination or calculation of the Conversion Ratio or the FPI Protective Restriction, as applicable, within five (5) business days of such response, then the Resulting Issuer and the holder shall, within one (1) business day thereafter submit the disputed arithmetic calculation of the conversion ratio, Conversion Ratio or the FPI Protective Restriction to the Resulting Issuer’s independent, outside accountant. The Resulting Issuer, at the Resulting Issuer’s expense, shall cause the accountant to perform the determinations or calculations and notify the Resulting Issuer and the holder of the results no later than five (5) business days from the time it receives the disputed determinations or calculations. Such accountant’s determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.
- (g) **Notices of Record Date.** Except as otherwise provided under applicable law, in the event of any taking by the Resulting Issuer of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of any class or any other securities or property, or to receive any other right, the Resulting Issuer shall mail to each holder of Super Voting Shares, at least 20 days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the

purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

### **Take-Over Bid Protection**

Under applicable Canadian law, an offer to purchase Super Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares. In accordance with the rules applicable to most senior issuers in Canada, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Super Voting Shares. The Resulting Issuer will enter into a coattail agreement with the holders of a minimum of 66-2/3% of the issued and outstanding Super Voting Shares and a trustee (the “**Coattail Agreement**”). The Coattail Agreement will contain provisions customary for dual class, listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Super Voting Shares had been Subordinate Voting Shares.

The undertakings in the Coattail Agreement will not apply to prevent a sale by any holder of Super Voting Shares if concurrently an offer is made to purchase Subordinate Voting Shares that:

- offers a price per Subordinate Voting Share at least as high as the highest price per share paid pursuant to the take-over bid for the Super Voting Shares (on an as converted to Subordinate Voting Share basis);
- provides that the percentage of outstanding Subordinate Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Super Voting Shares to be sold (exclusive of Super Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);
- has no condition attached other than the right not to take up and pay for Subordinate Voting Shares tendered if no shares are purchased pursuant to the offer for Super Voting Shares; and
- is in all other material respects identical to the offer for Super Voting Shares.

In addition, the Coattail Agreement will not prevent the transfer of Super Voting Shares to a Permitted Holder (as defined below). The conversion of Super Voting Shares into Subordinate Voting Shares would not constitute a disposition of Super Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any disposition of Super Voting Shares (including a transfer to a pledgee as security) by a holder of Super Voting Shares party to the agreement will be conditional upon the transferee or pledgee becoming a party to



the Coattail Agreement, to the extent such transferred Super Voting Shares are not automatically converted into Subordinate Voting Shares in accordance with the Articles.

The Coattail Agreement will contain provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Subordinate Voting Shares. The obligation of the trustee to take such action will be conditional on the Resulting Issuer or holders of the Subordinate Voting Shares providing such funds and indemnity as the trustee may require. No holder of Subordinate Voting Shares will have the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares and reasonable funds and indemnity have been provided to the trustee. The Resulting Issuer will agree to pay the reasonable costs of any action that may be taken in good faith by holders of Subordinate Voting Shares pursuant to the Coattail Agreement.

The Coattail Agreement will provide that it may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of any applicable securities regulatory authority in Canada; and (b) the approval of at least 66-2/3% of the votes cast by holders of Subordinate Voting Shares excluding votes attached to Subordinate Voting Shares, if any, held by the holders of Super Voting Shares, their affiliates and any persons who have an agreement to purchase Super Voting Shares on terms which would constitute a sale or disposition for purposes of the Coattail Agreement other than as permitted thereby.

No provision of the Coattail Agreement will limit the rights of any holders of Subordinate Voting Shares under applicable law.

If the Resulting Issuer is not able to enter into the Coattail Agreement with holders of Super Voting Shares representing a minimum of 66-2/3% of the issued and outstanding Super Voting Shares, it will enter into lockup agreements with holders representing a minimum of 66-2/3% of the issued and outstanding Super Voting Shares, whereby the holders will agree to vote their Super Voting Shares to amend the terms of the Super Voting Shares to substantially incorporate the terms of the proposed Coattail Agreement described herein.

## **10.7 Prior Sales**

### **The Company**

The following table summarizes the issuances of Common Shares within the last twelve (12) months before the date of this Listing Statement (excluding securities issued upon closing of the Business Combination).

<b>Date Issued</b>	<b>Number of Common Shares</b>	<b>Issue Price per Share (C\$)</b>	<b>Aggregate Issue Price (C\$)</b>	<b>Nature of Consideration</b>
March 29, 2018	10,000,000	C\$0.075 <sup>(1)</sup>	C\$750,000	Cash
June 8, 2018	2,142,145	C\$0.35 <sup>(2)</sup>	C\$749,750.25	Cash

Notes:

1. The issuance of Common Shares was undertaken in connection with a non-brokered private placement of the Company of an aggregate of 10,000,000 units of the Company. Each unit was comprised of one (1) Common Share and one (1) transferable Common Share purchase warrant (represented by the Company Warrants more particularly defined herein).
2. The issuance of Common Shares was undertaken in connection with a non-brokered private placement of the Company of an aggregate of 2,142,145 units of the Company. Each unit was comprised of one (1) Common Share and one (1) transferable Common Share purchase warrant expiring sixty (60) days from the date of issuance. All of such warrants have been exercised as of the date of this Listing Statement.

### **Bertram**

The following table summarizes the issuances of Bertram Common Stock within the last twelve (12) months before the date of this Listing Statement (excluding securities issued upon closing of the Business Combination).

<b>Date Issued</b>	<b>Description</b>	<b>Number of Shares Sold</b>	<b>Price per Share</b>	<b>Description of Consideration</b>
November 20, 2017	Bertram Common Stock	195,000	US\$2.00	Cash
November 22, 2017	Bertram Common Stock	50,000	US\$2.00	Cash
November 28, 2017	Bertram Common Stock	101,750	US\$2.00	Cash
December 1, 2017	Bertram Common Stock	12,500	US\$2.00	Cash
December 3, 2017	Bertram Common Stock	20,000	US\$2.00	Share Based Compensation
December 11, 2017	Bertram Common Stock	55,000	US\$2.00	Cash
December 26, 2017	Bertram Common Stock	10,000	US\$2.00	Cash
December 31, 2017	Bertram Common Stock	25,000	US\$2.00	Share Based Compensation
January 15, 2018	Bertram Common Stock	125,000	US\$2.00	Cash
February 21, 2018	Bertram Common Stock	35,530	US\$2.00	Cash
March 31, 2018	Bertram Common Stock	25,000	US\$2.00	Share Based Compensation
June 30, 2018	Bertram Common Stock	25,000	US\$2.00	Share Based Compensation
October 17, 2018	Bertram Common Stock	2,332,735	C\$2.97	Cash
October 24, 2018	Bertram Common Stock	329,187	C\$2.97	Cash

## **10.8 Stock Exchange Price**

None of the matters set out in sections 10.8 of CSE – Form 2A are applicable to the Subordinate Voting Shares.

## **11. ESCROWED SECURITIES**

As at the date hereof, to the knowledge of the Company, none of the securities of the Company are held in escrow. Upon completion of the Business Combination,

the following shares of the Resulting Issuer will be held in escrow on the terms and conditions set forth below:

<b>Designation of the class held in escrow</b>	<b>Number of Escrow Securities</b>	<b>Percentage of Class (Non-Diluted)</b>	<b>Percentage of Class (Fully Diluted)</b>
Subordinate Voting Shares	8,171,031	22.38% <sup>(1)</sup>	15.62% <sup>(2)</sup>
Super Voting Shares	1,851,198	50.20%	45.03%

Notes:

1. Assumes that none of the 3,687,758 issued and outstanding Super Voting Shares have been converted into Subordinate Voting Shares. If all of the 3,687,758 issued and outstanding Super Voting Shares are converted into Subordinate Voting Shares then the figure would be 11.13%.
2. Assumes that none of the 3,687,758 issued and outstanding Super Voting Shares have been converted into Subordinate Voting Shares (excluding the Bertram Rights) and that none of the 423,113 securities convertible into Super Voting Shares have been exercised and converted, respectively, into Subordinate Voting Shares. If all of the 3,687,758 issued and outstanding Super Voting Shares are converted into Subordinate Voting Shares (excluding the Bertram Rights) and all of the 423,113 securities convertible into Super Voting Shares are exercised and then converted into Subordinate Voting Shares then the figure would be 8.75%.

Please see Section 3.1 of this Listing Statement under the heading "General Development of the Business – The Business Combination – Securities Subject to Escrow or Restrictions in Connection with the Business Combination" for details in respect of the conditions of escrow.

## **12. PRINCIPAL SHAREHOLDERS**

### **12.1 – 12.2 Principal Shareholders**

To the knowledge of the directors and officers of each of the Company and Bertram, following the Business Combination, no Persons will beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Resulting Issuer other than the following:

<b>Name and Municipality of Residence</b>	<b>Type of Ownership</b>	<b>Number and Class of Shares</b>	<b>Percentage of Resulting Issuer Shares (Non-Diluted)<sup>(2)</sup></b>	<b>Percentage of Resulting Issuer Shares (Fully Diluted)<sup>(3)</sup></b>
Cook Islands Trust <sup>(1)</sup> Belize	Beneficial	7,715,285 Subordinate Voting Shares	10.51%	8.26%
Bradley S. Harris <sup>(4)</sup> United States	Registered	766,379 Super Voting Shares	10.44%	8.20%
Patrick J. Rinker United States	Registered	735,895 Super Voting Shares	10.03%	7.88%

Notes:

1. Jeffery A. Mascio is the beneficial owner of the shares registered to Cook Islands Trust. Jeffery A. Mascio is a proposed director of the Resulting Issuer and its proposed Chief Executive Officer.
2. Assumes that all of the 3,687,758 issued and outstanding Super Voting Shares have been converted into Subordinate Voting Shares.
3. Assumes that all of the 3,687,758 issued and outstanding Super Voting Shares are converted into Subordinate Voting Shares and all of the 15,782,943 securities convertible into Subordinate Voting Shares (excluding the Bertram Rights) and all of the 423,113 securities convertible into Super Voting Shares are exercised and converted into Subordinate Voting Shares.
4. Bradley S. Harris is a proposed director of the Resulting Issuer.

### **12.3 Voting Trusts**

To the knowledge of the Company, no voting trust exists within the Company such that more than 10% of any class of voting securities of the Company are held, or are to be held, subject to any voting trust or other similar agreement.

### **12.4 Associates and Affiliates**

To the knowledge of the Company, none of the principal shareholders is an Associate or Affiliate of any other principal shareholder.

## **13. DIRECTORS AND OFFICERS**

### **13.1 – 13.5 Directors and Officers**

The Articles of the Company provide that the number of directors should not be fewer than three (3) directors and no more than eleven (11) directors. Each director shall hold office until the close of the next annual general meeting of the Company, or until his or her successor is duly elected or appointed, unless his or

her office is earlier vacated. The Board of Directors currently consists of three (3) directors, of whom two (2) can be defined as an "unrelated director" or a director who is independent of management and is free from any interests and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholders, and do not have interests in or relationships with the Company.

The following table lists the names, municipalities of residence of the proposed directors and officers of the Resulting Issuer, their positions and offices to be held with the Resulting Issuer, and their principal occupations during the past five (5) years and the number of securities of the Company and the Resulting Issuer that are beneficially owned, directly or indirectly, or over which control or direction will be exercised by each.

Name and Place of Residence	Principal Occupation for the Past Five Years	Director of the Company Since	Number and Percentage of Common Shares Beneficially Owned or Controlled Prior to the Business Combination	Number and Percentage of Class of Super Voting Shares and/or Subordinate Voting Shares (as applicable) Beneficially Owned or Controlled After the Business Combination (Non-Diluted and Fully Diluted Basis)
<b>Jeffery A. Mascio</b> Highlands Ranch, Colorado	President and Chief Executive Officer of Bertram	N/A	Nil	7,715,285 Subordinate Voting Shares <sup>(1)</sup> (21.13% <sup>(2)</sup> and 14.75% <sup>(3)</sup> )
<b>Darrick Payne, MD</b> Westminster, Colorado	Vice President of Compliance, Bertram	N/A	Nil	93,010 Super Voting Shares (2.52% <sup>(2)</sup> and 2.26% <sup>(3)</sup> )
<b>Bradley Harris</b> Westminster, Colorado	Vice President of Retail, Bertram	N/A	Nil	766,379 Super Voting Shares (20.78% <sup>(2)</sup> and 18.64% <sup>(3)</sup> )
<b>Bernard S. Radochonski II</b> Highlands Ranch, Colorado	Chief Financial Officer, United Car Care, Inc.	N/A	Nil	236,621 Super Voting Shares (6.42% <sup>(2)</sup> and 5.76% <sup>(3)</sup> )
<b>Joshua Mann</b> Calgary, Alberta	General Partner, Wildhorse Capital Partners Inc.	N/A	Nil	227,873 Subordinate Voting Shares (0.62% <sup>(2)</sup> and 0.44% <sup>(3)</sup> )
<b>Christopher Fenn</b> Calgary, Alberta	General Partner, Wildhorse Capital Partners Inc.	May 11, 2018	1,000,000 (6.58%)	1,227,873 Subordinate Voting Shares (3.36% <sup>(2)</sup> and 2.35% <sup>(3)</sup> )

Notes:

1. These shares are registered to Cook Islands Trust and held for the benefit of Jeffery A. Mascio.
2. Assumes that none of the 3,687,758 issued and outstanding Super Voting Shares have been converted into Subordinate Voting Shares. If all of the 3,687,758 issued and outstanding Super Voting Shares are converted into Subordinate Voting Shares then the figure would be 10.51%.

1.27%, 10.44%, 3.22%, 0.31%, and 1.67% for Jeffery A. Mascio, Darrick Payne, Bradley Harris, Bernard S. Radochonski II, Joshua Mann and Christopher Fenn, respectively.

3. Assumes that none of the 3,687,758 issued and outstanding Super Voting Shares have been converted into Subordinate Voting Shares and also assumes that none of the 15,782,943 securities convertible into Subordinate Voting Shares (excluding the Bertram Rights) and that none of the 423,113 securities convertible into Super Voting Shares have been exercised and converted into Subordinate Voting Shares. If all of the 3,687,758 issued and outstanding Super Voting Shares are converted into Subordinate Voting Shares and all of the 15,782,943 securities convertible into Subordinate Voting Shares (excluding the Bertram Rights) and all of the 423,113 securities convertible into Super Voting Shares are exercised and then converted into Subordinate Voting Shares then the figure would be 8.26%, 1.00%, 8.20%, 2.53%, 0.24%, and 1.31% for Jeffery A. Mascio, Darrick Payne, Bradley Harris, Bernard S. Radochonski II, Joshua Mann and Christopher Fenn, respectively.

All of the directors of the Resulting Issuer will be appointed to hold office until the next annual general meeting of shareholders or until their successors are duly elected or appointed, unless their office is earlier vacated.

Upon completion of the Business Combination, all promoters, directors, officers and Insiders, as a group, will beneficially own, directly or indirectly, the following shares of the Resulting Issuer:

- (i) 9,171,031 Subordinate Voting Shares or approximately 25.11% of the class of Subordinate Voting Shares on a non-diluted basis and approximately 17.54% of the class of Subordinate Voting Shares on a fully diluted basis assuming that no Super Voting Shares have been converted into Subordinated Voting Shares;
- (ii) 1,831,905 Super Voting Shares or approximately 49.68% of the class of Super Voting Shares on a non-diluted basis and approximately 44.56% of the class of Super Voting Shares on a fully diluted basis assuming that no Super Voting Shares have been converted into Subordinated Voting Shares; and
- (iii) assuming all Super Voting Shares have been converted into Subordinated Voting Shares, 27,490,081 Subordinate Voting Shares representing approximately 37.45% of all outstanding Subordinate Voting Shares on a non-diluted basis and approximately 29.43% of all outstanding Subordinate Voting Shares on a fully diluted basis assuming that all Super Voting Shares have been converted into Subordinated Voting Shares and that all of the securities convertible into Super Voting Shares are exercised and then converted into Subordinate Voting Shares.



## **Board Committees**

Following the completion of the Business Combination, the directors of the Resulting Issuer intend to establish such committees of the board as determined to be appropriate in addition to the audit committee.

## **Audit Committee**

Pursuant to section 224(1) of the BCBCA, the policies of the CSE and National Instrument 52-110 – Audit Committees ("**NI 52-110**"), the Resulting Issuer is required to have an Audit Committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Resulting Issuer or an affiliate of the Resulting Issuer.

The audit committee assists the board of directors in fulfilling its responsibilities for oversight of financial and accounting matters. The audit committee reviews the financial reports and other financial information provided by the Resulting Issuer to regulatory authorities and its shareholder and reviews the Resulting Issuer's system of internal controls regarding finance and accounting including auditing, accounting and financial reporting processes.

The members of the audit committee after completion of the Business Combination will include the following directors. Also indicated is whether they are "independent" and "financially literate" within the meaning of NI 52-110.

Name of Member	Independent	Financially Literate
Darrick B. Payne	No	Yes
Bernard S. Radochonski II	Yes	Yes
Joshua Mann	Yes	Yes

## **13.6 – 13.9 Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies**

No individual who will be a director or officer of the Resulting Issuer is as at the date of this Listing Statement, or has been, within the 10 years prior to the date of this Listing Statement, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was the subject of a cease trade or similar order, or an order that denied the other company access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;
- (b) was the 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;

- (c) 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
- (d) 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.

No proposed director or officer of the Resulting Issuer, or a shareholder holding sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, 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 making an investment decision.

### **13.10 Conflicts of Interest**

Conflicts of interest may arise as a result of the directors, officers and promoters of the Resulting Issuer also holding positions as directors or officers of other companies. Some of the individuals that are directors and officers of the Resulting Issuer have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Resulting Issuer will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies provided under BCBCA.

### **13.10 Other Reporting Issuer Experience**

None of the directors and officers of the Resulting Issuer are, or have been within the last five (5) years, directors, officers or promoters of other reporting issuers.

### **13.11 Management**

The following are brief profiles of the proposed management of the Resulting Issuer, including their age, positions they will hold with the Resulting Issuer, their responsibilities, the proportion of their time to be devoted to the Resulting Issuer

and their relevant educational background. The proportion of time indicated is an estimate and may increase or decrease as business needs dictate.

None of the directors or officers of the Resulting Issuer have entered into a non-competition and non-disclosure agreement with the Company or the Resulting Issuer as a condition of appointment as a director and/or officer of the Company or the Resulting Issuer.

**Jeffery Mascio – Director, Chairman, President and Chief Executive Officer (Age 46)**

Jeffery Mascio founded Bertram in 2015, and oversees the firm's investment portfolio of the legal cannabis markets, focusing on the need to drive innovation across multiple platforms.

Prior to founding Bertram, Mr. Mascio was founder and CEO of Meridian Capital Advisors, a Registered Investment Advisory firm, servicing high net-worth and institutional clients. As managing partner of Bertram Global Commodities Fund, Mr. Mascio raised capital for early stage startups and advised angel investors on capital allocation models. Mr. Mascio managed in excess of US\$100 million in assets for Merrill Lynch, Morgan Stanley and Smith Barney private clients. Through his connections in the investment banking community, Mr. Mascio has developed access to primary decision makers along with access to institutional buyers, enabling him to position Bertram for rapid growth.

Mr. Mascio provides his services to the Resulting Issuer as an employee and devotes up to 100% of his time to the business of the Resulting Issuer.

**Joshua Mann – Director (Age 31)**

Joshua Mann is the Co-Founder & General Partner of Wildhorse Capital Partners Inc. ("**Wildhorse**"). Prior to establishing Wildhorse, Mr. Mann was Vice President, Business Development with Blackbird Energy Inc. ("**Blackbird**"), a growth-oriented junior oil & gas company. During his tenure, Mr. Mann assisted in growing the company from C\$2 million to over C\$400 million in market capitalization at its peak. Mr. Mann was integral to the capital raising efforts of Blackbird, which saw C\$160 million in equity financing raised. While at Blackbird, Mr. Mann was part of the team that successfully assembled one of the largest greenfield Montney projects in Alberta and transitioned the asset into production. Mr. Mann began his career in capital markets as an investment banker with Stifel Nicolaus Weisel ("**Stifel**"). Mr. Mann advised companies on equity, debt and M&A mandates within the oil & gas, energy services, technology, and agricultural industries. While with Stifel, Mr. Mann assisted corporate issuers in raising over C\$3 billion in capital.

Mr. Mann provides his services to the Resulting Issuer as an independent contractor and devotes up to 10% of his time to the business of the Resulting Issuer.

### **Christopher Fenn – Director (Age 28)**

Christopher Fenn is the Co-Founder & General Partner of Wildhorse and board member of Subway Developments. Chris previously served as Managing Director & VP Operations for Oliver Capital Partners, Senior VP Corporate Development & VP Operations for Gabriella's Kitchen, Operations Analyst for Subway Developments and Analyst Investment Banking for Ubequity Capital Partners. Within each of these roles, Chris helped organizations achieve great success; helping Oliver Capital Partners raise over C\$100 million dispersed amongst four companies, increasing the operational capacity of Gabriella's Kitchen from C\$250K to C\$30 million in two years, and leading the restructuring of operations in Western Canada for Subway Developments.

Mr. Fenn provides his services to the Resulting Issuer as an independent contractor and devotes up to 10% of his time to the business of the Resulting Issuer.

### **Dr. Darrick Payne, M.D. – Director (Age 48)**

Dr. Darrick Payne oversees and provides medical advice to The Joint By Cannabis, Bertram's dispensary brand serving medical patients and adult-use consumers, and both the INDVR and INDVR Fire lines of vaporizers. Entrepreneurialism allows Dr. Payne to combine his holistic approach to management and medical practice with his passion for the expanding cannabis industry.

In addition to his involvement with Bertram, Dr. Payne founded MOXIE Productions in 2016 and Axis Venture Group in 2007. He has been involved in a variety of business ventures including event planning and production, business development, real estate development, and angel investing. An anesthesiologist with more than 20 years' experience in the medical field, he also specializes in regenerative medicine.

Dr. Payne studied Biology and Chemistry at Trinity University before attending medical school at the University of Texas Health Sciences Center at San Antonio. He completed his anesthesiology residency at the Medical College of Wisconsin in 2000.

Dr. Payne provides his services to the Resulting Issuer as an employee and devotes up to 100% of his time to the business of the Resulting Issuer.

### **Bradley Harris – Director (Age 48)**

Bradley Harris is a private sector entrepreneur and the founder and managing member of North Peak Ventures, LLC, a restaurant franchise investment company.

As one of the founding members and Vice President of Bertram, Mr. Harris oversees all investment and operational activities of the firm's retail dispensary locations, including new store development, marketing and purchase of real property. Since 2015, Mr. Harris has been actively involved in promoting The Joint by Cannabis brand, earning Leafly's top spot as the #1 Dispensary in Colorado.

Prior to Bertram, Mr. Harris was an active owner/operator of 45 restaurants across 7 national and regional franchise brands. Mr. Harris has served on the Colorado Subway advertising board and has done business consulting for smaller regional franchise brands.

Mr. Harris provides his services to the Resulting Issuer as an independent contractor and devotes up to 25% of his time to the business of the Resulting Issuer.

#### **Bernard S. Radochonski II – Director (Age 50)**

Since 2000, Mr. Radochonski has served as CFO and Treasurer of United Car Care, Inc. ("**United Car Care**"), overseeing all financial and accounting operations of United Car Care, which includes an offshore captive reinsurance program, and a highly profitable risk retention group, Automotive Underwriters Insurance Company, Inc. Responsibilities include financial and regulatory compliance, investment management, timely and accurate reporting of financial reports to users, and nurturing of business relationships to ensure United Car Care's continued success. Prior to joining United Car Care, Mr. Radochonski worked in the public accounting industry where he managed various audit clients, including athletic and specific purpose special districts.

Mr. Radochonski is a licensed CPA in the state of Colorado.

Mr. Radochonski provides his services to the Resulting Issuer as an independent contractor and devotes up to 10% of his time to the business of the Resulting Issuer.

#### **Ryan Atkins – Chief Financial Officer (Age 52)**

Mr. Atkins is currently a Managing Director and Chief Financial Officer (CFO) at Wildhorse Capital Partners Inc., a Calgary-based merchant bank presently acting as a capital markets and M&A adviser to Bertram and has been the Interim CFO for Bertram since January 2018. Most recently, Mr. Atkins served as CFO and Senior Legal Counsel to Holmes Communities, a development subsidiary of the Toronto-based Mike Holmes Group of companies, and CFO and General Counsel to Albi Homes Ltd., a Calgary-based luxury home builder (recently acquired by Brookfield Residential).

Born and raised in Calgary but subsequently educated and lived in the United States, Mr. Atkins has more than 25 years of international accounting, finance, and

legal experience in both Canada and the United States. Mr. Atkins previously held positions at PriceWaterhouse LLP (in both its San Francisco and New York City offices) and with various national and international law firms (including in New York City, Phoenix, San Francisco and Calgary). Mr. Atkins received his Juris Doctor law degree from New York University, and his Master of Business Administration degree in taxation and accounting after his Bachelor of Science degree in Finance from Brigham Young University. He also studied architecture at the graduate level.

Mr. Atkins provides his services to the Resulting Issuer as an independent contractor and devotes up to 35% of his time to the business of the Resulting Issuer.

## 14. CAPITALIZATION

### 14.1 Issued Capital

To the best knowledge of the Company and Bertram, the following table sets out the number of the Resulting Issuer Shares that will be available in the Resulting Issuer's Public Float and Freely-Tradeable Float on a diluted and non-diluted basis:

	Number of Securities (non-diluted)	Number of Securities (fully diluted) <sup>(2)</sup>	Percent of Issued (non-diluted)	Percent of Issued (fully diluted) <sup>(2)</sup>
<b>Public Float<sup>(1)</sup></b>				
Total Outstanding (A)	73,395,168	93,409,241	100%	100%
Held by Related Persons or employees of the Issuer or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	27,683,011	30,778,590	37.72%	32.95%
Total Public Float (A – B)	45,712,157	62,630,651	62.28%	67.05%
<b>Freely-Tradeable Float</b>				

Number of outstanding securities subject to resale restrictions, including restrictions imposed by polling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	58,192,854	68,006,927	79.29%	72.81%
<b>Total Tradeable Float (A – C)</b>	<b>15,202,314</b>	<b>25,402,314</b>	<b>20.71%</b>	<b>27.19%</b>

Notes:

1. There are anticipated to be 3,687,758 Super Voting Shares issued and outstanding immediately following the completion of the Business Combination. Each Super Voting Share is convertible into ten (10) Subordinate Voting Shares at the option of the holder or upon certain triggering events.
2. Excludes the Bertram Rights.

### **Public Security holders (Registered)**

Size of Holding	Number of Holders	Total Number of Securities
1 - 99 securities	0	0
100 - 499 securities	0	0
500 - 999 securities	24	12,167
1,000 - 1,999 securities	23	23,833
2,000 - 2,999 securities	1	2,000
3,000 - 3,999 securities	0	0
4,000 - 4,999 securities	0	0
5,000 or more securities	142	39,616,620
<b>TOTAL:</b>	<b>190</b>	<b>39,654,620</b>

### **Public Security holders (Beneficial)**

Size of Holding	Number of Holders	Total Number of Securities
1 - 99 securities	7	253
100 - 499 securities	31	8,605
500 - 999 securities	16	9,398
1,000 - 1,999 securities	13	13,964

Size of Holding	Number of Holders	Total Number of Securities
2,000 - 2,999 securities	3	6,833
3,000 - 3,999 securities	4	12,749
4,000 - 4,999 securities	2	8,433
5,000 or more securities	59	5,997,302
<b>TOTAL:</b>	<b>135</b>	<b>6,057,537</b>

#### **Non-Public Security holders (Registered)**

Size of Holding	Number of Holders	Total Number of Securities
1 - 99 securities	0	0
100 - 499 securities	0	0
500 - 999 securities	0	0
1,000 - 1,999 securities	0	0
2,000 - 2,999 securities	0	0
3,000 - 3,999 securities	0	0
4,000 - 4,999 securities	0	0
5,000 - or more securities	8	27,683,011
<b>TOTAL:</b>	<b>8</b>	<b>27,683,011</b>

#### **14.2 Convertible/Exchange Securities**

Immediately after completion of the Business Combination, the Resulting Issuer will assume the Company Options and assume the outstanding warrants of the Company and Bertram.

The following table sets forth all of the securities of the Resulting Issuer convertible into Subordinate Voting Shares.

Description of Security (include conversion/ exercise terms, including conversion/ exercise price)	Number of convertible/ exchangeable securities outstanding	Number of Subordinate Voting Shares issuable upon conversion/ exercise
Warrants entitling the holder thereof to acquire one (1) Subordinate Voting Share for C\$0.25 expiring on March 29, 2020	7,500,000	7,500,000



Warrants entitling the holder thereof to acquire one (1) Subordinate Voting Share for C\$0.40 expiring two years from the Effective Date	1,575,000	1,575,000
Warrants entitling the holder thereof to acquire one (1) Subordinate Voting Share for US\$0.337025 expiring on January 15, 2020	290,809	290,809
Warrants entitling the holder thereof to acquire one (1) Subordinate Voting Share for C\$0.50 expiring on October 17, 2020	42,326	42,326
Warrants entitling the holder thereof to acquire one (1) Subordinate Voting Share for C\$0.75 expiring two years from the Effective Date	6,174,808	6,174,808 <sup>(2)</sup>
Warrants entitling the holder thereof to acquire one (1) Super Voting Share for C\$2.50 expiring on March 29, 2020	250,000	2,500,000 <sup>(1)</sup>
Warrants entitling the holder thereof to acquire one (1) Super Voting Share for C\$7.50 expiring two years from the Effective Date	173,113	1,731,130 <sup>(1,2)</sup>
Company Options	200,000	200,000
Bertram Rights	12,000,000	12,000,000

Notes:

1. Assumes that all of the Super Voting Shares acquired in connection with the exercise of such warrants are converted on the applicable 1-for-10 basis into Subordinate Voting Shares.
2. If the Resulting Issuer's average daily closing price of the Subordinate Voting Shares is greater than C\$1.50 for ten (10) consecutive trading days, the Resulting Issuer may accelerate expiry of the Warrants at its discretion.

### 14.3 **Other Listed Securities**

Neither the Company nor Bertram have any other listed securities reserved for issuance that are not included in Sections 14.1 or 14.2.

## 15. EXECUTIVE COMPENSATION

Basic compensation of the named executive officers (the "**Named Executive Officers**") through the payment of the base salary will be targeted to be competitive against similarly sized companies within the industry, and will take into account the current and future financial condition of the Resulting Issuer. Although the Resulting Issuer expects to be in

a position to compensate the Named Executive Officer's within industry expectations, the board of directors of the Resulting Issuer will review the base salary over the course of the 2019 fiscal year depending on the results of operations.

The anticipated initial base salary for the proposed Named Executive Officers of the Resulting Issuer being: (i) the Chief Executive Officer; (ii) the Chief Financial Officer; and (iii) the three most highly compensated individuals whose total compensation was more than C\$150,000 for the next twelve (12) months is as set out below. Other elements of compensation, and the total compensation payable to the proposed Named Executive Officers of the Resulting Issuer for the months following the date of this Listing Agreement will be provided in the management information circular sent to shareholders for the annual meeting of shareholders of the Resulting Issuer for the 2019 year.

<b>Name and Proposed Principal Position</b>	<b>For the 12 month period from the date of this Listing Statement</b>	<b>Salary per month</b>	<b>Proportion of Time Devoted to Resulting Issuer affairs</b>
Jeffery A. Mascio, Chairman, President and CEO	C\$312,000	C\$26,000	100%
Ryan Atkins, Chief Financial Officer	C\$150,000	C\$12,500	35%

The board of directors of the Resulting Issuer will review the compensation of its executives following completion of the Business Combination and make such changes as it deems appropriate.

### **Pension Plan Benefits**

It is not anticipated that the Resulting Issuer will establish a pension plan, a defined benefit plan or any retirement savings programs for the Named Executive Officers or other employees of the Resulting Issuer within the next twelve months.

### **Deferred Compensation Plans**

It is not anticipated that the Resulting Issuer will establish a deferred compensation plan for the Named Executive Officers or other employees of the Resulting Issuer within the next twelve months.

### **Termination and Change of Control Benefits**

Arrangements with the Named Executive Officers that provide for payments to such individuals in connection with any termination, resignation, retirement or change in control may be negotiated in the future at the discretion of the board of directors of the Resulting Issuer.

## **Compensation of Directors**

In the next twelve (12) months, no salary or other remuneration is anticipated to be paid to any non-employee director of the Resulting Issuer. Directors may however be eligible to receive grants of stock options from time to time.

### **16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Upon completion of the Business Combination, none of the directors or officers of the Resulting Issuer, nor any of their Associates, will be indebted to the Resulting Issuer, and neither will any indebtedness of any of these individuals or Associates to another entity be the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Resulting Issuer other than the following:

- During 2015, Bertram entered into a promissory note agreement with a company who has a common director relating to the operation of a fast food restaurant. Loan interest is due on the unpaid principal at 10% per annum and is secured by the assets of the debtor company. The unpaid principal and interest was payable to Bertram in annual installments of \$52,760, beginning November 15, 2016 and continue through to November 15, 2020 at which time the remaining balance is due to Bertram in full.
- The contractual payments, including principal and interest, due to Bertram (and due to the Resulting Issuer after the Business Combination) are as follows:

<b>Year</b>	
2018	\$52,760
2019	\$52,760
2020	\$52,760
Total payments due	\$158,280
Less: interest portion	\$(30,792)
Loan receivable (principal)	<b>\$127,488</b>

## **17. RISK FACTORS**

### **17.1 Business of the Resulting Issuer Risks**

Upon completion of the Business Combination, the Resulting Issuer will be focused on providing personnel and management resources as well as infrastructure and equipment for the production, cultivation and dispensary operations of licensed cannabis by licensed producers. The Resulting Issuer will not itself directly produce or sell cannabis products but rather will provide support services to licensed cannabis providers. As such, the following are certain material risks that the business of the Resulting Issuer is anticipated to face:

#### **Cannabis remains illegal under U.S. federal law**

Cannabis is a Schedule 1 controlled substance and is illegal under federal U.S. law. Even in those states in which the use of cannabis has been legalized, its use remains a violation of federal law. Since federal law criminalizing the use of cannabis pre-empts state laws that legalize its use, strict enforcement of the federal law regarding cannabis would harm the Resulting Issuer's business, prospects, results of operation, and financial condition. Investors should consult their own counsel in connection with any investment in the Resulting Issuer, including with respect to any potential immigration issues caused by an investment in connection with an industry that remains illegal under current U.S. law at the federal level.

#### **Limited protections from Federal Enforcement in the United States**

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical and recreational cannabis under the ACMPR and the Cannabis Act, investors are cautioned that in the United States, cannabis is largely regulated at the State level. To date, a total of 33 states, plus the District of Columbia, have legalized cannabis in some form.

Notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a Schedule I controlled substance under the Controlled Substances Act in the United States and as such, remains illegal under federal law in the United States.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. Only limited protections have been offered at the federal level in the form of statements about enforcement priorities and constraints on the allocations of funds towards enforcement activities. Absent congressional action to amend the Controlled Substances Act, such protections remain temporary in nature and subject the business of the Resulted Issuer to continued risk.

### ***The Cole Memorandum Enforcement Priorities***

In response to the growing inconsistency between state-level legalization efforts and the federal government's stance on cannabis then Deputy Attorney General, James Cole, authored a memorandum in August 2013 (the "**Cole Memorandum**") addressed to all United States district attorneys, setting forth the enforcement priorities of the Department of Justice relating to the prosecution of cannabis offences.<sup>3</sup>

In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form, and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the Department of Justice should be focused on addressing only the most significant threats related to cannabis (the "**Cole Memorandum Priorities**"), including:

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

---

<sup>3</sup> U.S. Dept. of Justice. (2013). Memorandum for all United States Attorneys re: Guidance Regarding Marijuana Enforcement. Retrieved from <https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf>

Notably, however, the Department of Justice never provided specific guidelines for what regulatory and enforcement systems it deemed sufficient under the Cole Memorandum standard. Nevertheless, states where medical cannabis had been legalized, and enforcement was found to be robust, were not characterized as a high priority for federal enforcement activities.

In March 2017, the newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit. However, on January 4, 2018, Mr. Sessions issued a new memorandum that rescinded and superseded the Cole Memorandum effective immediately (the "**Sessions Memorandum**").<sup>4</sup> The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime", and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to cannabis activities. The inconsistency between federal and state laws and regulations is a major risk factor.

As a result of the Sessions Memorandum, federal prosecutors are free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions notwithstanding the Cole Memorandum Priorities. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how active federal prosecutors will be in relation to such activities. The Sessions Memorandum did not make a distinction between medical and adult-use or recreational cannabis activities. Due to the ambiguity of the Sessions Memorandum, there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law.

Federal law pre-empts state law in these circumstances so that the federal government can assert criminal violations of federal law despite state law. The level of prosecutions of state-legal cannabis operations is entirely unknown, nonetheless the stated position of the current administration is hostile to legal cannabis, and furthermore may be changed at any time by the Department of Justice, to become even more aggressive. The Sessions Memorandum lays the groundwork for United States Attorneys to take their cues on enforcement priority directly from the Attorney General by referencing federal law enforcement priorities set by Attorney General Jeff Sessions. If the Department of Justice policy was to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such Department of Justice policies through

---

<sup>4</sup> U.S. Dept. of Justice. (2018). Memorandum for all United States Attorneys re: Cannabis Enforcement. Washington, DC: US Government Printing Office. Retrieved from <https://www.justice.gov/opa/press-release/file/1022196/download>.

pursuing prosecutions, then the Resulting Issuer could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the Controlled Substances Act for aiding and abetting and conspiring to violate the Controlled Substances Act, and various anti-money laundering statutes, including 18 U.S.C. § 1956, by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis.

In addition, investors may be permanently barred from entry into the United States by the U.S. Customs and Border Protection Agency, which is an arm of the federal government under the Department of Homeland Security.<sup>5</sup> While legislation has been introduced in Congress to amend the Immigration and Nationality Act to clarify admissibility and deportability of aliens acting in accordance with state and foreign marijuana law on December 12, 2018, no action has yet been taken on the bill.<sup>6</sup>

Now that the Cole Memorandum has been repealed by Attorney General Jeff Sessions, the Department of Justice under the current administration or an aggressive federal prosecutor could allege that the Resulting Issuer and its Board and, potentially its shareholders, "aided and abetted" violations of federal law by providing finances and services to its portfolio cannabis companies, or potentially engaged in money laundering activities by engaging in financial transactions involving the proceeds of an unlawful activity (such as the cultivation of cannabis). Under these circumstances, it is possible that the federal prosecutor would seek to seize the assets of the Resulting Issuer and to recover the "illicit profits" previously distributed to shareholders resulting from any of the foregoing financing or services. In these circumstances, the Resulting Issuer's operations would cease, shareholders may lose their entire investment and directors, officers and/or shareholders may be left to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison.

On January 12, 2018, the Canadian Securities Administrators issued a statement that they were considering whether the disclosure-based approach for issuers with U.S. cannabis-related activities remains appropriate in light of the rescission of the Cole Memorandum. The Cole Memorandum Priorities also form the basis for guidance issued by the Financial Crimes Enforcement Network ("FinCEN") in

---

<sup>5</sup> Customs and Border Protection Statement on Canada's Legalization of Marijuana and Crossing the Border (October 9, 2018). Retrieved from <https://www.cbp.gov/newsroom/speeches-and-statements/cbp-statement-canadas-legalization-marijuana-and-crossing-border>

<sup>6</sup> See Maintaining Appropriate Protection for Legal Entry of 2018 ("MAPLE Act of 2018"), H.R. 7275 (115<sup>th</sup> Congress).

connection with the Bank Secrecy Act (“BSA”) expectations for financial institutions seeking to provide services to marijuana-related businesses.<sup>7</sup>

Additionally, there can be no assurance as to the position any new administration may take on cannabis and a new administration could decide to enforce the federal laws strongly. Any enforcement of current federal laws could cause significant financial damage to the Resulting Issuer and its shareholders. Further, future presidential administrations may want to treat cannabis differently and potentially enforce the federal laws more aggressively.

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

### ***Budgetary Restrictions on the Use of Department of Justice Resources***

Medical use cannabis, but not recreational or adult-use cannabis, currently enjoys limited protections with respect to United States Department of Justice enforcement as a result of a congressional budget amendment commonly known as the *Rohrabacher–Farr* amendment (“**RFA**”) after its long term sponsors in the U.S. House of Representatives (currently the *Joyce–Blumenauer* amendment), and its U.S. Senate counterpart, the Leahy Amendment. The RFA is a Congressional appropriations rider to U.S. government omnibus budget bill, first successfully introduced in 2014, that prevents the Department of Justice from expending funds to intervene with states' rights to legalize cannabis for medical purposes. In practice, it prohibits the Department of Justice from expending any funds for the prosecution of medical cannabis businesses operating in compliance with state and local laws. In certain instances the RFA was successfully used as a basis for enjoining Department of Justice actions that violate the RFA, most notably in the United States Court of Appeals for the Ninth Circuit (which encompasses California). However this position has not been universally adopted,

---

<sup>7</sup> U.S. Department of the Treasury Financial Crimes Enforcement Network (2014) (Fin-2014-G001). Guidance: BSA Expectations Regarding Marijuana-Related Businesses. Retrieved from <https://www.fincen.gov/sites/default/files/shared/FIN-2014-G001.pdf>



especially in Circuits that include states which have not approved medical cannabis use.

The current incarnation of the RFA was approved in March of 2018 as part of a continuing budget resolution, and is due to expire in December of 2018. Congress has not yet approved a new budget for 2019. On December 19, 2018, the Senate passed an additional continuing budget resolution to extend the current appropriations act through February 8, 2019. If the continuing budget resolution is passed by the House of Representatives and signed into law by the President, the RFA will remain in effect through February 8, 2019. In the event the proposed budget resolution is not passed by the House of Representatives and signed into law by the President, the foregoing protection for medical cannabis operators will be void. Should the RFA not be renewed upon expiration in subsequent budget resolutions or appropriations acts, there can be no assurance that the federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state law. Such potential proceedings could involve significant restrictions being imposed upon the Resulting Issuer or third parties while diverting the attention of key executives. Such proceedings could have a material adverse effect on Bertram's business, revenues, operating results and financial condition as well as the Resulting Issuer's reputation, even if such proceedings were concluded successfully in favor of the Resulting Issuer.

#### **U.S. state regulatory uncertainty**

The rulemaking process for cannabis operators at the state level in any state will be ongoing and result in frequent changes. As a result, a compliance program is essential to manage regulatory risk. All operating policies and procedures implemented in the operation will be compliance-based and derived from the state regulatory structure governing ancillary cannabis businesses and their relationships to state-licensed or permitted cannabis operators if any. Notwithstanding the Resulting Issuer's efforts, regulatory compliance and the process of obtaining regulatory approvals can be costly and time-consuming. No assurance can be given that the Resulting Issuer will receive the requisite licenses, permits or cards to operate its businesses.

In addition, local laws and ordinances could restrict the Resulting Issuer's business activity. Although legal under the laws of the states in which the Resulting Issuer's business will operate, local governments have the ability to limit, restrict, and ban cannabis businesses from operating within their jurisdiction. Land use, zoning, local ordinances, and similar laws could be adopted or changed, and have a material adverse effect on the Resulting Issuer's business.

The Resulting Issuer is aware that multiple states are considering special taxes or fees on businesses in the cannabis industry. It is a potential yet unknown risk at this time that other states are in the process of reviewing such additional fees and

taxation. This could have a material adverse effect upon the Resulting Issuer's business, results of operations, financial condition or prospects.

Bertram currently and following the Business Combination intends to operate in Colorado, Nevada and Washington and other jurisdictions as deemed advisable by management of the Resulting Issuer.

## **State Regulation**

### **Colorado**

On November 7, 2000, 54% of Colorado voters approved Amendment 20, which amended the State Constitution to allow the use of marijuana in the state for approved patients with written medical consent. Under this law, patients may possess up to 2 ounces (57 g) of medical marijuana and may cultivate no more than six marijuana plants (no more than three of these mature flowering plants at a time). On June 10, 2016 Governor John Hickenlooper signed House Bill 16-1359. This bill stated that the court shall not prohibit the use or possession of medical marijuana as a condition of probation unless the individual is sentenced to probation for a conviction under Article 43.3 of Title 12, C.R.S.; or if the court determines based upon any material evidence that such a prohibition is necessary and appropriate to accomplish the goals of sentencing stated in 18-1-102.5, C.R.S.

On November 6, 2012, Colorado voters passed Amendment 64, amending the state constitution to "declare that the use of marijuana should be legal for persons twenty-one years of age or older and taxed in a manner similar to alcohol." Colorado's first adult-use cannabis sales occurred on January 1, 2014 pursuant to a system of statutes and regulations that have been revised multiple times since that date. Colorado has a number of different types of cannabis licenses corresponding to different sectors of the industry. Within the cultivation category, there are also different sub-license depending on volume. These license types are (1) marijuana cultivator licenses; (2) marijuana products manufacturing licenses; (3) marijuana retailer licenses; (4) marijuana testing facility licenses; (5) marijuana transporter licenses; and (6) marijuana operator licenses (entities providing professional operational services to other licensed businesses). Colorado's primary marijuana regulator is the Colorado Department of Revenue - Enforcement Division.

Local communities have the ability under Colorado's cannabis laws to opt-out of permitting legal commercial activity and to conduct their own regulation. Of particular interest, the City of Denver has adopted rules pursuant to Denver ballot Initiative 300 to grant licenses for cannabis consumption establishments and cannabis consumption special event licenses.

## Nevada

Medical marijuana use was legalized in Nevada by a ballot initiative in 2000. In November 2016, voters in Nevada passed an adult use marijuana measure to allow for the sale of recreational marijuana in the state. The first dispensaries to sell adult use marijuana began sales in July 2017. The Nevada Department of Taxation ("**DOT**") is the regulatory agency overseeing the medical and adult use cannabis programs. Similar to California, cities and counties in Nevada are allowed to determine the number of local marijuana licenses they will issue. Adults are allowed to possess up to an ounce of marijuana and up to 1/8 of an ounce of concentrated marijuana. Medical Marijuana dispensaries are authorized to sell medical marijuana to card holders from a variety of approved states if the patient presents a State or local government-issued medical marijuana card. The Regulation and Taxation of Marijuana Act specifies that, for the first 18 months of the program, only existing medical marijuana establishment certificate holders can apply for a retail marijuana establishment license. In November 2018, the application process may open up to those not holding a medical marijuana establishment certificate.

All marijuana establishments must register with DOT. If applications contain all required information and after vetting by officers, establishments are issued a medical marijuana establishment registration certificate. In a local governmental jurisdiction that issues business licenses, the issuance by DOT of a medical marijuana establishment registration certificate is considered provisional until the local government has issued a business license for operation and the establishment is in compliance with all applicable local governmental ordinances. Final registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. Renewal requests are typically communicated through email from DOT and include a renewal form. The renewal periods serve as an update for DOT on the licensee's status toward active licensure. It is important to note provisional licenses do not permit the operation of any commercial or medical cannabis activity. Only after a provisional licensee has gone through necessary state and local inspections, if applicable, and has received a final registration certificate from DOT may an entity engage in cannabis business operation.

## Washington

Initiative 692 (I-692), or the Medical Use of Marijuana Act of 1998 was passed with nearly 60% of the vote. The initiative permitted patients with certain debilitating conditions to use medical marijuana. I-692 also granted legal protections to qualifying patients and their caregivers for the possession and consumption of medical marijuana. With the passage of Initiative 502 in 2012, the state of Washington moved to a comprehensive regulatory approach on marijuana, with state-licensed producers, processors, and retailers. In 2015, the Washington Legislature passed SB 5052, the Cannabis Patients Protection Act (CPPA),

establishing official state regulations for the production, possession, sale and use of medical marijuana. Medical cannabis patients are allowed to purchase up to three times the current limits for recreational adult-use marijuana. Only cannabis patients in the authorization database, who have medical marijuana ID cards can purchase products free of sales and use taxes. Medical cards expire each year for adults, six months for minors, but some authorizing healthcare providers may specify an earlier expiration date. As of July 1, 2016, the production and marketing of medical marijuana is also incorporated into the same regulatory framework as recreational marijuana, with some variations such as the allowance of medical marijuana cooperatives.

Under the 2016 legislation, all marijuana licensing is regulated and enforced by the Washington State Liquor and Cannabis Board (LCB). Any sale of recreational marijuana or medical marijuana, other than by a state-licensed retailer is criminal, as is any production or processing of marijuana for sale outside the state-licensed regulated system. The primary statutes for recreational marijuana are codified in chapter 69.50 RCW, beginning with RCW 69.50.325; the medical marijuana statutes are located in chapter 69.51A RCW. The Liquor and Cannabis Board regulations for marijuana are found in chapter 314-55 WAC.

### **Restricted access to banking**

In February 2014, the Financial Crimes Enforcement Network ("**FinCEN**") Bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements<sup>8</sup>. This guidance does not provide any safe harbours or legal defences from examination or regulatory or criminal enforcement actions by the Department of Justice, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the United States do not appear to be comfortable providing banking services to cannabis-related businesses or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Resulting Issuer may have limited or no access to banking or other financial services in the United States. In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it resides in permits cannabis sales. The inability or limitation in the Resulting Issuer's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments

---

<sup>8</sup> Department of the Treasury Financial Crimes Enforcement Network. (2014). *Guidance re: BSA Expectations Regarding Cannabis-Related Businesses* (FIN-2014-G001). Retrieved from <https://www.fincen.gov/resources/statutes-regulations/guidance/bsa-expectations-regarding-cannabis-related-businesses>

may make it difficult for the Resulting Issuer to operate and conduct its business as planned or to operate efficiently.

### **Heightened scrutiny by Canadian regulatory authorities**

For the reasons set forth above, the Resulting Issuer's existing operations in the United States, and any future operations or investments may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Resulting Issuer may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not, in turn, lead to the imposition of certain restrictions on the Resulting Issuer's ability to operate or invest in the United States or any other jurisdiction, in addition to those described herein.

It had been reported in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS, refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("**MOU**") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSXV<sup>9</sup>. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there are no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the Subordinate Voting Shares are listed on a stock exchange, it would have a material adverse effect on the ability of holders thereof to make and settle trades. In particular, the Subordinate Voting Shares would become highly illiquid until an alternative was implemented, investors would have no ability to effect a

---

<sup>9</sup> Memorandum from The Canadian Depository for Securities, Aequitas NEO Exchange Inc., CNSX Markets Inc., TSX Inc. and TSX Venture Exchange Inc. (8 February 2018). Retrieved from <https://www.cds.ca/resource/en/249>.

trade of the Subordinate Voting Shares through the facilities of the applicable stock exchange.

### **Regulatory scrutiny of the Resulting Issuer's interests in the United States**

For the reasons set forth above, the Resulting Issuer's interests in the United States cannabis market, and future licensing arrangements, may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. As a result, the Resulting Issuer may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Resulting Issuer's ability to carry on its business in the United States.

### **Constraints on marketing products**

The development of the Resulting Issuer's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in the United States limits the Resulting Issuer's ability to compete for market share in a manner similar to other industries. If the clients of the Resulting Issuer are unable to effectively market their products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for their products, the Resulting Issuer's sales and operating results could be adversely affected.

### **Limited trademark protection**

The Resulting Issuer will not be able to register any United States federal trademarks in connection with its business. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is a crime under the CSA, the United States Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, the clients of the Resulting Issuer likely will be unable to protect their cannabis product trademarks beyond the geographic areas in which they conduct business. The use of their trademarks outside the states in which they operate by one or more other persons could have a material adverse effect on the value of such trademarks.

**The Resulting Issuer may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to the Resulting Issuer, could subject the Resulting Issuer to significant liabilities and other costs.**

The Resulting Issuer's success may likely depend on its ability to use and develop new technologies without infringing the intellectual property rights of third parties. The Resulting Issuer cannot assure that third parties will not assert intellectual

property claims against it. The Resulting Issuer is subject to additional risks if entities licensing to it intellectual property do not have adequate rights in any such licensed materials. If third parties assert copyright or patent infringement or violation of other intellectual property rights against the Resulting Issuer, it will be required to defend itself in litigation or administrative proceedings, which can be both costly and time-consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which the Resulting Issuer may become a party could subject it to significant liability to third parties, require it to seek licenses from third parties, to pay ongoing royalties or subject the Resulting Issuer to injunctions prohibiting the development and operation of its applications.

### **Unfavourable tax treatment of cannabis businesses**

In the future, the Resulting Issuer may become subject to Section 280E of the U.S. Tax Code ("**Section 280E**") because of its business activities and the resulting disallowance of tax deductions could cause the company to incur more than anticipated U.S. federal income tax. Section 280E provides that, with respect to any taxpayer, no deduction or credit is allowed for expenses incurred during a taxable year "in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of Schedule I and II of the CSA) which is prohibited by federal law or the law of any state in which such trade or business is conducted." Because cannabis is a Schedule I controlled substance under the CSA, although the Company is not engaged in the purchase and sale of cannabis products, if any of the Company's activities could be considered the carrying on of a trade or business consisting of "trafficking" in controlled substances then the provisions of Section 280E could apply to disallow tax deductions to the Company. Although the Company is not engaged in the purchase and sale of cannabis products, the Company cannot provide a guarantee that it will not be or become subject to Section 280E. If such tax deductions are disallowed it may increase the Company's effective tax rate and have an adverse effect on the Company's operating results and financial condition.

### **Risk of Civil Asset Forfeiture**

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with the minimal due process, it could be subject to forfeiture.

### **Proceeds of crime statutes**

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

In the event that any of the Resulting Issuer's license agreements, or any proceeds thereof, in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could be materially adverse to the Resulting Issuer and, among other things, could restrict or otherwise jeopardize the ability of the Resulting Issuer to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

### **United States tax classification of the Resulting Issuer**

The Resulting Issuer, which is and will continue to be a Canadian corporation as of the date of this Listing Statement, generally would be classified as a non-United States corporation under general rules of United States federal income taxation. Section 7874 of the U.S. Tax Code, however, contains rules that can cause a non-United States corporation to be taxed as a United States corporation for United States federal income tax purposes. Under section 7874 of the U.S. Tax Code, a corporation created or organized outside the United States. (i.e., a non-United States corporation) will nevertheless be treated as a United States corporation for United States federal income tax purposes (such treatment is referred to as an "Inversion") if each of the following three conditions are met (i) the non-United States corporation acquires, directly or indirectly, or is treated as acquiring under applicable United States Treasury Regulations, substantially all of the assets held, directly or indirectly, by a United States corporation, (ii) after the acquisition, the former stockholders of the acquired United States corporation hold at least 80% (by vote or value) of the shares of the non-United States corporation by reason of holding shares of the United States acquired corporation, and (iii) after the acquisition, the non-United States corporation's expanded affiliated group does not have substantial business activities in the non-United States corporation's country of organization or incorporation, when compared to the expanded affiliated group's total business activities (clauses (i) – (iii), collectively, the "**Inversion Conditions**").



For this purpose, "expanded affiliated group" means a group of corporations where (i) the non- United States corporation owns stock representing more than 50% of the vote and value of at least one member of the expanded affiliated group, and (ii) stock representing more than 50% of the vote and value of each member is owned by other members of the group. The definition of an "expanded affiliated group" includes partnerships where one or more members of the expanded affiliated group own more than 50% (by vote and value) of the interests of the partnership.

The Resulting Issuer intends to be treated as a United States corporation for United States federal income tax purposes under section 7874 of the U.S. Tax Code and is expected to be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Resulting Issuer is expected, regardless of any application of section 7874 of the U.S. Tax Code, to be treated as a Canadian resident company (as defined in the ITA) for Canadian income tax purposes. As a result, the Resulting Issuer will be subject to taxation both in Canada and the United States which could have a material adverse effect on its financial condition and results of operations.

It is unlikely that the Resulting Issuer will pay any dividends on the common shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purpose of the ITA will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available.

Dividends received by U.S. shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Resulting Issuer will be characterized as U.S. source income for purposes of the foreign tax credit rules under the U.S. Tax Code. Accordingly, U.S. shareholders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Resulting Issuer, subject to examination of the relevant treaty.

Because the common shares will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of common shares.

**EACH SHAREHOLDER SHOULD SEEK TAX ADVICE, BASED ON SUCH SHAREHOLDER'S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.**

## **Security Risks**

The business premises of the Resulting Issuer's operating locations are targets for theft. While the Resulting Issuer has implemented security measures at each location and continues to monitor and improve its security measures, its facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and the Resulting Issuer fell victim to a robbery or theft, the loss of equipment could have a material adverse impact on the business, financial condition and results of operation of the Resulting Issuer.

## **Currency Fluctuations**

Due to the Resulting Issuer's present operations in the United States, and its intention to continue future operations outside Canada, the Resulting Issuer is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. All or substantially all of the Resulting Issuer's revenue will be earned in US dollars, but a portion of its operating expenses are incurred in Canadian dollars. The Resulting Issuer does not have currency hedging arrangements in place and there is no expectation that the Resulting Issuer will put any currency hedging arrangements in place in the future. Fluctuations in the exchange rate between the US dollar and the Canadian dollar may have a material adverse effect on the Resulting Issuer's business, financial position or results of operations.

## **Lack of access to U.S. bankruptcy protections**

Because the use of cannabis is illegal under federal law, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If the Resulting Issuer were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available to the Resulting Issuer, which would have a material adverse effect.

## **Potential FDA regulation**

Should the federal government legalize cannabis, it is possible that the U.S. Food and Drug Administration (the "**FDA**"), would seek to regulate it under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations including good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact would be on the cannabis industry is unknown, including what costs, requirements and possible prohibitions may be enforced. If the clients of the Resulting Issuer are unable to comply with the

regulations or registration as prescribed by the FDA it may have an adverse effect on the Resulting Issuer's business, operating results and financial condition.

### **Legality of contracts**

Because the Resulting Issuer's contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Resulting Issuer may face difficulties in enforcing its contracts in U.S. federal and certain state courts.

### **Unfavorable Publicity or Consumer Perception**

Proposed management of the Resulting Issuer believes the recreational cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the recreational cannabis produced. Consumer perception of the products of the clients of the Resulting Issuer may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of recreational 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 favorable to the recreational 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 favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the products of the clients of the Resulting Issuer and the business, results of operations, financial condition and cash flows of the Resulting Issuer. The Resulting Issuer's indirect 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 Resulting Issuer and the business, results of operations, financial condition and cash flows of the Resulting Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of recreational cannabis in general, or the products of the clients of the Resulting Issuer specifically, or associating the consumption of recreational 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.

### **Unpredictability Caused by Anticipated Capital Structure**

Although other Canadian-based companies have dual class or multiple voting share structures, given the unique capital structure contemplated in respect of the Resulting Issuer, this structure and control could result in a lower trading price for or greater fluctuations in the trading price of the Subordinate Voting Shares or will result in adverse publicity to the Resulting Issuer or other adverse consequences.

### **The Resulting Issuer will be a holding company**

The Resulting Issuer will be a holding company. Its assets are the capital stock that it will hold in the capital of Mergeco. As a result, investors in the Resulting Issuer are subject to the risks attributable to its subsidiary. As a holding company, the Resulting Issuer will conduct substantially all of its business through its subsidiary which generates substantially all of its revenues. Consequently, the Resulting Issuer's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiary and the distribution of those earnings to the Resulting Issuer. The ability of the Resulting Issuer to pay dividends and other distributions will depend on operating results of its subsidiary and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such company and contractual restrictions contained in the instruments governing debt. In the event of a bankruptcy, liquidation or reorganization of Mergeco, holders of indebtedness and trade creditors may be entitled to payment of their claims from its assets before the Resulting Issuer.

### **Sales of substantial amounts of Subordinate Voting Shares may have an adverse effect on the market price of the Subordinate Voting Shares**

Sales of substantial amounts of Subordinate Voting Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Subordinate Voting Shares. A decline in the market prices of the Subordinate Voting Shares could impair the Resulting Issuer's ability to raise additional capital through the sale of securities should it desire to do so.

### **Volatile market price for the Subordinate Voting Shares**

The market price for the Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which will be beyond the Resulting Issuer's control, including, but not limited to the following:

- actual or anticipated fluctuations in the Resulting Issuer's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Resulting Issuer will operate;
- addition or departure of the Resulting Issuer's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Subordinate Voting Shares;

- sales or perceived sales of additional Subordinate Voting Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Resulting Issuer's industry generally and its business and operations both domestically and abroad;
- announcements of developments and other material events by the Resulting Issuer or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Resulting Issuer or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Resulting Issuer or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Resulting Issuer's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Subordinate Voting Shares may decline even if the Resulting Issuer's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Resulting Issuer's operations could be adversely impacted, and the trading price of the Subordinate Voting Shares may be materially adversely affected.

### **Liquidity**

The Resulting Issuer cannot predict at what prices the Subordinate Voting Shares of the Resulting Issuer will trade and there can be no assurance that an active

trading market 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 Resulting Issuer.

### **Increased costs as a result of being a public company**

As a public issuer, the Resulting Issuer will be subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Resulting Issuer's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the Resulting Issuer's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business, financial condition, and results of operations.

### **Future acquisitions or dispositions**

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including (i) potential disruption of the Resulting Issuer's ongoing business; (ii) distraction of management; (iii) the Resulting Issuer may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Resulting Issuer's operations; and (vi) loss or reduction of control over certain of the Resulting Issuer's assets. Additionally, the Resulting Issuer may issue additional Subordinate Voting Shares in connection with such transactions, which would dilute a shareholder's holdings in the Resulting Issuer.

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

### **Resulting Issuer's Business**

As a relatively new industry, there are not many established players in the recreational cannabis industry whose business model the Resulting Issuer can follow or build on the success of. Similarly, there is no information about comparable companies available for potential investors to review in making a decision about whether to invest in the Resulting Issuer.

Shareholders and investors should further consider, among other factors, the Resulting Issuer's prospects for success in light of the risks and uncertainties encountered by companies that, like the Resulting Issuer, are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur and they may result in material delays in the operation of the Resulting Issuer's business. The Resulting Issuer may not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Resulting Issuer fails to do so, it could materially harm the Resulting Issuer's business to the point of having to cease operations and could impair the value of the Subordinate Voting Shares to the point investors may lose their entire investment.

### **Risks inherent in an agricultural business**

The Resulting Issuer's business is indirectly impacted by the growth of recreational 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 cultivation by the clients of the Resulting Issuer are 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.

### **Energy costs**

The clients of the Resulting Issuer have operations that consume considerable energy, which will make them, and indirectly the Resulting Issuer, vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Resulting Issuer and its ability to operate profitably.

### **Reliance on management**

A risk associated with the business of the Resulting Issuer is the loss of important staff members. The success of the Resulting Issuer 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 Resulting Issuer's business, operating results or financial condition.

### **Insurance and uninsured risks**

The Resulting Issuer'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 Resulting Issuer 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 Resulting Issuer 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 Resulting Issuer is not generally available on acceptable terms. The Resulting Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Resulting Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### **Emerging Industry**

The recreational cannabis industry is emerging. There can be no assurance that an active and liquid market for shares of the Resulting Issuer will develop and shareholders may find it difficult to resell their Subordinate Voting Shares. Accordingly, no assurance can be given that the Resulting Issuer or its business will be successful.

The cannabis business is dependent on a number of key inputs and their related costs including raw materials and supplies related to growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition, results of operations or prospects of the Resulting Issuer. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Resulting Issuer might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Resulting Issuer in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition, results of operations or prospects of the Resulting Issuer.

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



### **Difficulty to forecast**

The Resulting Issuer 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 recreational cannabis industry in the states in which the Resulting Issuer's business will operate. A failure in the demand for recreational cannabis 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 Resulting Issuer.

### **Management of growth**

The Resulting Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Resulting Issuer 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 Resulting Issuer to deal with this growth may have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations and prospects.

### **Internal controls**

Effective internal controls are necessary for the Resulting Issuer to provide reliable financial reports and to help prevent fraud. Although the Resulting Issuer 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 Resulting Issuer under Canadian securities law, the Resulting Issuer cannot be certain that such measures will ensure that the Resulting Issuer 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 Resulting Issuer's results of operations or cause it to fail to meet its reporting obligations. If the Resulting Issuer or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Resulting Issuer's consolidated financial statements and materially adversely affect the trading price of the Subordinate Voting Shares.

### **Litigation**

The Resulting Issuer may become a 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 Resulting Issuer becomes involved to be determined against the Resulting Issuer such a decision could adversely affect the Resulting Issuer's ability to continue operating and the market price for the Subordinate Voting Shares and could use significant resources. Even if the Resulting Issuer is involved in litigation and wins, litigation can redirect significant resources of the Resulting Issuer.

## **Product liability**

The Resulting Issuer 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 Resulting Issuer's products would involve the risk of injury to consumers due to tampering by unauthorized third parties. The Resulting Issuer may be subject to various product liability claims, including, among others, that the Resulting Issuer's products caused injury or death, or include inadequate instructions for use. A product liability claim or regulatory action against the Resulting Issuer could result in increased costs, could adversely affect the Resulting Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer. There can be no assurances that the Resulting Issuer 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 Resulting Issuer'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, packaging safety, and inadequate or inaccurate labelling disclosure. If any of the Resulting Issuer's products are recalled due to an alleged product defect or for any other reason, the Resulting Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Resulting Issuer 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 Resulting Issuer has detailed procedures in place for testing its products, there can be no assurance that any quality problems will be detected in time to avoid unforeseen product recalls, regulatory action, or lawsuits. Additionally, if one of the Resulting Issuer's significant brands were subject to recall, the image of that brand and the Resulting Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Resulting Issuer's products and could have a material adverse effect on the results of operations and financial condition of the Resulting Issuer.

## **Results of Future Clinical Research**

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids

(such as CBD and THC). Although the Resulting Issuer believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, prospective purchasers of Subordinate Voting Shares should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this Listing Statement or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the products of the Resulting Issuer's clients with the potential to lead to a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

### **Competition**

The Resulting Issuer will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Resulting Issuer. Increased competition by larger and better-financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Resulting Issuer.

Because of the early stage of the industry in which the Resulting Issuer operates, the Resulting Issuer expects to face additional competition from new entrants. If the number of users of recreational cannabis in the states in which the Resulting Issuer will operate its business increases, the demand for products will increase and the Resulting Issuer 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 Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and client support. The Resulting Issuer 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 its operations.

A decline in the price of the Subordinate Voting Shares could affect its ability to raise further working capital and adversely impact its ability to continue operations.

A prolonged decline in the price of the Subordinate Voting Shares could result in a reduction in the liquidity of its Subordinate Voting Shares and a reduction in its ability to raise capital. Because a significant portion of the Resulting Issuer's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Resulting Issuer's liquidity and its operations. Such reductions may force the

Resulting Issuer to reallocate funds from other planned uses and may have a significant negative effect on the Resulting Issuer's business plan and operations, including its ability to continue its current operations. If the Resulting Issuer's stock price declines, it can offer no assurance that the Resulting Issuer will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Resulting Issuer is unable to raise sufficient capital in the future, the Resulting Issuer may not be able to have the resources to continue its normal operations.

### **The newly established legal regime**

The Resulting Issuer business activities will rely on newly established and/or developing laws and regulations in the states in which it operates. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Resulting Issuer's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the FDA, Securities and Exchange Commission, the Department of Justice, the Financial Industry Regulatory Advisory or other federal or applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. 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 industry may adversely affect the business and operations of the Resulting Issuer, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital.

### **General economic risks**

The Resulting Issuer's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and spending and, consequently, impact the Resulting Issuer's sales and profitability.

## **18. PROMOTERS**

There are no persons or companies who may be considered a promoter of the Resulting Issuer within the two years immediately preceding the date of the Listing Statement.

## **19. LEGAL PROCEEDINGS**

### **19.1 Legal Proceedings**

There are no claims, actions, proceedings or investigations pending against the Company or, to the knowledge of the Company, threatened against the Company that, individually or in the aggregate, are material to the Company. Neither the

Company nor its assets and properties is subject to any outstanding judgment, order, writ, injunction nor decree that has had nor would be reasonably expected to have a material adverse effect on the Company.

## **19.2 Regulatory Actions**

The Company is not subject to (i) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within three years immediately preceding the date of this Listing Statement; (ii) any other penalties or sanctions imposed by a court or regulatory body against the Company that are necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed. The Company has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Listing Statement.

## **20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as previously described herein, management of the Company is not aware of a material interest, direct or indirect, of any director or officer of the Company, any director or officer of a body corporate that is itself an insider of the Company, any proposed nominee for election as a director of the Company, any principal shareholder, or any associate or affiliate of any such person, in any transaction for the 36 months preceding the date of this Listing Statement or in any proposed transaction which has materially affected or would materially affect the Company.

## **21. AUDITORS, TRANSFER AGENTS AND REGISTRARS**

### **21.1 Auditors**

The auditor of the Company is Dale Matheson Carr-Hilton Labonte, LLP and its principal office is located at 1500 – 1140 West Pender Street, Vancouver, BC V6E 4G1.

### **21.2 Transfer Agent and Registrar**

The transfer agent and registrar of the Subordinate Voting Shares will be Odyssey Trust Company, at its offices 835 - 409 Granville Street Vancouver BC V6C 1T2, Canada.

## **22. MATERIAL CONTRACTS**

### **22.1 Material Contracts**

Except for contracts made in the ordinary course of business of the Company, the following are the material contracts of the Company entered into within the last two (2) years prior to the date hereof and which are currently in effect:

1. the Business Combination Agreement; and
2. the Escrow Agreement.

Copies of these agreements are available for inspection at the offices of Nerland Lindsey LLP, counsel to Bertram, 1400, 350 – 7<sup>TH</sup> Avenue SW, Calgary, Alberta, T2P 3N9, during ordinary business hours.

### **22.2 Issued Capital**

This section is not applicable.

## **23. INTEREST OF EXPERTS**

No expert has prepared or certified a report or valuation described or included in this Listing Statement.

Dale Matheson Carr-Hilton Labonte, LLP is independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia. Davidson & Co. LLP, Chartered Professional Accountants, is independent of Bertram in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia.

## **24. OTHER MATERIAL FACTS**

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Company or its respective securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Company and its respective securities.

## **25. FINANCIAL STATEMENTS**

### **25.1 Financial Statements of the Company**

Appendix B contains copies of all financial statements for the Company including the auditor's reports, applicable, prepared and filed under applicable securities legislation for the preceding three years and for the interim three and nine month period ended October 31, 2018.

## **25.2 Financial Statements of Bertram and the Resulting Issuer**

Appendix D contains copies of all financial statements for Bertram including the auditor's reports, applicable, and prepared for the year ended December 31, 2017 and for the interim three and nine month period ended September 30, 2018.

Appendix F contains the unaudited pro forma consolidated statement of financial position of the Resulting Issuer as at October 31, 2018.

## CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Cannabis One Holdings Inc., hereby applies for the listing of the above-mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Cannabis One Holdings Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Calgary, Alberta this 19<sup>th</sup> day of February, 2019.

*"Jordan Shapiro" (signed)*

---

Jordan Shapiro

Chief Executive Officer

*"Ryan B. Atkins" (signed)*

---

Ryan B. Atkins

Interim-Chief Financial Officer

### And on behalf of the Board by

*"Christopher Fenn" (signed)*

---

Christopher Fenn

Director

*"Frank Sur" (signed)*

---

Frank Sur

Director



## CERTIFICATE OF THE TARGET

Pursuant to a resolution duly passed by its Board of Directors, Bertram Capital Finance, Inc., hereby applies for the listing of the above-mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Bertram Capital Finance, Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Calgary, Alberta this 19<sup>th</sup> day of February, 2019.

*"Jeffery A. Mascio" (signed)*

---

Jeffery A. Mascio

President and Chief Executive  
Officer

*"Darrick Payne" (signed)*

---

Darrick Payne

Vice President and Secretary

### And on behalf of the Board by

*"Bradley Harris" (signed)*

---

Bradley Harris

Director

*"Joshua Mann" (signed)*

---

Joshua Mann

Director

**APPENDIX A**  
**BUSINESS COMBINATION AGREEMENT**  
*(See attached)*

**BUSINESS COMBINATION AGREEMENT**

**among**

**METROPOLITAN ENERGY CORP.**

**AND**

**METROPOLITAN ACQUISITION CORP.**

**AND**

**BERTRAM CAPITAL FINANCE, INC.**

**October 17, 2018**

## TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 DEFINITIONS .....	2
1.1    Definitions .....	2
ARTICLE 2 BUSINESS COMBINATION .....	11
2.1    Agreement to Merge .....	11
2.2    Exemption for Metropolitan Shares .....	11
2.3    Employment Agreements .....	12
2.4    Share Structure Amendment .....	12
2.5    Bertram Stock Split .....	12
2.6    Lock Up Agreements .....	12
2.7    Conversion of Subscription Receipts .....	13
2.8    Listing Statement, Metropolitan Meeting and Bertram Meeting .....	13
2.9    Merger Events .....	14
2.10   Share Certificates .....	15
2.11   Metropolitan Post-Business Combination .....	15
2.12   Merged Corporation .....	16
2.13   Fractional Shares .....	17
2.14   Dissenting Shares .....	17
2.15   Effect of Merger .....	17
2.16   Filing of Statement of Merger .....	18
2.17   U.S. Tax Treatment .....	18
2.18   Loss of Certificates .....	18
2.19   Extinction of Rights .....	19
ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF METROPOLITAN AND SUBCO .....	19
3.1    Organization and Good Standing .....	19
3.2    Consents, Authorizations, and Binding Effect .....	19
3.3    Litigation and Compliance .....	22
3.4    Public Filings; Financial Statements .....	22
3.5    Taxes .....	23
3.6    Employee Plans .....	24
3.7    Labor Relations .....	24

**TABLE OF CONTENTS**  
**(Cont'd.)**

	<u><b>Page</b></u>
3.8 Contracts, Etc.....	24
3.9 Absence of Certain Changes, Etc.....	25
3.10 Subsidiaries .....	25
3.11 Capitalization .....	25
3.12 Environmental Matters.....	26
3.13 License and Title.....	27
3.14 Indebtedness.....	27
3.15 Undisclosed Liabilities.....	27
3.16 Due Diligence Investigations.....	27
3.17 Brokers.....	27
3.18 Anti-Bribery Laws .....	28
3.19 United States Law Matters.....	28
ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF BERTRAM .....	29
4.1 Organization and Good Standing.....	29
4.2 Consents, Authorizations, and Binding Effect.....	29
4.3 Litigation and Compliance.....	30
4.4 Financial Statements .....	31
4.5 Taxes .....	31
4.6 Brokers.....	32
4.7 Anti-Bribery Laws .....	32
4.8 Subsidiaries .....	32
4.9 Capitalization .....	32
4.10 Investment Company Status .....	33
4.11 Exemption From Registration.....	34
ARTICLE 5 SURVIVAL OF REPRESENTATIONS AND WARRANTIES .....	34
5.1 No Survival of Representations and Warranties .....	34
ARTICLE 6 COVENANTS OF THE PARTIES .....	34
6.1 Necessary Consents .....	34
6.2 Operation of Bertram Business.....	34
6.3 Operation of Metropolitan Business .....	35
6.4 Non-Solicitation.....	36

**TABLE OF CONTENTS**  
**(Cont'd.)**

	<u><b>Page</b></u>
6.5 Notification of Certain Matters .....	36
6.6 Delisting and Listing .....	37
6.7 All Other Action .....	37
6.8 Post-Effective Date Covenants .....	38
ARTICLE 7 CONDITIONS TO OBLIGATIONS OF PARTIES .....	38
7.1 Conditions for the Benefit of Metropolitan and Subco .....	38
7.2 Conditions for the Benefit of Bertram .....	39
7.3 Mutual Conditions .....	40
ARTICLE 8 CLOSING .....	41
8.1 Time of Closing .....	41
8.2 Bertram Closing Documents .....	41
8.3 Metropolitan Closing Documents .....	42
ARTICLE 9 TERMINATION .....	43
9.1 Termination .....	43
9.2 Effect of Termination .....	44
ARTICLE 10 GENERAL .....	44
10.1 Interpretation .....	44
10.2 Further Actions .....	44
10.3 Entire Agreement .....	44
10.4 Descriptive Headings .....	44
10.5 Notices .....	45
10.6 Governing Law .....	46
10.7 Successors and Assigns .....	46
10.8 Public Disclosure and Confidential Information .....	46
10.9 Expenses .....	46
10.10 Remedies .....	46
10.11 Waivers and Amendments .....	47
10.12 Illegalities .....	47
10.13 Currency .....	47
10.14 Counterpart Execution and Electronic Delivery .....	47
10.15 Time of Essence .....	47

**TABLE OF CONTENTS**  
**(Cont'd.)**

	<b><u>Page</u></b>
SCHEDULE 1 – TERMS OF SUBORDINATE VOTING SHARES .....	49
SCHEDULE 2 – TERMS OF SUPER VOTING SHARES .....	51
SCHEDULE 3 – BERTRAM RIGHTS .....	57
SCHEDULE 4 – LETTER OF TRANSMITTAL .....	58

## **BUSINESS COMBINATION AGREEMENT**

This Agreement (this “**Agreement**”) is entered into on October 17, 2018 by and between Metropolitan Energy Corp. (“**Metropolitan**”), a British Columbia corporation, Metropolitan Acquisition Corp., a Colorado corporation (“**Subco**”), and Bertram Capital Finance, Inc. (“**Bertram**”), a Colorado corporation.

**WHEREAS**, on or prior to the Effective Time (as hereinafter defined), Metropolitan, among other things, will complete the Share Structure Amendment (as hereinafter defined) whereby Metropolitan will re-designate Metropolitan Common Shares (as hereinafter defined) into Subordinate Voting Shares (as hereinafter defined) and amend the terms thereof, and create the Super Voting Shares (as hereinafter defined);

**AND WHEREAS** the Parties (as hereinafter defined) have agreed, subject to the satisfaction of certain conditions precedent, that Subco will merge with and into Bertram, pursuant to which, among other things: (i) shares of Bertram Common Stock (as hereinafter defined) held by holders outside the United States will be exchanged for Subordinate Voting Shares; (ii) shares of Bertram Common Stock held by holders in the United States will be exchanged for Super Voting Shares; and (iii) Bertram Warrants shall be assumed by Metropolitan;

**AND WHEREAS**, after the Effective Time, Metropolitan will, among other things, complete the Name Change (as hereinafter defined);

**AND WHEREAS** the Parties intend that, for United States federal income tax purposes, the Business Combination will qualify as a “reorganization” within the meaning of Section 368(a) of the Code, that each of Metropolitan, Subco and Bertram are “parties to a reorganization” within the meaning of Section 368(b) of the Code, that this Agreement shall constitute a “plan of reorganization” within the meaning of Treasury Regulation Section 1.368-2(g) as provided in Section 2.17, and Metropolitan shall be treated as a United States domestic corporation for United States federal income tax purposes under Section 7874(b) of the Code;

**AND WHEREAS** the Parties wish to make certain representations, warranties, covenants and agreements in connection with the Business Combination (as hereinafter defined);

**NOW THEREFORE**, in consideration of the mutual benefits to be derived and the representations and warranties, conditions and promises herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) and intending to be legally bound hereby, the Parties agree as follows:



## **ARTICLE 1 DEFINITIONS**

### **1.1 Definitions**

In this Agreement (including the preamble, recitals and each Schedule hereto), the following terms have the meanings ascribed thereto as follows:

**“Advisers”** when used with respect to any Person, shall mean such Person’s directors, officers, employees, representatives, agents, counsel, accountants, advisers, engineers, and consultants.

**“Affidavit”** means an affidavit of a director or officer of each of the Parties deposited in trust at each of the Parties' records office, which includes the statements set out under Section 27 of the BCBCA.

**“Affiliate”** has the meaning specified in the BCBCA.

**“Agreement”** means this Agreement and any instrument supplemental or ancillary hereto; and the expressions “Article”, “Section”, and “Subsection” followed by a number means and refer to the specified Article, Section or Subsection of this Agreement.

**“Applicable Securities Laws”** means applicable securities legislation, securities regulation and securities rules, and the policies, notices, instruments and blanket orders having the force of Law, in force from time to time.

**“Associate”** has the meaning ascribed to such term in the BCBCA.

**“BCBCA”** means the *Business Corporations Act* (British Columbia).

**“Bertram”** means Bertram Capital Finance, Inc., a corporation existing under the Laws of Colorado.

**“Bertram Broker Warrants”** means the warrants to purchase shares of Bertram Common Stock issued as a selling concession to eligible brokers in connection with the Private Placement, entitling the holders to acquire an aggregate of 42,326 shares of Bertram Common Stock at an exercise price of C\$0.50 per share of Bertram Common Stock (on a post-Bertram Stock Split basis) for a period of two years from the date of issuance, pursuant to the terms of the applicable warrant certificates.

**“Bertram Closing Documents”** means the documents required to be delivered to Metropolitan by Bertram pursuant to Section 8.2 hereof.

**“Bertram Common Stock”** means the common stock in the capital of Bertram.

**“Bertram Existing Warrants”** means the warrants to purchase shares of Bertram Common Stock issued and outstanding, entitling the holders to acquire an aggregate of up to 290,809 shares of Bertram Common Stock at an exercise price of US\$0.337025 per share of

Bertram Common Stock (on a post-Bertram Stock Split basis) until January 15, 2020, pursuant to the terms of the applicable warrant certificates.

**“Bertram Meeting”** means the special meeting of Bertram Shareholders held on October 3, 2018 for the consideration and approval of the Bertram Meeting Matters.

**“Bertram Meeting Materials”** means the notice of special meeting and proxy circular of Bertram that was distributed to Bertram Shareholders in connection with the Bertram Meeting.

**“Bertram Meeting Matters”** means the matters considered and approved by the Bertram Shareholders at the Bertram Meeting, including but not limited to the Business Combination and the Bertram Stock Split, all in accordance with the Bertram Meeting Materials.

**“Bertram Preferred Stock”** means the preferred stock of Bertram.

**“Bertram Private Placement Warrants”** means the warrants to purchase shares of Bertram Common Stock issued upon conversion of the Subscription Receipts, entitling the holders to acquire an aggregate of up to 7,905,987 shares of Bertram Common Stock at an exercise price of C\$0.75 per share of Bertram Common Stock (on a post-Bertram Stock Split basis) for a period of two years from the date of issuance, pursuant to the terms of the applicable warrant certificates.

**“Bertram Rights”** means rights to acquire shares of Bertram Common Stock held by certain management and existing shareholders pursuant to long term incentive awards and anti-dilution rights, respectively, entitling the holders to receive an aggregate of 12,000,000 Bertram Shares (on a post-Bertram Stock Split basis), which shall be assumed by Metropolitan and entitle holders to receive an aggregate of 12,000,000 Subordinate Voting Shares upon and subject to the terms set out in Schedule 3 hereto.

**“Bertram Shareholders”** means holders of the Bertram Common Stock.

**“Bertram Stock Split”** means the 5.93-to-1 split to the Bertram Common Stock approved by the Bertram Shareholders at the Bertram Meeting.

**“Bertram Warrants”** means, collectively, the Bertram Existing Warrants, the Bertram Private Placement Warrants and the Bertram Broker Warrants.

**“Breaching Party”** has the meaning given to the term in Subsection 9.1(c).

**“Business Day”** means any day, other than a Saturday, Sunday or statutory holiday in the Province of British Columbia or in the State of Colorado.

**“Business Combination”** means the completion of the steps set out in ARTICLE 2 of this Agreement, including the Merger, on the basis set out in this Agreement, resulting in the reverse takeover of Metropolitan by Bertram.

**“Canadian Securities Laws”** means the *Securities Act* (British Columbia), or equivalent legislation in each of the provinces and territories of Canada, and the respective regulations under such legislation together with applicable published rules, regulations, policy statements, national

instruments and memoranda of understanding of the Canadian Securities Administrators and the securities regulatory authorities in such provinces and territories.

“**CBCA**” means the Colorado Revised Statutes Title 7, Article 90 – Colorado Corporations and Associations, and Articles 101-117 – Colorado Business Corporations.

“**CDS**” has the meaning given to the term in Subsection 2.10(c).

“**Code**” means the United States Internal Revenue Code of 1986, as amended.

“**Confidential Information**” means any information concerning the Disclosing Party or its business, properties and assets made available to the Receiving Party; provided that it does not include information which: (a) is generally available to or known by the public other than as a result of improper disclosure by the Receiving Party or pursuant to a breach of Section 10.8 by the Receiving Party; or (b) is obtained by the Receiving Party from a source other than the Disclosing Party, provided that, to the reasonable knowledge of the Receiving Party, such source was not bound by a duty of confidentiality to the Disclosing Party or another Party with respect to such information.

“**Contract**” means, with respect to a Person, any contract, instrument, permit, concession, license, loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, partnership or joint venture agreement or other legally binding agreement, arrangement or understanding, whether written or oral, to which the Person is a Party or by which, to the knowledge of such Person, the Person or its property and assets is bound or affected.

“**CSE**” means the Canadian Securities Exchange.

“**Depository**” means Odyssey Trust Company, or such other trust company, bank or financial institution agreed to between Metropolitan and Bertram for the purpose of, among other things, effecting the exchange of certificates representing the shares of Bertram Common Stock for the Post-Business Combination Shares in connection with the Merger.

“**Disclosing Party**” means any Party or its Advisers disclosing Confidential Information to the Receiving Party.

“**Dissenting Shares**” has the meaning given to the term in Subsection 2.14(a).

“**Effective Date**” means the effective date of the Merger, which shall be the date set forth in the Statement of Merger, and which is intended to be seven (7) Business Days after all regulatory (other than the approval of the Colorado Secretary of State for the Merger) and shareholder approvals have been obtained by Bertram and Metropolitan for the Merger or such other date as may be agreed to by Bertram and Metropolitan.

“**Effective Time**” means the time (Colorado time) set out in the Statement of Merger for the Merger on the Effective Date.

**“Employee”** means an officer or employee of Bertram or Metropolitan, as the case may be, or a Person providing services in the nature of an employee to Bertram or Metropolitan, as the case may be.

**“Employee Plans”** means all plans, arrangements, agreements, programs, policies or practices, whether oral or written, formal or informal, funded or unfunded, maintained for employees, including, without limitation: (i) any employee benefit plan or material fringe benefit plan; (ii) any retirement savings plan, pension plan or compensation plan, including, without limitation, any defined benefit pension plan, defined contribution pension plan, group registered retirement savings plan or supplemental pension or retirement income plan; (iii) any bonus, profit sharing, deferred compensation, incentive compensation, stock compensation, stock purchase, hospitalization, health, drug, dental, legal disability, insurance (including without limitation unemployment insurance), vacation pay, severance pay or other benefit plan, arrangement or practice with respect to employees or former employees, individuals working on contract, or other individuals providing services of a kind normally provided by employees; and (iv) where applicable, all statutory plans, including, without limitation, the Canada or Québec Pension Plans.

**“Environmental Laws”** means Laws regulating or pertaining to the generation, discharge, emission or release into the environment (including without limitation ambient air, surface water, groundwater or land), spill, receiving, handling, use, storage, containment, treatment, transportation, shipment, disposition or remediation or clean-up of any Hazardous Substance, as such Laws are amended and in effect as of the date hereof.

**“Equity Incentive Plan”** means the stock option and incentive plan approved by the Metropolitan Shareholders at the Metropolitan Meeting, which is to be adopted by Metropolitan after the Effective Time.

**“Escrow Agreement”** means the escrow agreement to be entered into among a licensed third party trustee, as escrow agent, Metropolitan and certain shareholders of Metropolitan, including Bertram Shareholders, who have exchanged their shares of Bertram Common Stock for Metropolitan Shares in connection with the Merger and Business Combination and who are required to have their Metropolitan Shares placed into escrow in compliance with the requirements of the CSE, the TSXV or Applicable Securities Laws.

**“Escrowed Private Placement Proceeds”** means the proceeds from the Private Placement held in escrow with an escrow agent until the satisfaction of the escrow release conditions in respect thereof, as set forth in the Subscription Receipt Agreement.

**“Government”** means: (i) the government of Canada, the United States or any other foreign country; (ii) the government of any Province, State, county, municipality, city, town, or district of Canada, the United States or any other foreign country; and (iii) any ministry, agency, department, authority, commission, administration, corporation, bank, court, magistrate, tribunal, arbitrator, instrumentality, or political subdivision of, or within the geographical jurisdiction of, any government described in the foregoing clauses (i) and (ii), and for greater certainty, includes the CSE and the TSXV.

**“Government Authority”** means and includes, without limitation, any Government or other political subdivision of any Government, judicial, public or statutory instrumentality, court, tribunal, commission, board, agency (including those pertaining to health, safety or the environment), authority, body or entity, or other regulatory bureau, authority, body or entity having legal jurisdiction over the activity or Person in question and, for greater certainty, includes the CSE and the TSXV.

**“Government Official”** means: (i) any official, officer, employee, or representative of, or any person acting in an official capacity for or on behalf of, any Government Authority; (ii) any salaried political party official, elected member of political office or candidate for political office; or (iii) any company, business, enterprise or other entity owned or controlled by any person described in the foregoing clauses.

**“Hazardous Substance”** means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous or deleterious substance, waste or material, including hydrogen sulfide, arsenic, cadmium, copper, lead, mercury, petroleum, polychlorinated biphenyls, asbestos and urea-formaldehyde insulation, and any other material, substance, pollutant or contaminant regulated or defined pursuant to, or that could result in liability under, any applicable Environmental Law.

**“IFRS”** means International Financial Reporting Standards as issued by the International Accounting Standards Board.

**“include”** or **“including”** shall be deemed to be followed by the words “without limitation”.

**“Key Personnel”** means Jeffery Mascio, Bradley Harris and P.J. Rinkes.

**“Laws”** means all laws, statutes, by-laws, rules, regulations, orders, decrees, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of any Government Authority applicable to Bertram, Metropolitan or Subco.

**“Letter of Intent”** means the letter agreement between Bertram and Metropolitan, dated July 5, 2018, with respect to the proposed transaction between Bertram and Metropolitan.

**“Letter of Transmittal”** means the letter of transmittal, in the form attached hereto as Schedule 4, to be delivered by Bertram to the holders of shares of Bertram Common Stock in connection with the Merger.

**“Listing Statement”** means the joint listing statement of Metropolitan and Bertram in the form prescribed by CSE Form 2A.

**“Lock Up Agreements”** means the voluntary lock up agreements, in the form agreed to by both Bertram and Metropolitan, each acting reasonably, to be entered into by certain Bertram Shareholders providing for a contractual lock-up of the Post-Business Combination Shares received by such former Bertram Shareholders.

**“Material Adverse Change”** or **“Material Adverse Effect”** with respect to Metropolitan, Subco or Bertram, as the case may be, means any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable), event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, financial condition or results of operations of Metropolitan, Subco or Bertram, as the case may be, on a consolidated basis. The foregoing shall not include any change or effect attributable to: (i) any matter that has been disclosed in writing to the other Parties or any of their Advisers by a Party or any of its Advisers prior to the entering into of this Agreement by the Parties; (ii) changes relating to general economic, political or financial conditions; or (iii) relating to the state of securities markets in general.

**“Mergeco”** means, following the Merger, Bertram, which shall be the surviving corporation of the Merger, to be named “Cannabis One U.S., Inc.”.

**“Merger”** means the merger of Subco with and into Bertram pursuant to the provisions of the CBCA in the manner contemplated in and pursuant to the terms and conditions of this Agreement.

**“Metropolitan”** means Metropolitan Energy Corp., a corporation existing under the BCBCA.

**“Metropolitan Closing Documents”** means the documents required to be delivered to Bertram by Metropolitan and/or Subco pursuant to Section 8.3 hereof.

**“Metropolitan Common Shares”** means the common shares in the capital of Metropolitan.

**“Metropolitan Compensation Warrants”** means the common share purchase warrants issued to Wildhorse Capital Partners Inc. to purchase that number of Subordinated Voting Share purchase warrants of Metropolitan equal to the greater of 2.5% of the total number of Subordinated Voting Shares (inclusive of such number of Subordinated Voting Shares as are issuable upon conversion of the Super Voting Shares) issued in connection with the Business Combination at the Effective Time or 1,575,000 Subordinated Voting Share purchase warrants, with each share purchase warrant entitling the holder thereof to acquire one Subordinated Voting Share at an exercise price equal to C\$0.40 from time-to-time until the date that is two (2) years from the Effective Date.

**“Metropolitan Director Matters”** means (i) the resolution of the Metropolitan Shareholders to be considered at the Metropolitan Meeting to fix the number of directors to be elected at the Metropolitan Meeting to be three, and (ii) the election of the directors of Metropolitan, as set forth in the Metropolitan Meeting Materials.

**“Metropolitan Meeting”** means the annual general and special meeting of the Metropolitan Shareholders, that was held on October 5, 2018, where the Metropolitan Shareholders approved the Metropolitan Meeting Matters.

**“Metropolitan Meeting Materials”** means the notice of annual general and special meeting and information circular of Metropolitan dated September 11, 2018 filed on SEDAR and distributed to Metropolitan Shareholders in connection with the Metropolitan Meeting.

**“Metropolitan Meeting Matters”** means the following items approved by the Metropolitan Shareholders at the Metropolitan Meeting, all in accordance with the Metropolitan Meeting Materials:

(a) the receipt of the audited financial statements of Metropolitan for the year ended January 31, 2018, as audited by Dale Matheson Carr-Hilton Labonte LLP, together with the report of the auditors thereon;

(b) the appointment of Dale, Matheson Carr-Hilton Labonte LLP as the auditors of Metropolitan and the authorization of the directors to fix the remuneration of such auditors;

(c) the Metropolitan Director Matters;

(d) the annual re-approval of Metropolitan’s Stock Option Plan;

(e) the Post-Business Combination Director Matters;

(f) the Share Structure Amendment;

(g) the Voluntary Delisting Resolution; and

(h) the adoption of the Equity Incentive Plan, effective following the Effective Time.

**“Metropolitan Options”** means the options to purchase 200,000 Metropolitan Common Shares awarded and outstanding on the date hereof, at an exercise price of C\$0.35 per Metropolitan Common Share until May 11, 2023, pursuant to the terms of the applicable option agreements.

**“Metropolitan Securities Documents”** has the meaning given to the term in Section 3.4(a).

**“Metropolitan Shareholders”** means the holders of Metropolitan Common Shares.

**“Metropolitan Stock Option Plan”** means the incentive stock option plan of Metropolitan approved by the Metropolitan Shareholders at the annual general and special meeting of Metropolitan held on October 20, 2017.

**“Metropolitan Warrants”** means the warrants to purchase 10,000,000 Metropolitan Common Shares issued and outstanding on the date hereof, at an exercise price of C\$0.25 per Metropolitan Common Share until March 6, 2019.

**“Name Change”** means the change of the name of Metropolitan from “Metropolitan Energy Corp.” to “Cannabis One Holdings Inc.” or such other name as the directors of

Metropolitan, in their sole discretion, may determine and as may be acceptable to the British Columbia Registrar of Companies.

**“NEX Board”** means the NEX trading board of the TSXV where the Metropolitan Common Shares are traded as of the date hereof.

**“Non-Breaching Party”** has the meaning given to the term in Subsection 9.1(c).

**“Outside Date”** means December 31, 2018 or such later date as may be agreed to between the Parties, each acting reasonably.

**“Party”** means each of Bertram, Metropolitan and Subco and **“Parties”** means Bertram, Metropolitan and Subco.

**“Person”** includes an individual, corporation, partnership, joint venture, trust, unincorporated organization, the Crown or any agency or instrumentality thereof or any other juridical entity.

**“Post-Business Combination Director Matters”** means (i) the resolution of the Metropolitan Shareholders approved at the Metropolitan Meeting to fix the number of directors of Metropolitan following the effective time of the Business Combination at six (6), and (ii) the election of the directors of Metropolitan following the effective time of the Business Combination, as set forth in the Metropolitan Meeting Materials.

**“Post-Business Combination Directors”** has the meaning given to the term in Section 2.11.

**“Post-Business Combination Officers”** has the meaning given to the term in Section 2.11.

**“Post-Business Combination Shares”** means, following the effective time of the Share Structure Amendment, the Subordinate Voting Shares and the Super Voting Shares.

**“Private Placement”** means the issuance the Subscription Receipts by way of a private placement by Bertram, at a price of C\$0.50 per Subscription Receipt for aggregate gross proceeds to Bertram of up to approximately C\$7.9 million.

**“Receiving Party”** means any Party or its Advisers receiving Confidential Information from a Disclosing Party.

**“SEDAR”** means the System for Electronic Document Analysis and Retrieval.

**“Share Structure Amendment”** means the approval by the Metropolitan Shareholders at the Metropolitan Meeting of the amendment to the articles of Metropolitan providing for the re-designation of the Metropolitan Common Shares as the Subordinate Voting Shares and the amendment of their terms, and the creation of the Super Voting Shares, in accordance with the Metropolitan Meeting Materials.



**“Statement of Merger”** means the statement of merger to be filed with the Colorado Secretary of State to effect the Merger.

**“SUB Shareholders”** means holders of shares of Bertram Common Stock who are not U.S. Residents.

**“Subco”** means Metropolitan Acquisition Corp., a direct, wholly-owned subsidiary of Metropolitan incorporated under the laws of Colorado on October 3, 2018 for the sole purpose of effecting the Merger in connection with the Business Combination.

**“Subco Merger Resolution”** means the resolution of Metropolitan, as sole shareholder of Subco, approving the Merger and adopting the Agreement.

**“Subordinate Voting Shares”** means the Class A subordinate voting common shares in the capital of Metropolitan to be created pursuant to the Share Structure Amendment upon completion of the Merger, having the terms set forth in Schedule 1.

**“Subscription Agreements”** means the subscription agreements between Bertram and each subscriber in the Private Placement providing for the purchase by the subscriber and the sale by Bertram of the Subscription Receipts.

**“Subscription Receipts”** means the 15,811,974 subscription receipts of Bertram issued in the Private Placement, each automatically exchangeable into one share of Bertram Common Stock and one half of one (1/2) Bertram Private Placement Warrant for no additional consideration.

**“Subscription Receipt Agreement”** means the subscription receipt agreement between Bertram and Odyssey Trust Company setting out the terms and conditions of the Subscription Receipts.

**“subsidiary”** means, with respect to a specified corporation, any corporation of which more than fifty per cent (50%) of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified corporation, and shall include any corporation in like relation to a subsidiary.

**“Super Voting Shares”** means the Class B super voting common shares in the capital of Metropolitan to be created pursuant to the Share Structure Amendment upon completion of the Merger, having the terms set forth in Schedule 2.

**“SVS Shareholders”** means holders of shares of Bertram Common Stock who are U.S. Residents.

**“Taxes”** means all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers’ compensation payments, property taxes and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto.

**“Tax Return”** means all returns, amended returns and reports (including elections, declarations, disclosures, schedules, estimates and information returns) required to be supplied to a Tax authority with jurisdiction over the applicable Party.

**“Treasury Regulations”** means the United States Department of Treasury regulations promulgated under the Code, as such regulations may be amended from time to time.

**“TSXV”** means the TSX Venture Exchange.

**“U.S. Exchange Act”** means the United States Securities Exchange Act of 1934, as amended.

**“U.S. GAAP”** means generally accepted accounting principles in the United States.

**“U.S. Resident”** means a resident of the United States as defined in Regulation S under the U.S. Securities Act.

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

**“United States”** means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

**“Voluntary Delisting Resolution”** means the approval by the Metropolitan Shareholders at the Metropolitan Meeting of the resolution to voluntarily delist the Metropolitan Common Shares from the TSXV, as further described in the Metropolitan Meeting Materials.

## **ARTICLE 2 BUSINESS COMBINATION**

### **2.1 Agreement to Merge**

Upon the terms and subject to the conditions contained in this Agreement, the Parties hereby agree that Subco shall merge with and into Bertram on the Effective Date and Bertram shall be the surviving corporation from the Merger. Metropolitan shall, in its capacity as the sole shareholder of Subco, approve the Merger so that the Merger shall be completed on the Effective Date.

### **2.2 Exemption for Metropolitan Shares**

(a) The Parties understand that it is the intention of the Parties that the Post-Business Combination Shares to be issued pursuant to the Business Combination be exempt from the registration requirements of the U.S. Securities Act and all applicable state securities laws pursuant to (i) Rule 506(b) of Regulation D under the U.S. Securities Act and/or Section 4(a)(2) of the U.S. Securities Act for the issuance of Post-Business Combination Shares to Persons in the United States, and (ii) pursuant to Regulation S under the U.S. Securities Act for the issuance of Post-Business Combination Shares to Persons outside the United States.

(b) Each Bertram Shareholder may, as a condition of receiving Subordinate Voting Shares or Super Voting Shares, as applicable, upon completion of the Business Combination, be required to deliver a certificate in a form satisfactory to Bertram and Metropolitan (i) as to their status as an “accredited investor,” as defined in Rule 501(a) of Regulation D promulgated under the U.S. Securities Act (if such Bertram Shareholder is in the United States) or (ii) confirming that such Shareholder is outside the United States, together with any supporting information as reasonably requested by Bertram or Metropolitan in order to confirm their status and the availability of an exemption or exclusion from the registration requirements of the U.S. Securities Act and applicable state securities laws for the issuance of such Subordinate Voting Shares or Super Voting Shares, as applicable, to such holder.

(c) The Parties acknowledge that the CSE may require some or all of the Subordinate Voting Shares issued to the Bertram Shareholders to be held in escrow pursuant to CSE policies. The Parties further acknowledge and agree that the Subordinate Voting Shares are being issued to the Bertram Shareholders pursuant to an exemption from prospectus requirements of Applicable Securities Laws in Canada and that such Subordinate Voting Shares may be subject to resale restrictions. The Parties further acknowledge and agree that the Super Voting Shares are being issued to the Bertram Shareholders in the United States pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities Laws, and that the Super Voting Shares will be “restricted securities” as such term is defined in Rule 144 under the U.S. Securities Act.

### **2.3 Employment Agreements**

At or prior to the Effective Time, the Key Personnel shall have entered into three (3) year employment and non-competition agreements with Metropolitan, such agreements to be in a form satisfactory to Metropolitan and the parties thereto.

### **2.4 Share Structure Amendment**

Prior to the Effective Time, the Share Structure Amendment shall be implemented.

### **2.5 Bertram Stock Split**

Prior to the Effective Time, the Bertram Stock Split shall be implemented.

### **2.6 Lock Up Agreements**

Prior to the Effective Time, the Bertram Shareholders identified in writing by Metropolitan to Bertram shall execute the Lock Up Agreements, which Bertram Shareholders shall hold an aggregate of not less than 50% of outstanding shares of Bertram Common Stock, and Bertram shall use commercially reasonable efforts to obtain executed Lock Up Agreements from the Bertram Shareholders pursuant to this Section.

## **2.7 Conversion of Subscription Receipts**

Promptly after the execution of this Agreement, each of the Subscription Receipts shall be exchanged for Bertram Common Stock and Bertram Private Placement Warrants in the manner set forth in the Subscription Receipt Agreement.

## **2.8 Listing Statement, Metropolitan Meeting and Bertram Meeting**

(a) Promptly after the execution of this Agreement, Bertram and Metropolitan jointly shall prepare and complete the Listing Statement together with any other documents required by the BCBCA, Applicable Securities Laws and other applicable Laws and the rules and policies of the CSE and the TSXV, as applicable, in connection with the Business Combination, and Metropolitan shall, as promptly as reasonably practicable after obtaining the approval of the CSE and the TSXV, as applicable, cause the Listing Statement to be filed on SEDAR.

(b) Metropolitan represents, warrants and covenants that the Metropolitan Meeting Materials comply in all material respects with, and the Listing Statement will comply in all material respects with, all applicable Laws (including Applicable Securities Laws), and, without limiting the generality of the foregoing, that the Listing Statement shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that Metropolitan shall not be responsible for the information relating to Bertram that is furnished in writing by Bertram for inclusion in the Listing Statement).

(c) Bertram represents and warrants that any disclosure made in respect of Bertram for inclusion on the Listing Statement will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

(d) Bertram, Metropolitan and their respective legal counsel shall cooperate in the preparation of the Listing Statement, and shall be given a reasonable opportunity to review and comment on drafts of the Listing Statement, and other documents related thereto, and reasonable consideration shall be given to any comments made by Bertram, Metropolitan and their respective counsel, provided that all information relating solely to Metropolitan included in the Listing Statement shall be in form and content satisfactory to Metropolitan, acting reasonably, and all information relating solely to Bertram included in the Listing Statement shall be in form and content satisfactory to Bertram, acting reasonably.

(e) Metropolitan and Bertram shall promptly notify each other if at any time before the date of filing in respect of the Listing Statement, any Party becomes aware that the Listing Statement contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Listing Statement and the Parties shall cooperate in the preparation of any amendment or supplement to such document, as the case may be, as required or appropriate.

(f) Each of Metropolitan and Bertram covenants and agrees with the other that:

- (i) it will furnish promptly to the other Parties, as applicable, a copy of each notice, report, schedule or other document delivered, filed or received by it in connection with: (A) the Metropolitan Meeting Matters; (B) Bertram Meeting Matters; (C) any filings under Applicable Securities Laws; and (D) any dealings with regulatory agencies in connection with the Business Combination and the transactions contemplated herein; and
- (ii) it will immediately notify the other Parties of any legal or Government action, suit, judgment, investigation, injunction, complaint, action, suit, motion, judgement, regulatory investigation, regulatory proceeding or similar proceeding by any Person, Government Authority or other regulatory body, whether actual or threatened, with respect to the Business Combination or which could otherwise delay or impede the transactions contemplated hereby.

## **2.9 Merger Events**

Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time:

- (a) each share of Bertram Common Stock issued and outstanding immediately prior to the Effective Time and held by a SUB Shareholder shall be exchanged by such SUB Shareholder for one (1) fully paid and non-assessable Subordinate Voting Share;
- (b) each share of Bertram Common Stock issued and outstanding immediately prior to the Effective Time and held by a SVS Shareholder shall be exchanged by such SVS Shareholder for one-tenth of one (1/10) fully paid and non-assessable Super Voting Share;
- (c) Subco will issue that number of common stock of Subco to Metropolitan at a deemed value of C\$1.00 per common stock of Subco equal in value to the total number of Post-Business Combination Shares issued by Metropolitan to each former holder of share of Bertram Common Stock;
- (d) Metropolitan shall assume the Bertram Warrants, and upon exercise of: (i) each Bertram Warrant held by a non-U.S. Resident, Metropolitan shall issue one (1) Subordinated Voting Share to the warrant holder for each Bertram Warrant held; and (ii) each Bertram Warrant held by a U.S. Resident, Metropolitan shall issue one (1) Super Voting Share to the warrant holder for each ten (10) Bertram Warrants held; the exercise price for Bertram Existing Warrants held by a non-U.S. Resident is US\$0.337025, the exercise price for Bertram Broker Warrants held by a non-U.S. Resident is C\$0.50, the exercise price for Bertram Private Placement Warrants held by a non-U.S. Resident is C\$0.75, the exercise price for Bertram Existing Warrants held by a U.S. Resident is US\$3.37025 and the exercise price for Bertram Private Placement Warrants held by a U.S. Resident is C\$7.50;
- (e) Metropolitan shall assume the Bertram Rights as per Schedule 3 hereto;

(f) all stock options, warrants, anti-dilution or other rights to purchase any shares of Bertram Common Stock that are not otherwise prescribed in this Section 2.9 shall be cancelled; and

(g) Mergeco shall be a wholly-owned subsidiary of Metropolitan.

## **2.10 Share Certificates**

On the Effective Date:

(a) the original share certificate of Subco registered in the name of Metropolitan shall be cancelled and Metropolitan shall be issued a share certificate for the number of shares of common stock of Mergeco to be issued to Metropolitan as provided in Section 2.7(c) hereof;

(b) subject to the treatment of Dissenting Shares (as defined below) in Section 2.14 hereof, certificates or other evidence representing the shares of Bertram Common Stock and Bertram Warrants shall cease to represent any claim upon or interest in Bertram other than the right of the holder to receive, pursuant to the terms hereof, Subordinate Voting Shares and Super Voting Shares as applicable, in accordance with Section 2.9 hereof; and

(c) the certificates representing, or evidence of ownership on Bertram's share or securities register of Bertram Common Stock, which have been exchanged for Subordinate Voting Shares and Super Voting Shares, as applicable, in accordance with the provisions of Section 2.9 hereof, shall be deemed cancelled and, Metropolitan shall (or shall cause Mergeco to, as applicable) upon return of a properly completed Letter of Transmittal by a registered former holder of Bertram Common Stock together with certificates representing such shares of Bertram Common Stock and such other documents as the Depositary may require, deliver to each such holder certificates representing the number of Subordinate Voting Shares and Super Voting Shares, as applicable, to which such holder is entitled; provided that, in the case of the Subordinate Voting Shares the same may be (i) in certificated form, or (ii) in uncertificated form registered in the name of CDS Clearing and Depository Services Inc. ("CDS") or its nominee and held by, or on behalf of, CDS, as depositary for the participants of CDS.

## **2.11 Metropolitan Post-Business Combination**

Subject to the enactment of the Name Change, Metropolitan will, upon completion of the Business Combination, be known as Cannabis One Holdings Inc. (or such other name as the directors of Metropolitan, in their sole discretion, may determine and as may be acceptable to the British Columbia Registrar of Companies), and its articles will provide that it will have a minimum of three (3) and a maximum of eleven (11), directors and the following will be the directors (the "**Post-Business Combination Directors**") and officers (the "**Post-Business Combination Officers**") of Metropolitan immediately following the completion of the Merger:

### **Directors**

Jeffery Mascio

Darrick Payne

Bradley Harris

Bernard S. Radochonski II

Joshua Mann

Christopher Fenn

**Officers**

<b>Name</b>	<b>Title</b>
Jeffery Mascio	Chief Executive Officer and President
Ryan Atkins	Chief Financial Officer
Bradley Harris	Vice President
Darrick Payne	Secretary

**2.12 Merged Corporation**

Unless otherwise determined in accordance with applicable Law by Mergeco or its shareholders, the following provisions will apply:

(a) **Number of Directors.** The board of directors of Mergeco shall consist of a minimum of three (3) director and a maximum of eleven (11) directors.

(b) **Officers and Directors.** As of the Effective Time, the directors and officers of Mergeco shall be the Post-Business Combination Directors and Post-Business Combination Officers.

(c) **Fiscal Year.** The fiscal year end of Mergeco shall be January 31 in each year, unless and until changed by resolution of the board of directors of Mergeco.

(d) **Name.** The name of Mergeco shall be “Cannabis One U.S., Inc.” or such other name as determined by Metropolitan.

(e) **Registered Office.** The registered office of Mergeco shall be the registered office of Bertram.

(f) **Authorized Capital.** The authorized capital of Mergeco shall be the authorized capital of Bertram as provided in its articles of incorporation.

(g) **Articles of Incorporation and Bylaws.** The articles of incorporation and the bylaws of Mergeco shall be the articles of incorporation and bylaws of Bertram with any amendments thereto as may be necessary to give effect to this Agreement.

(h) **Business and Powers.** There shall be no restriction on the business that Mergeco may carry on or on the powers that Mergeco may exercise.

### **2.13 Fractional Shares.**

No fractional Subordinate Voting Shares or Super Voting Shares will be issued or delivered pursuant to the Business Combination. Subject to the terms and conditions of the Subscription Receipt Agreement, to the extent applicable, any fractional share will be rounded down to the next lowest number and no consideration will be paid in lieu thereof. In calculating such fractional interests, all securities of Metropolitan registered in the name of, or beneficially held, by a securityholder or their nominee shall be aggregated.

### **2.14 Dissenting Shares**

(a) For purposes of this Agreement, “**Dissenting Shares**” means shares of Bertram Common Stock held as of the Effective Time by a Bertram Shareholder who has not voted such shares of Bertram Common Stock in favor of the adoption of this Agreement and the Merger and with respect to which appraisal shall have been duly demanded and perfected in accordance with Article 113, Sections 202 and 204 of the CBCA and not effectively revoked or forfeited prior to the Effective Time. Dissenting Shares shall not be converted into or represent the right to receive Subordinate Voting Shares or Super Voting Shares, as applicable, unless such Bertram Shareholder’s right to appraisal shall have ceased in accordance with the CBCA. If such Bertram Shareholder has so revoked or forfeited his, her or its right to appraisal of Dissenting Shares, then, (i) as of the occurrence of such event, such holder’s Dissenting Shares shall cease to be Dissenting Shares and shall be converted into and represent the right to receive the Subordinate Voting Shares or Super Voting Shares, as applicable, issuable in respect of such shares of Bertram Common Stock pursuant to Section 2.9, and (ii) Metropolitan shall deliver or cause to be delivered to such Bertram Shareholder certificates representing the Subordinate Voting Shares or Super Voting Shares, as applicable, to which such holder is entitled pursuant to Sections 2.9 and 2.10.

(b) Bertram shall give Metropolitan prompt notice of any written demands for appraisal of any shares of Bertram Common Stock, revocations of such demands, and any other instruments that relate to such demands received by Bertram. Bertram shall not, except with the prior written consent of Metropolitan, make any payment with respect to any demands for appraisal of shares of Bertram Common Stock or offer to settle or settle any such demands unless required by the Denver County District Court.

### **2.15 Effect of Merger**

At the Effective Time:

(a) Subco shall merge with and into Bertram under the CBCA with Bertram continuing as the surviving corporation, as Mergeco, subsequent to the Merger in accordance with the terms and conditions prescribed in this Agreement;

(b) all of the property, assets, rights and privileges of Subco and Bertram shall become the property, assets, rights and privileges of Mergeco, and all of the liabilities and obligations of Subco and Bertram shall become the liabilities and obligations of Mergeco;



(c) the articles of incorporation and the bylaws of Bertram are deemed to be the articles of incorporation and the bylaws of Mergeco; and

(d) the officers and directors of Mergeco shall be those individuals described in Section 2.12 hereof.

## **2.16 Filing of Statement of Merger**

Following the approval of the Merger by the shareholders of each of Bertram and Subco and subject to the satisfaction or waiver of all of the conditions precedent set forth herein, Bertram shall file the Statement of Merger and such other documents as required under the CBCA with the Colorado Secretary of State to effect the Merger pursuant to the CBCA on the Effective Date.

## **2.17 U.S. Tax Treatment**

For United States federal income tax purposes, this Agreement is intended to constitute, and the Parties hereby adopt this Agreement as, a “plan of reorganization” within the meaning of Treasury Regulations Sections 1.368-2(g) and 1.368-3(a). Each Party agrees that, for United States federal income tax purposes, (a) it shall treat the Merger as a tax-free reorganization within the meaning of Section 368(a) of the Code; (b) that it shall report the Merger as a “reorganization” within the meaning of Section 368(a) of the Code and it shall not take any tax reporting position inconsistent with such treatment for United States federal, state and other relevant tax purposes; (c) Bertram, Metropolitan and Subco are “parties to a reorganization” within the meaning of Section 368(b) of the Code; (d) it shall retain such records and file such information as is required to be retained and filed pursuant to Treasury Regulation Section 1.368-3(a) in connection with the Merger; and (e) it shall otherwise use its best efforts to cause the Merger to qualify as a “reorganization” within the meaning of Section 368(a) of the Code. In connection with the Merger and at all times from and after the Effective Date, the Parties agree to treat Metropolitan as a United States domestic corporation for United States federal income tax purposes pursuant to Section 7874(b) of the Code. No Party shall take any action, fail to take any action, cause any action to be taken or cause any action to be taken or cause any action to fail to be taken that could reasonably be expected to prevent (1) the Merger from qualifying as a “reorganization” within the meaning of Section 368(a) of the Code, or (2) Metropolitan from being treated as a United States domestic corporation for United States federal income tax purposes pursuant to Section 7874(b) of the Code. Each Party hereto agrees to act in good faith, consistent with the intent of the Parties and the intended United States federal income tax treatment of the Merger as set forth in this Section 2.17.

## **2.18 Loss of Certificates**

In the event any certificate which immediately prior to the Effective Time represented any outstanding shares of Bertram Common Stock has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the former holder of such shares of Bertram Common Stock, the Depositary will deliver to such person or make available for pick up at its offices in exchange for such lost, stolen or destroyed certificate, either the number of Post-Business Combination Shares which the former holder of such shares of Bertram Common Stock is entitled to receive pursuant to Section 2.9 in accordance with such holder’s Letter of Transmittal.

## **2.19 Extinction of Rights**

If any former holder of shares of Bertram Common Stock fails to deliver to the Depositary the certificates, documents or instruments required to be delivered to the Depositary in order for such former holder of shares of Bertram Common Stock to receive the Post-Business Combination Shares which such former holder is entitled to receive pursuant to Section 2.9, on or before the sixth anniversary of the Effective Date, on the sixth anniversary of the Effective Date (i) such former holder will be deemed to have donated and forfeited to Metropolitan or its successor any Post-Business Combination Shares held by the Depositary in trust for such former holder to which such former holder is entitled and (ii) any certificate representing shares of Bertram Common Stock formerly held by such former holder will cease to represent a claim of any nature whatsoever and will be deemed to have been surrendered to Metropolitan and will be cancelled. Neither Bertram, Mergeco nor Metropolitan, or any of their respective successors, will be liable to any person in respect of any Post-Business Combination Shares (including any consideration previously held by the Depositary in trust for any such former holder) which is forfeited to Metropolitan or delivered to any public official pursuant to any applicable abandoned property, escheat or similar law.

## **ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF METROPOLITAN AND SUBCO**

Each of Metropolitan and Subco represents and warrants to and in favor of Bertram as follows, and acknowledges that Bertram is relying upon such representations and warranties in connection with entering into this Agreement and completing the transactions contemplated herein:

### **3.1 Organization and Good Standing**

(a) Each of Metropolitan and Subco is a corporation duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its incorporation and is qualified to transact business and is in good standing as a foreign corporation in the jurisdictions where it is required to qualify in order to conduct its business as presently conducted, except where the failure to be so qualified would not have a Material Adverse Effect on Metropolitan or Subco. Except for Subco, there are no subsidiaries of Metropolitan. Subco has no subsidiaries.

(b) Metropolitan has the corporate power and authority to own, lease, or operate its assets and properties and to carry on its business as now conducted. Subco was incorporated for the sole purpose of effecting the Merger in connection with the Business Combination, and does not and will not own, lease, or operate any assets or properties or carry on any business of any nature whatsoever (other than in connection with the Business Combination).

### **3.2 Consents, Authorizations, and Binding Effect**

(a) Metropolitan and Subco may execute, deliver, and perform this Agreement without the necessity of obtaining any consent, approval, authorization or waiver, or giving any notice or otherwise, except:

- (i) the approval of the Merger by Metropolitan as sole shareholder of Subco;
- (ii) the approval of the CSE for the listing of the Subordinate Voting Shares on the CSE, and for the Business Combination and other transactions contemplated hereby, as applicable, including but not limited to the approval of the Post-Business Combination Directors and the Post-Business Combination Officers;
- (iii) the approval of the TSXV for the delisting of the Metropolitan Shares from the NEX Board;
- (iv) the filing of the Statement of Merger with the Colorado Secretary of State under the CBCA;
- (v) the filing of the documents prescribed under the BCBCA to effect the appointment of the Post-Business Combination Directors and the Post-Business Combination Officers, the Name Change and the Share Structure Amendment;
- (vi) such other consents, approvals, authorizations and waivers, which have been obtained (or will be obtained prior to the Effective Date), and are (or will be at the Effective Time) unconditional and in full force and effect and notices which have been given on a timely basis; and
- (vii) those which, if not obtained or made, would not prevent or delay the consummation of the Merger or the Business Combination or otherwise prevent each of Metropolitan and Subco from performing its obligations under this Agreement and would not be reasonably likely to have a Material Adverse Effect on either Metropolitan or Subco.

(b) Each of Metropolitan and Subco has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to complete the Merger and the Business Combination, subject to the approval of the Subco Merger Resolution by Metropolitan by written consent resolution.

(c) The board of directors of Metropolitan has unanimously:

- (i) approved the Business Combination and the execution, delivery and performance of this Agreement;
- (ii) directed that the matters set out in the Metropolitan Circular be submitted to the Metropolitan Shareholders at the Metropolitan Meeting, and recommended approval thereof; and

- (iii) approved the execution and delivery of the Subco Merger Resolution by Metropolitan.

(d) The board of directors of Subco has unanimously approved the Merger and the execution, delivery and performance of this Agreement, and has adopted the plan of Merger, recommended the plan of Merger to Metropolitan as the sole shareholder of Subco, and approved the Subco Merger Resolution.

(e) This Agreement has been duly executed and delivered by each of Metropolitan and Subco and constitutes a legal, valid, and binding obligation of each of Metropolitan and Subco enforceable against each of them in accordance with its terms, except:

- (i) as may be limited by bankruptcy, reorganization, insolvency and similar Laws of general application relating to or affecting the enforcement of creditors' rights or the relief of debtors; and
- (ii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(f) The execution, delivery, and performance of this Agreement will not:

- (i) constitute a violation of the articles or bylaws of Metropolitan or the articles or bylaws of Subco;
- (ii) conflict with, result in the breach of or constitute a default or give to others a right of termination, cancellation, creation or acceleration of any obligation under, or the loss of any material benefit under or the creation of any benefit or right of any third party under any material Contract, material permit or material license to which Metropolitan is a party or as to which any of its property is subject which would in any such case have a Material Adverse Effect on Metropolitan;
- (iii) constitute a violation of any Law applicable or relating to Metropolitan or its business or Subco except for such violations which would not have a Material Adverse Effect on Metropolitan; or
- (iv) result in the creation of any lien upon any of the assets of Metropolitan, other than such liens as would not have a Material Adverse Effect on Metropolitan.

(g) Except as has been disclosed to Bertram in writing, neither Metropolitan nor any Affiliate or Associate of Metropolitan, nor to the knowledge of Metropolitan, any director or officer of Metropolitan, beneficially owns or has the right to acquire a beneficial interest in any shares of Bertram Common Stock.

### 3.3 Litigation and Compliance

(a) There are no actions, suits, claims or proceedings, whether in equity or at Law, or any Government investigations pending or, to the knowledge of Metropolitan, threatened:

- (i) against or affecting Metropolitan or Subco, or with respect to or affecting any asset or property owned, leased or used by Metropolitan; or
- (ii) which question or challenge the validity of this Agreement, the Merger or the Business Combination or any action taken or to be taken pursuant to this Agreement, the Merger or the Business Combination; nor is Metropolitan aware of any basis for any such action, suit, claim, proceeding or investigation.

(b) Metropolitan has conducted and is conducting its business in compliance with, and is not in default or violation under, and has not received notice asserting the existence of any default or violation under, any Law applicable to the business or operations of Metropolitan, except for non-compliance, defaults, and violations which would not, in the aggregate, have a Material Adverse Effect on Metropolitan.

(c) Neither Metropolitan nor Subco, and no asset of Metropolitan or Subco, is subject to any judgment, order or decree entered in any lawsuit or proceeding which has had, or which is reasonably likely to have, a Material Adverse Effect on Metropolitan or which is reasonably likely to prevent either Metropolitan or Subco from performing its obligations under this Agreement.

(d) Each of Metropolitan and Subco has duly filed or made all reports and returns required to be filed by it with any Government Authority and has obtained all permits, licenses, consents, approvals, certificates, registrations and authorizations (whether Government, regulatory or otherwise) which are required in connection with the business and operations of Metropolitan, except where the failure to do so has not had and will not have a Material Adverse Effect on Metropolitan.

(e) Metropolitan is in material compliance with all of the policies of the NEX Board.

### 3.4 Public Filings; Financial Statements

(a) Metropolitan has filed all documents required pursuant to applicable Canadian Securities Laws (the “**Metropolitan Securities Documents**”). As of their respective dates, the Metropolitan Securities Documents complied in all material respects with the then applicable requirements of the Canadian Securities Laws (and all other Applicable Securities Laws) and, at the respective times they were filed, none of the Metropolitan Securities Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make any statement therein, in light of the circumstances under which it was made, not misleading. Metropolitan has not filed any confidential disclosure reports which have not at the date hereof become public knowledge.

(b) The financial statements (including, in each case, any notes thereto) of Metropolitan for the years ended January 31, 2018 and 2017 and for the six month periods ended July 31, 2018 and 2017 included in the Metropolitan Securities Documents were prepared in accordance with IFRS applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto) and fairly present in all material respects the assets, liabilities and financial condition of Metropolitan as of the respective dates thereof and the earnings, results of operations and changes in financial position of Metropolitan for the periods then ended (subject, in the case of unaudited statements, to the absence of footnote disclosure and to customary year-end audit adjustments and to any other adjustments described therein). Except as disclosed in the Metropolitan Securities Documents, Metropolitan has not, since January 31, 2018, made any change in the accounting practices or policies applied in the preparation of its financial statements.

(c) Metropolitan is now, and on the Effective Date will be, a “reporting issuer” under Canadian Securities Laws of the Provinces of British Columbia, Alberta and Ontario. Metropolitan is not currently in default in any material respect of any requirement of applicable Canadian Securities Laws and Metropolitan is not included on a list of defaulting reporting issuers maintained by the British Columbia Securities Commission, the Alberta Securities Commission or the Ontario Securities Commission.

(d) There has not been any reportable event (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators) since January 31, 2018 with the present or former auditors of Metropolitan.

(e) No order ceasing or suspending trading in securities of Metropolitan or prohibiting the sale of securities by Metropolitan has been issued that remains outstanding and, to the knowledge of Metropolitan, no proceedings for this purpose have been instituted, or are pending, contemplated or threatened by any Government Authority.

(f) Metropolitan maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management’s general or specific authorizations; (ii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iii) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(g) Other than has been disclosed in writing to Bertram, there are no Contracts with Metropolitan, on the one hand, and: (i) any officer or director of Metropolitan; (ii) any holder of 5% or more of the equity securities of Metropolitan; or (iii) an Associate or Affiliate of a person in (i) or (ii), on the other hand.

### **3.5 Taxes**

Metropolitan has timely filed, or has caused to be timely filed on its behalf, all Tax Returns required to be filed by it prior to the date hereof, all such Tax Returns are complete and accurate in all material respects. All Taxes shown to be due on such Tax Returns, or otherwise owed, have been timely paid, other than those which are being contested in good faith and in respect of which

adequate reserves have been provided in the most recently published financial statements of Metropolitan. Metropolitan's most recent audited financial statements reflect a reserve in accordance with IFRS for all Taxes payable by Metropolitan for all taxable periods and portions thereof through the date of such financial statements. No deficiency with respect to any Taxes has been proposed, asserted or assessed in writing against Metropolitan, there are no actions, suits, proceedings, investigations or claims pending or threatened against Metropolitan in respect of Taxes or any matters under discussion with any Government Authority relating to Taxes, in each case which are likely to have a Material Adverse Effect on Metropolitan, and no waivers or written requests for waivers of the time to assess any such Taxes are outstanding or pending. Metropolitan has withheld from each payment made to any of their past or present employees, officers or directors, and to any non-resident of Canada, the amount of all Taxes required to be withheld therefrom and have paid the same to the proper tax or receiving officers within the time required under applicable Law. Metropolitan has remitted to the appropriate tax authorities within the time limits required all amounts collected by it in respect of Taxes. There are no liens for Taxes upon any asset of Metropolitan except liens for Taxes not yet due.

### **3.6 Employee Plans**

Other than the Metropolitan Stock Option Plan, Metropolitan does not maintain or contribute to any Employee Plan. The Metropolitan Stock Option Plan has been duly adopted by the Board of directors of Metropolitan and by the Metropolitan Shareholders. There are options to purchase 200,000 Metropolitan Common Shares (at an exercise price of C\$0.35 per Metropolitan Common Share until May 11, 2023) awarded and outstanding under the Metropolitan Stock Option Plan.

### **3.7 Labor Relations**

- (a) No employees of Metropolitan are covered by any collective bargaining agreement.
- (b) Metropolitan has no written employment agreements with any of its employees.
- (c) There are no representation questions, arbitration proceedings, labor strikes, slow-downs or stoppages, material grievances, or other labor troubles pending or, to the knowledge of Metropolitan, threatened with respect to the employees of Metropolitan; and (ii) to the best of Metropolitan's knowledge, there are no present or pending applications for certification (or the equivalent procedure under any applicable Law) of any union as the bargaining agent for any Employees of Metropolitan.

### **3.8 Contracts, Etc.**

- (a) Other than this Agreement, neither Metropolitan nor Subco is a party to or bound by any material Contract.
- (b) Metropolitan and Subco and, to the knowledge of Metropolitan, each of the other parties thereto, is in material compliance with all covenants under any material Contract, and no default has occurred which, with notice or lapse of time or both, would directly or indirectly

constitute such a default, except for such non-compliance or default under any material Contract as has not had and will not have a Material Adverse Effect on Metropolitan or Subco.

(c) Metropolitan is not a party to or bound by any Contract that provides for any payment as a result of the consummation of any of the matters contemplated by this Agreement that would result in Metropolitan having a cash balance of less than C\$1.5 million or liabilities in excess of C\$0.00, at the time of the completion of the Business Combination.

### **3.9 Absence of Certain Changes, Etc.**

Except as contemplated by the Business Combination and this Agreement, since January 31, 2018:

(a) there has been no Material Adverse Change in Metropolitan;

(b) Metropolitan has not: (i) sold, transferred, distributed, or otherwise disposed of or acquired a material amount of its assets, or agreed to do any of the foregoing, except in the ordinary course of business; (ii) incurred any liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) which has had or is likely to have a Material Adverse Effect on Metropolitan; (iii) prior to the date hereof, made or agreed to make any material capital expenditure or commitment for additions to property, plant, or equipment; (iv) made or agreed to make any material increase in the compensation payable to any Employee or director except for increases made in the ordinary course of business and consistent with presently existing policies or agreement or past practice; (v) conducted its operations other than in all material respects in the normal course of business; (vi) entered into any material transaction or material Contract, or amended or terminated any material transaction or material Contract, except transaction or Contracts entered into in the ordinary course of business; and (vii) agreed or committed to do any of the foregoing; and

(c) there has not been any declaration, setting aside or payment of any dividend with respect to Metropolitan's share capital.

### **3.10 Subsidiaries**

(a) All of the outstanding shares in the capital of Subco are owned of record and beneficially by Metropolitan free and clear of all liens. Metropolitan does not own, directly or indirectly, any equity interest of or in any entity or enterprise organized under the Laws of any domestic or foreign jurisdiction other than Subco and as otherwise disclosed in the Metropolitan Securities Documents.

(b) All outstanding shares in the capital of, or other equity interests in, Subco have been duly authorized and are validly issued, fully paid and non-assessable.

### **3.11 Capitalization**

(a) As at the date hereof, the authorized capital of Metropolitan consists of an unlimited number of Metropolitan Common Shares without nominal or par value, of which 15,202,314 Metropolitan Common Shares are issued and outstanding on a non-diluted basis and



25,402,314 Metropolitan Common Shares are issued and outstanding as of the date hereof on a fully diluted basis inclusive of: (i) the Metropolitan Warrants; and (ii) the Metropolitan Options, and not inclusive of the Metropolitan Compensation Warrants anticipated to be issued at the Effective Time.

(b) All issued and outstanding shares in the capital of Metropolitan have been duly authorized and are validly issued, fully paid and non-assessable, free of pre-emptive rights.

(c) Other than this Agreement, there are no authorized, outstanding or existing:

- (i) voting trusts or other agreements or understandings with respect to the voting of any Metropolitan Common Shares to which Metropolitan is a party;
- (ii) securities issued by Metropolitan that are convertible into or exchangeable for any Metropolitan Common Shares (other than the Metropolitan Options, the Metropolitan Warrants and the Metropolitan Compensation Warrants);
- (iii) agreements, options, warrants, or other rights capable of becoming agreements, options or warrants to purchase or subscribe for any Metropolitan Common Shares or securities convertible into or exchangeable or exercisable for any such common shares, in each case granted, extended or entered into by Metropolitan (other than the Metropolitan Options, the Metropolitan Warrants and the Metropolitan Compensation Warrants);
- (iv) agreements of any kind to which Metropolitan is party relating to the issuance or sale of any Metropolitan Common Shares, or any securities convertible into or exchangeable or exercisable for any Metropolitan Common Shares (other than the Metropolitan Options, the Metropolitan Warrants and the Metropolitan Compensation Warrants) or requiring Metropolitan to qualify securities of Metropolitan for distribution by prospectus under Canadian Securities Laws; or
- (v) agreements of any kind which may obligate Metropolitan to issue or purchase any of its securities (other than the Metropolitan Options, the Metropolitan Warrants and the Metropolitan Compensation Warrants).

### **3.12 Environmental Matters**

Metropolitan is in compliance with all applicable Environmental Laws and has not violated any then current Environmental Laws as applied at that time.

### **3.13 License and Title**

Metropolitan is the absolute legal and beneficial owner of, and has good and marketable title to, all of its material property or assets (real and personal, tangible and intangible, including leasehold interests) including all the properties and assets reflected in the balance sheet forming part of Metropolitan's financial statements for the year ended January 31, 2018, except as indicated in the notes thereto, and such properties and assets are not subject to any mortgages, liens, charges, pledges, security interests, encumbrances, claims, demands, or defect in title of any kind except as is reflected in the balance sheets forming part of such financial statements and in the notes thereto and Metropolitan owns, possesses, or has obtained and is in compliance in all material respects with, all licenses, permits, certificates, orders, grants and other authorizations of or from any Government Authority necessary to conduct its business as currently conducted, in accordance in all material respects with applicable Laws.

### **3.14 Indebtedness**

As at the date of this Agreement, no indebtedness for borrowed money was owing or guaranteed by Metropolitan (other than as set forth in Metropolitan's financial statements for the year ended January 31, 2018) or Subco.

### **3.15 Undisclosed Liabilities**

There are no material liabilities of Metropolitan or Subco of any kind whatsoever, whether or not accrued and whether or not determined or determinable, in respect of which Metropolitan may become liable on or after the consummation of the Business Combination contemplated hereby other than:

(a) liabilities disclosed on or reflected or provided for in the most recent financial statements of Metropolitan included in the Metropolitan Securities Documents; and

(b) liabilities incurred in the ordinary and usual course of business of Metropolitan and attributable to the period since July 31, 2018, none of which has had or may reasonably be expected to have a Material Adverse Effect on Metropolitan.

### **3.16 Due Diligence Investigations**

All information relating to the business, assets, liabilities, properties, capitalization or financial condition of Metropolitan provided by Metropolitan or any of its Advisers to Bertram or any of its Advisers is true, accurate and complete in all material respects.

### **3.17 Brokers**

Other than as disclosed in writing to Bertram, neither Metropolitan nor to the knowledge of Metropolitan any of its Associates, Affiliates or Advisers have retained any broker or finder in connection with the transactions contemplated hereby, nor have any of the foregoing incurred any liability to any broker or finder by reason of the Business Combination.

### **3.18 Anti-Bribery Laws**

Neither Metropolitan nor Subco nor to the knowledge of Metropolitan, any director, officer, employee or consultant of the foregoing, has (i) violated any anti-bribery or anti-corruption Laws applicable to Metropolitan or Subco, including but not limited to, if and to the extent applicable, the U.S. Foreign Corrupt Practices Act of 1977, as amended, and Canada's *Corruption of Foreign Public Officials Act*, or (ii) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary and/or of modest value: (X) to any Government Official, whether directly or through any other person, for the purpose of influencing any act or decision of a Government Official in his or her official capacity; inducing a Government Official to do or omit to do any act in violation of his or her lawful duties; securing any improper advantage; inducing a Government Official to influence or affect any act or decision of any Government Authority; or assisting any representative of Metropolitan or Subco in obtaining or retaining business for or with, or directing business to, any person; or (Y) to any person, in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage. Neither Metropolitan nor Subco nor to the knowledge of Metropolitan, any director, officer, employee, consultant, representative or agent of foregoing, has (i) conducted or initiated any review, audit, or internal investigation that concluded Metropolitan or Subco or any director, officer, employee, consultant, representative or agent of the foregoing violated such Laws, if and to the extent applicable, or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any Government Authority responsible for enforcing anti-bribery or anti-corruption Laws, in each case with respect to any alleged act or omission arising under or relating to non-compliance with any such Laws, or received any notice, request, or citation from any person alleging non-compliance with any such Laws.

### **3.19 United States Law Matters**

(a) Metropolitan is not an "investment company" as defined in the United States Investment Company Act of 1940, as amended, registered or required to be registered under the United States Investment Company Act of 1940.

(b) Metropolitan is a "foreign private issuer" within the meaning of Rule 3b-4 under the U.S. Exchange Act.

(c) Metropolitan has no class of securities that is registered or required to be registered under section 12 of the U.S. Exchange Act, nor is Metropolitan subject to any reporting obligation under section 15(d) of the U.S. Securities Act. Target has never had a class of securities registered under Section 12 of the U.S. Exchange Act or Rule 405 under the U.S. Securities Act.

(d) Metropolitan is acquiring the Bertram Shares for its own account and not with a view to their distribution within the meaning of Section 2(a)(11) of the U.S. Securities Act.

## **ARTICLE 4**

### **REPRESENTATIONS AND WARRANTIES OF BERTRAM**

Bertram represents and warrants to and in favor of Metropolitan and Subco as follows, and acknowledges that Metropolitan and Subco are relying upon such representations and warranties in connection with the completion of the Business Combination contemplated herein:

#### **4.1 Organization and Good Standing**

(a) Bertram is a corporation duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its incorporation and is qualified to transact business and is in good standing as a foreign corporation in the jurisdictions where it is required to qualify in order to conduct its business as presently conducted, except where the failure to be so qualified would not have a Material Adverse Effect on Bertram.

(b) Bertram has the corporate power and authority to own, lease or operate its properties and to carry on its business as now conducted.

#### **4.2 Consents, Authorizations, and Binding Effect**

(a) Bertram may execute, deliver and perform this Agreement without the necessity of obtaining any consent, approval, authorization or waiver, or giving any notice or otherwise, except:

- (i) the filing of the Statement of Merger with the Colorado Secretary of State under the CBCA;
- (ii) consents, approvals, authorizations and waivers which have been obtained (or will be obtained prior to the Effective Date) and are (or will be at the Effective Time) unconditional, and in full force and effect, and notices which have been given on a timely basis; and
- (iii) those which, if not obtained or made, would not prevent or delay the consummation of the Merger and the Business Combination or otherwise prevent Bertram from performing its obligations under this Agreement and would not be reasonably likely to have a Material Adverse Effect on Bertram.

(b) Bertram has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

(c) This Agreement has been duly executed and delivered by Bertram and constitutes a legal, valid, and binding obligation of Bertram, enforceable against it in accordance with its terms, except:

- (i) as may be limited by bankruptcy, reorganization, insolvency and similar Laws of general application relating to or affecting the enforcement of creditors' rights or the relief of debtors; and

- (ii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(d) The execution, delivery, and performance of this Agreement will not:

- (i) constitute a violation of the articles and bylaws of Bertram;
- (ii) conflict with, result in the breach of or constitute a default or give to others a right of termination, cancellation, creation or acceleration of any obligation under or the loss of any material benefit under or the creation of any benefit or right of any third party under any material Contract, material permit or material license to which Bertram is a party or as to which any of its property is subject which in any such case would have a Material Adverse Effect on Bertram;
- (iii) constitute a violation of any Law applicable or relating to Bertram or its business except for such violations which would not have a Material Adverse Effect on Bertram; or
- (iv) result in the creation of any lien upon any of the assets of Bertram other than such liens as would not have a Material Adverse Effect on Bertram.

(e) Other than pursuant to this Agreement or has been otherwise disclosed to Metropolitan, neither Bertram nor any Affiliate or Associate of Bertram nor, to the knowledge of Bertram, any director or officer of Bertram beneficially owns or has the right to acquire a beneficial interest in any Metropolitan Common Shares.

#### **4.3 Litigation and Compliance**

(a) There are no actions, suits, claims or proceedings, whether in equity or at Law or, any Government investigations pending or, to the knowledge of Bertram, threatened:

- (i) against or affecting Bertram or with respect to or affecting any asset or property owned, leased or used by Bertram; or
- (ii) which question or challenge the validity of this Agreement, or the Merger or the Business Combination, or any action taken or to be taken pursuant to this Agreement, the Merger or the Business Combination; nor is Bertram aware of any basis for any such action, suit, claim, proceeding or investigation.

(b) Bertram has conducted and is conducting its business in compliance with, and is not in default or violation under, and has not received notice asserting the existence of any default or violation under, any Law applicable to its business or operations, except for non-

compliance, defaults and violations which would not, in the aggregate, have a Material Adverse Effect on Bertram.

(c) Neither Bertram, nor any asset of Bertram is subject to any judgment, order or decree entered in any lawsuit or proceeding which has had, or which is reasonably likely to have, a Material Adverse Effect on Bertram or which is reasonably likely to prevent Bertram from performing its obligations under this Agreement.

(d) Bertram has duly filed or made all reports and returns required to be filed by it with any Government Authority and has obtained all permits, licenses, consents, approvals, certificates, registrations and authorizations (whether Government, regulatory or otherwise) which are required in connection with its business and operations, except where the failure to do so has not had and would not have a Material Adverse Effect on Bertram.

(e) Bertram is not in default of any requirement of, and has not been issued any order preventing or suspending trading of any securities under, the U.S. Securities Act and any applicable state securities Laws.

#### **4.4 Financial Statements**

(a) The financial statements (including, in each case, any notes thereto) of Bertram for the years ended December 31, 2017 and 2016 and for the six month period ended June 30, 2018 were prepared in accordance with IFRS, applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto) and fairly presented in all material respects the consolidated assets, liabilities and financial condition of Bertram as of the respective dates thereof and the consolidated earnings, results of operations and changes in financial position of Bertram for the periods then ended.

(b) Other than as disclosed in the financial statements, there are no Contracts with Bertram, on the one hand, and: (i) any officer or director of Bertram; (ii) any holder of 5% or more of the equity securities of Bertram; or (iii) an Associate or Affiliate of a person in (i) or (ii), on the other hand.

#### **4.5 Taxes**

Bertram has timely filed, or has caused to be timely filed on its behalf, all Tax Returns required to be filed by it prior to the date hereof, all such Tax Returns are complete and accurate in all material respects. All Taxes shown to be due on such Tax Returns, or otherwise owed, have been timely paid, other than those which are being contested in good faith and in respect of which adequate reserves have been provided in the financial statements of Bertram. No deficiency with respect to any Taxes has been proposed, asserted or assessed in writing against Bertram, there are no actions, suits, proceedings, investigations or claims pending or threatened against Bertram in respect of Taxes or any matters under discussion with any Government relating to Taxes, in each case which are likely to have a Material Adverse Effect on Bertram, and no waivers or written requests for waivers of the time to assess any such Taxes are outstanding or pending. Bertram has withheld from each payment made to any of their past or present employees, officers or directors, the amount of all Taxes required to be withheld therefrom and have paid the same to the proper tax or receiving officers within the time required under applicable Law. Bertram has remitted to

the appropriate tax authorities within the time limits required all amounts collected by it in respect of Taxes. There are no liens for Taxes upon any asset of Bertram except liens for Taxes not yet due.

#### **4.6 Brokers**

Other than as disclosed in writing to Metropolitan, neither Bertram nor to the knowledge of Bertram any of its Associates, Affiliates or Advisers have retained any broker or finder in connection with the Business Combination or the other transactions contemplated hereby, nor have any of the foregoing incurred any liability to any broker or finder by reason of the Business Combination.

#### **4.7 Anti-Bribery Laws**

Neither Bertram nor to the knowledge of Bertram, any director, officer, employee or consultant of Bertram, has (i) violated any anti-bribery or anti-corruption Laws applicable to Bertram, including but not limited to, if and to the extent applicable, the U.S. Foreign Corrupt Practices Act of 1977, as amended, and Canada's *Corruption of Foreign Public Officials Act*, or (ii) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary and/or of modest value: (X) to any Government Official, whether directly or through any other person, for the purpose of influencing any act or decision of a Government Official in his or her official capacity; inducing a Government Official to do or omit to do any act in violation of his or her lawful duties; securing any improper advantage; inducing a Government Official to influence or affect any act or decision of any Government Authority; or assisting any representative of Bertram in obtaining or retaining business for or with, or directing business to, any person; or (Y) to any person, in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage. Neither Bertram nor to the knowledge of Bertram, any director, officer, employee, consultant, representative or agent of foregoing, has (i) conducted or initiated any review, audit, or internal investigation that concluded Bertram or any director, officer, employee, consultant, representative or agent of the foregoing violated such Laws, if and to the extent applicable, or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any Government Authority responsible for enforcing anti-bribery or anti-corruption Laws, in each case with respect to any alleged act or omission arising under or relating to non-compliance with any such Laws, or received any notice, request, or citation from any person alleging non-compliance with any such Laws.

#### **4.8 Subsidiaries**

Bertram has no subsidiaries.

#### **4.9 Capitalization**

(a) After giving effect to the Bertram Stock Split (and assuming the conversion of the Subscription Receipts), the authorized capital of Bertram will consist of 100,000,000 shares of Bertram Common Stock and 5,000,000 shares of Bertram Preferred Stock, of which 78,432,217

shares of Bertram Common Stock will be issued and outstanding on a fully diluted basis (inclusive of: (i) the Bertram Warrants; and (ii) the Bertram Rights) and no shares of Bertram Preferred Stock will be issued and outstanding.

(b) All issued and outstanding shares in the capital of Bertram have been duly authorized and are validly issued, fully paid and non-assessable, free of pre-emptive rights.

(c) There are no authorized, outstanding or existing:

- (i) voting trusts or other agreements or understandings with respect to the voting of any shares of Bertram Common Stock to which Bertram is a party;
- (ii) securities issued by Bertram that are convertible into or exchangeable for shares of Bertram Common Stock or Bertram Preferred Stock (other than the Subscription Receipts, Bertram Rights and the Bertram Warrants);
- (iii) agreements, options, warrants, or other rights capable of becoming agreements, options or warrants to purchase or subscribe for any shares of Bertram Common Stock or Bertram Preferred Stock or securities convertible into or exchangeable or exercisable for any shares of Bertram Common Stock or Bertram Preferred Stock, in each case granted, extended or entered into by Bertram (other than the Subscription Receipts, Bertram Rights and the Bertram Warrants);
- (iv) agreements of any kind to which Bertram is party relating to the issuance or sale of any shares of Bertram Common Stock or Bertram Preferred Stock, or any securities convertible into or exchangeable or exercisable for shares of Bertram Common Stock or Bertram Preferred Stock (other than the Subscription Receipts, Bertram Rights and the Bertram Warrants) or requiring Bertram to register securities of Bertram under the U.S. Securities Act or any applicable state securities Laws; or
- (v) agreements of any kind which may obligate Bertram to issue or purchase any of its securities (other than the Subscription Receipts, Bertram Rights and the Bertram Warrants).

#### **4.10 Investment Company Status**

Bertram is not, and as a result of the Private Placement, it will not be, an “investment company” pursuant to the United States Investment Company Act of 1940, as amended, registered or required to be registered under the United States Investment Company Act of 1940.



#### **4.11 Exemption From Registration**

Bertram has informed each Bertram Shareholder that the Post-Business Combination Shares have not been and will not be registered under the U.S. Securities Act and all applicable state securities laws, and that the Post-Business Combination Shares issued to Persons in the United States will be “restricted securities” as such term is defined in Rule 144(a)(3) under the U.S. Securities Act. Bertram has determined that each such Bertram Shareholder in the United States (i) is acquiring the Post-Business Combination Shares for its own account and not with a view to its distribution within the meaning of Section 2(a)(11) of the U.S. Securities Act, (ii) is an “accredited investor” as defined in Rule 501(a) of Regulation D under the U.S. Securities Act, and (iii) has had the opportunity to discuss Bertram’s business, management and financial affairs with Bertram’s management and has had access to such additional information, if any, concerning Bertram and Metropolitan as it has considered necessary in connection with its investment decision to acquire the Post-Business Combination Shares.

### **ARTICLE 5 SURVIVAL OF REPRESENTATIONS AND WARRANTIES**

#### **5.1 No Survival of Representations and Warranties**

The representations and warranties made by the Parties and contained in this Agreement shall not survive the Effective Date.

### **ARTICLE 6 COVENANTS OF THE PARTIES**

Bertram hereby covenants and agrees with Metropolitan and Subco, and Metropolitan and Subco hereby covenant and agree with Bertram, as follows until the earlier of the Effective Date or the termination of this Agreement in accordance with its terms:

#### **6.1 Necessary Consents**

Each of Bertram and Metropolitan shall use its commercially reasonable efforts to obtain from their respective directors, shareholders and all federal, state or other Government or administrative bodies such approvals or consents as are required to complete the transactions contemplated herein.

#### **6.2 Operation of Bertram Business**

(a) Until the earlier of Effective Time or the termination of this Agreement pursuant to ARTICLE 9 of this Agreement, Bertram shall conduct its business in the ordinary course of business consistent with past practice. Without limiting the foregoing, other than as contemplated herein, Bertram shall not, without the prior written consent of Metropolitan:

- (i) issue any securities, other than in connection with the Private Placement;

- (ii) incur any capital debt in excess of US\$50,000 (provided that operating short term debt in the ordinary course of business shall not require consent from Metropolitan);
- (iii) declare or pay any dividends or distribute any of its properties or assets to Bertram Shareholders;
- (iv) enter into any material Contract, other than in the ordinary course of business consistent with past practice;
- (v) sell, pledge, lease, dispose of, grant any interest in, encumber or agree to sell, pledge, lease, dispose of, grant any interest in or encumber any material portion of its assets; or
- (vi) redeem, purchase or offer to purchase any of its securities.

(b) Until the earlier of Effective Time or the termination of this Agreement pursuant to ARTICLE 9 of this Agreement, Bertram shall (i) promptly advise Metropolitan of any material change in the financial condition or operations of Bertram that is likely to result in a Material Adverse Change to Bertram, and (ii) not enter into any transaction or perform any act which might (A) interfere or be inconsistent with the successful completion of the Merger and the Business Combination, (B) render inaccurate any of its representations and warranties set forth herein, or (C) materially adversely affect Bertram's ability to perform its covenants and agreements under this Agreement.

### **6.3 Operation of Metropolitan Business**

(a) Until the earlier of Effective Time or the termination of this Agreement pursuant to ARTICLE 9 of this Agreement, Metropolitan shall conduct its business in the ordinary course of business consistent with past practice. Without limiting the foregoing, other than as contemplated herein, Metropolitan shall not, without the prior written consent of Bertram:

- (i) issue any securities;
- (ii) declare or pay any dividends or distribute any of its properties or assets to Metropolitan Shareholders;
- (iii) enter into any material Contracts, other than in connection with the Business Combination;
- (iv) alter or amend its articles or by-laws, other than in connection with the Business Combination;
- (v) sell, pledge, lease, dispose of, grant any interest in, encumber or agree to sell, pledge, lease, dispose of, grant any interest in or encumber any of its assets;
- (vi) redeem, purchase or offer to purchase any of its securities;

- (vii) acquire, directly or indirectly, any assets, including but not limited to securities of other companies;
- (viii) incur or commit to incur any indebtedness for borrowed money or issue any debt securities; or
- (ix) approve, authorize or implement any change to the business, financial condition or management of Metropolitan.

(b) Until the earlier of Effective Time or the termination of this Agreement pursuant to ARTICLE 9 of this Agreement, Metropolitan shall (i) promptly advise Bertram of any material change in the financial condition or operations of Metropolitan or Subco that is likely to result in a Material Adverse Change to Metropolitan or Subco, and (ii) not enter into any transaction or perform any act which might (A) interfere or be inconsistent with the successful completion of the Merger and the Business Combination, (B) render inaccurate any of its representations and warranties set forth herein, or (C) materially adversely affect Metropolitan's or Subco's ability to perform their respective covenants and agreements under this Agreement.

#### **6.4 Non-Solicitation**

Each Party hereby covenants and agrees, from the date hereof until the earlier of the Effective Time or the termination of this Agreement pursuant to ARTICLE 9 of this Agreement, not to, directly or indirectly, solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Business Combination, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any stockholder proposal, tender offer, or "takeover bid," exempt or otherwise, within the meaning of the *Securities Act* (British Columbia), for securities or assets of the Party, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Business Combination, including, without limitation, allowing access to any third party (other than its Advisers) to conduct due diligence, nor to permit any of its officers or directors to authorize such access, except as required by statutory obligations or in respect of which the Party's board of directors determines, in its good faith judgement, after receiving advice from its legal Advisers, that failure to recommend such alternative transaction to the Party's shareholders would be a breach of its fiduciary duties under applicable Law. In the event the Parties or any of their respective Affiliates, including any of their officers or directors, receives any form of offer or inquiry in respect of the foregoing, the Party shall forthwith (in any event within one Business Day following receipt) notify the other Parties of such offer or inquiry and provide the other Parties with such details as they may request.

#### **6.5 Notification of Certain Matters**

Between the date hereof and the Effective Time, Bertram and Metropolitan shall give prompt notice in writing to each other of (i) any information that indicates that any of its

representations or warranties contained herein was not true and correct as of the date hereof or will not be true and correct at and as of the Effective Time with the same force and effect as if made at and as of the Effective Time (except for changes specifically permitted or contemplated by this Agreement), (ii) the occurrence of any event that will result, or has a reasonable prospect of resulting, in the failure of any condition specified in ARTICLE 7 hereof to be satisfied, and (iii) any notice or other communication from any third party alleging that the consent of such third party is or may be required in connection with the Merger and/or the Business Combination, or that the Merger and/or the Business Combination may otherwise violate the rights of or confer remedies upon such third party.

## **6.6 Delisting and Listing**

(a) Metropolitan, in consultation with Bertram, shall, subject to receipt of the Voluntary Delisting Resolution, use its best efforts to delist the Metropolitan Common Shares from the NEX Board concurrently with the Effective Time.

(b) Bertram and Metropolitan shall use their best efforts to cause the Subordinate Voting Shares to be listed on the CSE at the Effective Time, or as soon as practicable thereafter. In connection with the foregoing, the Parties agree that Bertram will prepare the initial draft of all documents required by the CSE for the listing of the Subordinate Voting Shares on the CSE, including the Listing Statement to be reviewed and approved by legal counsel to Metropolitan.

(c) The Parties acknowledge and agree that all discussions with the TSXV and the CSE and any Government Authority in connection with this Agreement will be held jointly by counsel to Bertram and counsel to Metropolitan.

## **6.7 All Other Action**

(a) Each Party shall use commercially reasonable efforts to satisfy each of the conditions precedent to be satisfied by it and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under applicable Laws, including Applicable Securities Laws, to permit the completion of the Merger and the Business Combination in accordance with the provisions of this Agreement and to consummate and make effective all other transactions contemplated in and by this Agreement, and each shall cooperate with each other in connection with the foregoing.

(b) Each Party hereto shall promptly notify the others of:

- (i) any Material Adverse Change or any change, effect, event, development, occurrence, circumstance or state of facts which could reasonably be expected to have a Material Adverse Change in respect of such Party;
- (ii) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement, the Merger or the Business

Combination (and contemporaneously provide a copy of any such notice or communication to the other Parties);

- (iii) any notice or other communication from any Government Authority in connection with the Agreement, the Merger or the Business Combination (and contemporaneously provide a copy of any such notice or communication to the other Parties); or
- (iv) any legal or regulatory proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise effecting such Party or that relate to this Agreement, the Merger or the Business Combination.

## **6.8 Post-Effective Date Covenants**

On and after the Closing, the Parties agree that they shall cause Metropolitan to issue an additional 12,000,000 Subordinate Voting Shares to certain of the Bertram Shareholders upon the occurrence of certain events and/or conditions, as more particularly set forth in Schedule 3 of this Agreement.

## **ARTICLE 7 CONDITIONS TO OBLIGATIONS OF PARTIES**

### **7.1 Conditions for the Benefit of Metropolitan and Subco**

The obligation of Metropolitan and Subco to complete the Business Combination is subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived by Metropolitan and Subco:

(a) **Truth of Representations and Warranties.** The representations and warranties of Bertram set forth in ARTICLE 4 qualified as to materiality shall be true and correct, and the representations and warranties not so qualified shall be true and correct in all material respects as of the date of this Agreement and on the Effective Date as if made on the Effective Date, except for such representations and warranties made expressly as of a specified date which shall be true and correct in all material respects as of such date, and Metropolitan shall have received a certificate signed on behalf of Bertram by an executive officer thereof to such effect dated as of the Effective Date.

(b) **Performance of Obligations.** Bertram shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by them prior to or on the Effective Date, and Metropolitan shall have received a certificate signed on behalf of Bertram by an executive officer thereof to such effect dated as of the Effective Date.

(c) **No Material Adverse Change.** There shall not have occurred any Material Adverse Change in Bertram since the date of this Agreement.

(d) **No Proceedings Against Bertram.** There shall be no material actions, suits or proceedings, whether or not purportedly on behalf of Bertram, outstanding, pending or threatened by or against Bertram at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, bureau, agency or instrumentality.

(e) **Bertram Approvals.** The board of directors of Bertram and Bertram Shareholders shall have approved the Merger and the Business Combination, in the manner required under the CBCA.

(f) **Dissenting Shares.** The holders of no more than 20% of all of the issued and outstanding shares of Bertram Common Stock shall have exercised their right to appraisal of Dissenting Shares (and shall not have lost or withdrawn such rights).

## **7.2 Conditions for the Benefit of Bertram**

The obligation of Bertram to complete the Business Combination is subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived by Bertram:

(a) **Truth of Representations and Warranties.** The representations and warranties of Metropolitan and Subco set forth in ARTICLE 3 qualified as to materiality shall be true and correct, and the representations and warranties not so qualified shall be true and correct in all material respects as of the date hereof and on the Effective Date as if made on the Effective Date, except for such representations and warranties made expressly as of a specified date which shall be true and correct in all material respects as of such date, and Bertram shall have received certificates signed on behalf of Metropolitan and Subco, respectively, by an executive officer thereof to such effect dated as of the Effective Date.

(b) **Performance of Obligations.** Metropolitan and Subco shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Metropolitan and Subco, respectively, prior to or on the Effective Date, and Bertram shall have received certificates signed on behalf of Metropolitan and Subco, respectively, by an executive officer thereof to such effect dated as of the Effective Date.

(c) **No Material Adverse Change.** There shall not have occurred any Material Adverse Change any of Metropolitan or Subco since the date of this Agreement.

(d) **No Proceedings Against Metropolitan or Subco.** There shall be no material actions, suits or proceedings, whether or not purportedly on behalf of Metropolitan or Subco, outstanding, pending or threatened by or against Metropolitan or Subco at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, bureau, agency or instrumentality.

(e) **Metropolitan Approvals.** The board of directors of Subco and Metropolitan (as the sole shareholder of Subco) shall have approved the Merger, in the manner required under the CBCA. The board of directors of Metropolitan shall have approved the Merger and the Business Combination, in the manner required under the BCBCA. The Metropolitan

Shareholders shall have approved the Metropolitan Meeting Matters set out in the Metropolitan Meeting Materials at the Metropolitan Meeting, in the manner required under the BCBCA.

(f) **Bertram Approvals.** The Bertram Shareholders shall have approved the Merger and the Business Combination, in the manner required under the CBCA.

(g) **Resignations of Directors and Officers.** All of the current directors and officers of Metropolitan and Subco (other than Christopher Fenn) shall have resigned without payment by or any liability to Metropolitan or Subco, and each such director and officer shall have executed and delivered a release in favor of Metropolitan and Subco, in a form acceptable to Metropolitan and Bertram, each acting reasonably.

(h) **Employment and Non-Competition Agreements.** The Key Personnel shall have entered into the employment and non-competition agreements as required by Section 2.3.

(i) **Cash Balance and Metropolitan Liabilities.** Bertram shall be satisfied in its sole discretion that, at the time of the completion of the Business Combination, (A) Metropolitan has a cash balance of not less than C\$1.5 million; and (B) Metropolitan and Subco have no aggregate liabilities.

### **7.3 Mutual Conditions**

The obligations of Metropolitan, Subco, and Bertram to complete the Business Combination are subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived only with the consent in writing of Metropolitan and Bertram:

(a) **Not Illegal.** No Law is in effect that makes the consummation of the Merger and the Business Combination illegal or otherwise prohibits or enjoins Bertram, Metropolitan or Subco from consummating the Merger and the Business Combination.

(b) **Consents and Approvals.** All consents, waivers, permits, exemptions, orders and approvals required to permit the completion of the Business Combination, the failure of which to obtain could reasonably be expected to have a Material Adverse Effect on Bertram or Metropolitan or materially impede the completion of the Business Combination, shall have been obtained.

(c) **No Proceedings.** There shall not be pending or threatened any suit, action or proceeding by any Government Entity, before any court or Government Authority, agency or tribunal, domestic or foreign, that has a significant likelihood of success, seeking to restrain or prohibit the consummation of the Business Combination or any of the other transactions contemplated by this Agreement.

(d) **No Cease Trade Order.** On the Effective Date, no cease trade order or similar restraining order of any other securities administrator relating to the Metropolitan Common Shares, the Subordinate Voting Shares, the Super Voting Shares or the shares of Bertram Common Stock shall be in effect.

(e) **Private Placement.** The Subscription Receipts shall have been exchanged into shares of Bertram Common Stock and Bertram Private Placement Warrants in accordance with their terms and the Escrowed Private Placement Proceeds shall have been released from escrow to Bertram.

(f) **Escrow Agreement.** The Escrow Agreement shall have been entered into with all Bertram Shareholders concerned and the other parties thereto;

(g) **Listing of Subordinate Voting Shares.** The Subordinate Voting Shares to be issued pursuant to the Business Combination shall have been accepted for listing on the CSE, subject to standard conditions.

(h) **No Registration Required.** The Parties shall be satisfied that the exchange of Super Voting Shares and Subordinate Voting Shares, as applicable, for shares of Bertram Common Stock shall be exempt from registration under all applicable United States federal and state securities Laws.

(i) **Canadian Prospectus and Registration Exemption.** The distribution of Subordinate Voting Shares and Super Voting Shares pursuant to the Business Combination shall be exempt from the prospectus and registration requirements of applicable Canadian Securities Law either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of applicable exemptions under Canadian Securities Laws.

(j) **No Termination.** This Agreement shall not have been terminated in accordance with its terms.

(k) **Closing Deliverables.** Bertram and Metropolitan shall have received the closing deliverables required in connection with Section 8.2 and 8.3 as applicable.

## **ARTICLE 8 CLOSING**

### **8.1 Time of Closing**

The closing of the transactions contemplated herein on the Effective Date shall be completed at the offices of Nerland Lindsey LLP, 1400, 350 – 7th Ave SW Calgary, Alberta T2P 3N9, Canada at the Effective Time on the Effective Date.

### **8.2 Bertram Closing Documents**

On the Effective Date, Bertram shall deliver to Metropolitan the following documents (the “**Bertram Closing Documents**”):

(a) a certified copy of the resolutions of the directors of Bertram, approving and authorizing the transactions herein contemplated, and a certified copy of the resolutions of Bertram Shareholders approving Bertram Meeting Matters;



- (b) a certified copy of the organizational documents of Bertram from the Colorado Secretary of State;
- (c) a good standing certificate with respect to Bertram from the Colorado Secretary of State;
- (d) certificate(s) of an executive officer of Bertram confirming those matters set forth in Sections 7.1(a) and 7.1(b);
- (e) a signed certificate confirming that the escrow release conditions under the Subscription Receipt Agreement have been satisfied (or waived);
- (f) documents effecting the Merger signed by Bertram;
- (g) an Affidavit signed by a director or officer of Bertram;
- (h) confirmation from the Colorado Secretary of State of the effectiveness of the Merger; and
- (i) such other instruments or documents reasonably deemed necessary by Metropolitan and its counsel to effect or required in connection with the transaction contemplated hereby.

### **8.3 Metropolitan Closing Documents.**

On the Effective Date, Metropolitan shall deliver to Bertram the following documents (the “**Metropolitan Closing Documents**”):

- (a) certificates in the respective names of the holders of the shares of Bertram Common Stock representing (or confirmation of electronic registration of) the Post-Business Combination Shares issuable to such holders pursuant to the Merger (such certificates or electronic registration to be registered and prepared in accordance with a written direction to be provided by Bertram prior to the Effective Time);
- (b) copies of the list of defaulting issuers published by each of the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission showing that Metropolitan does not appear on a list of defaulting reporting issuers maintained by such Commissions;
- (c) a certified copy of the resolutions of the directors of Metropolitan, including, as it relates to the assumption by Metropolitan of the Bertram Warrants and Subco, and of Metropolitan as the sole shareholder of Subco, approving and authorizing the transactions herein contemplated, and a certified copy of the resolutions of Metropolitan Shareholders approving the Metropolitan Meeting Matters;
- (d) a certified copy of the constating documents of each of Metropolitan and Subco;

(e) a good standing certificate for each of Metropolitan and Subco from their applicable regulators in the jurisdiction of organization;

(f) approval of the CSE of the listing of that number of the Subordinate Voting Shares equal to the number of Subordinate Voting Shares issued and outstanding following the Effective Time, and the number of Subordinate Voting Shares reserved for issuance pursuant to the exercise of Bertram Warrants assumed by Metropolitan and the conversion of the Super Voting Shares;

(g) evidence of the delisting of the Metropolitan Common Shares from the NEX Board;

(h) certificate(s) of an executive officer of Metropolitan confirming those matters set forth in Sections 7.2(a) and 7.2(b);

(i) documents effecting the Merger signed by Metropolitan and/or Subco, as applicable;

(j) an Affidavit signed by a director or officer of Metropolitan; and

(k) such other instruments or documents reasonably deemed necessary by Bertram and its counsel to effect or required in connection with the transaction contemplated hereby.

## **ARTICLE 9 TERMINATION**

### **9.1 Termination**

This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of the Subco Merger Resolution or any other matters presented in connection with the Business Combination:

(a) by mutual written agreement of the Parties to terminate this Agreement;

(b) by either Bertram or Metropolitan by delivery of notice to other Party, if the Business Combination has not been completed by the Outside Date;

(c) by Metropolitan or Bertram if there has been a breach of any of the representations, warranties, covenants and agreements on the part of the other Party (the “**Breaching Party**”) set forth in this Agreement, which breach has or is likely to result in the failure of the conditions set forth in ARTICLE 7, as the case may, to be satisfied and in each case has not been cured within ten (10) Business Days following receipt by the Breaching Party of written notice of such breach from the non-breaching Party (the “**Non-Breaching Party**”); or

(d) by any Party if any permanent order, decree, ruling or other action of a court or other competent authority restraining, enjoining or otherwise preventing the consummation of the Business Combination shall have become final and non-appealable.

## **9.2 Effect of Termination**

Each Party's right of termination under this ARTICLE 9 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. Nothing in ARTICLE 9 shall limit or affect any other rights or causes of action any Party may have with respect to the representations, warranties, covenants and indemnities in its favor contained in this Agreement. Upon termination of this Agreement, this Agreement shall cease to be of force or effect, save and except for Section 10.8, which shall remain in full force for a period of one (1) year notwithstanding such termination, and Sections 10.5 and 10.9.

## **ARTICLE 10 GENERAL**

### **10.1 Interpretation**

Unless the context requires otherwise, all figures included herein are presented after giving effect to the Bertram Stock Split and assume that the Private Placement has been completed in full.

### **10.2 Further Actions**

From time to time, as and when requested by any Party, the other Parties shall execute and deliver, and use all commercially reasonable efforts to cause to be executed and delivered, such documents and instruments and shall take, or cause to be taken, such further or other actions as may be reasonably requested in order to:

- (a) carry out the intent and purposes of this Agreement;
- (b) effect the Merger and the Business Combination (or to evidence the foregoing); and
- (c) consummate and give effect to the other transactions, covenants and agreements contemplated by this Agreement.

### **10.3 Entire Agreement**

This Agreement, which includes the Schedules hereto and the other documents, agreements, and instruments executed and delivered pursuant to or in connection with this Agreement, contains the entire Agreement between the Parties with respect to matters dealt within herein and, except as expressly provided herein, supersedes all prior arrangements or understandings with respect thereto, including the Letter of Intent.

### **10.4 Descriptive Headings**

The descriptive headings of this Agreement are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

## **10.5 Notices**

All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered personally or sent by electronic mail, nationally recognized overnight courier, or registered or certified mail, postage prepaid, addressed as follows:

in the case of notice to Metropolitan or Subco:

Metropolitan Energy Corp.  
Suite 800 - 1199 West Hastings Street  
Vancouver, British Columbia, V6E 3T5  
Canada

Attention: Jordan Shapiro  
Email:

with copies to:

Gowling WLG (Canada) LLP  
1600, 421 7th Avenue SW  
Calgary, Alberta T2P 4K9  
Canada

Attention: Frank Sur  
Email: frank.sur@gowlingwlg.com

in the case of notice to Bertram:

Bertram Capital Finance, Inc.  
821 22nd Street  
Denver, Colorado 80205  
United States

Attention: Jeffery Mascio  
Email:

with copies to:

Nerland Lindsey LLP  
1400, 350 – 7th Ave SW

Calgary, Alberta T2P 3N9  
Canada

Attention: Eugene Chen  
Email: echen@nerlandlindsey.com

Any such notices or communications shall be deemed to have been received: (i) if delivered personally or sent by nationally recognized overnight courier or by electronic mail, on the date of such delivery; or (ii) if sent by registered or certified mail, on the third Business Day following the date on which such mailing was postmarked. Any Party may by notice change the address to which notices or other communications to it are to be delivered or mailed.

#### **10.6 Governing Law**

This Agreement shall be governed by and construed in accordance with the Laws of the State of Colorado without giving effect to the conflict of Law principles therein.

#### **10.7 Successors and Assigns**

This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns, provided that this Agreement shall not be assignable otherwise than by operation of Law by any Party without the prior written consent of the other Parties, and any purported assignment by any Party without the prior written consent of the other Parties shall be void.

#### **10.8 Public Disclosure and Confidential Information**

The Parties agree that no disclosure or announcement, public or otherwise, in respect of the Business Combination, this Agreement or the transactions contemplated herein shall be made by any Party or its Advisers without the prior agreement of the other Parties as to timing, content and method, hereto, provided that the obligations herein will not prevent any Party from making, after consultation with the other Parties, such disclosure as its counsel advises is required by applicable Law or the rules and policies of the CSE or the TSXV, as applicable. If any of Metropolitan, Bertram, or Subco is required by applicable Law or regulatory instrument, rule or policy to make a public announcement with respect to the Business Combination, such Party hereto will provide as much notice to the other of them as reasonably possible, including the proposed text of the announcement.

Except as and only to the extent required by applicable Law, the Receiving Party will not disclose or use, and it will cause its Advisers not to disclose or use, any Confidential Information furnished by a Disclosing Party or its Advisers to the Receiving Party or its Advisers at any time or in any manner, other than for the purposes of evaluating the Business Combination.

#### **10.9 Expenses**

Each of the Parties hereto shall be responsible for its own costs and charges incurred with respect to the transactions contemplated herein including, without limitation, all costs and charges incurred prior to the date hereof and all legal and accounting fees and disbursements relating to preparing this Agreement or otherwise relating to the transactions contemplated herein.

#### **10.10 Remedies**

The Parties acknowledge that an award of money damages may be inadequate for any breach of the obligations undertaken by the Parties and that the Parties shall be entitled to seek

equitable relief, in addition to remedies at Law. In the event of any action to enforce the provisions of this Agreement, each of the Parties waive the defense that there is an adequate remedy at Law. Without limiting any remedies any Party may otherwise have, in the event any Party refuses to perform its obligations under this Agreement, the other Party shall have, in addition to any other remedy at Law or in equity, the right to specific performance.

#### **10.11 Waivers and Amendments**

Any waiver of any term or condition of this Agreement, or any amendment or supplementation of this Agreement, shall be effective only if in writing. A waiver of any breach or failure to enforce any of the terms or conditions of this Agreement shall not in any way affect, limit, or waive a Party's rights hereunder at any time to enforce strict compliance thereafter with every term or condition of this Agreement.

#### **10.12 Illegalities**

In the event that any provision contained in this Agreement shall be determined to be invalid, illegal, or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and the remaining provisions of this Agreement shall not, at the election of the Party for whose benefit the provision exists, be in any way impaired.

#### **10.13 Currency**

Unless otherwise indicated, all references to "US\$" in this Agreement refer to United States dollars and all references to "C\$" in this Listing Statement refer to Canadian dollars.

#### **10.14 Counterpart Execution and Electronic Delivery**

This Agreement may be executed in any number of counterparts, each of which will be an original as regards any Party whose signature appears thereon and each of which may be delivered in person or by facsimile, e-mail or other functionally equivalent electronic means of transmission and all of which together will constitute one and the same instrument. This Agreement will become binding when one or more counterparts hereof, individually or taken together, bears the signatures of all the Parties reflected hereon as signatories.

#### **10.15 Time of Essence**

Time shall be of the essence hereof.

[REMAINDER OF THE PAGE IS INTENTIONALLY BLANK]

**IN WITNESS WHEREOF** this agreement has been executed by the Parties hereto as of the date first above written.

**METROPOLITAN ENERGY CORP.**

By: "Jordan Shapiro" (signed)  
Name: Jordan Shapiro  
Title: President and Chief Executive Officer

**METROPOLITAN ACQUISITION CORP.**

By: "Christopher Fenn" (signed)  
Name: Christopher Fenn  
Title: Director

**BERTRAM CAPITAL FINANCE, INC.**

By: "Jeffery A. Mascio" (signed)  
Name: Jeffery A. Mascio  
Title: Chief Executive Officer

## Schedule 1

### Terms of Subordinate Voting Shares

1. An unlimited number of Class A subordinate voting shares, without nominal or par value, having attached thereto the special rights and restrictions as set forth below:
  - (a) **Voting Rights.** Holders of Class A subordinate voting shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation shall have the right to vote. At each such meeting holders of Class A subordinate voting shares shall be entitled to one vote in respect of each Class A subordinate voting share held.
  - (b) **Alteration to Rights of Class A subordinate voting shares.** As long as any Class A subordinate voting shares remain outstanding, the Corporation will not, without the consent of the holders of the Class A subordinate voting shares by separate special resolution, prejudice or interfere with any right or special right attached to the Class A subordinate voting shares.
  - (c) **Dividends.** Holders of Class A subordinate voting shares shall be entitled to receive as and when declared by the directors, dividends in cash or property of the Corporation. No dividend will be declared or paid on the Class A subordinate voting shares unless the Corporation simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Class A subordinate voting share basis) on the Class B super voting shares.
  - (d) **Liquidation, Dissolution or Winding-Up.** In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Class A subordinate voting shares shall, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Class A subordinate voting shares be entitled to participate rateably along with all other holders of Class B super voting shares (on an as-converted to Class A subordinate voting share basis) and Class A subordinate voting shares.
  - (e) **Rights to Subscribe; Pre-Emptive Rights.** The holders of Class A subordinate voting shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Class A subordinate voting shares, or bonds, debentures or other securities of the Corporation now or in the future.
  - (f) **Subdivision or Consolidation.** No subdivision or consolidation of the Class A subordinate voting shares or Class B super voting shares shall occur unless, simultaneously, the Class A subordinate voting shares and Class B super voting shares are subdivided or consolidated in the same manner or such other adjustment



is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

## Schedule 2

### Terms of Super Voting Shares

1. An unlimited number of Class B super voting shares, without nominal or par value, having attached thereto the special rights and restrictions as set forth below:
  - (a) **Voting Rights.** Holders of Class B super voting shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation shall have the right to vote. At each such meeting, holders of Class B super voting shares will be entitled to one vote in respect of each Class A subordinate voting share into which such Class B super voting share could ultimately then be converted, which for greater certainty, shall initially equal 10 votes per Class B super voting share.
  - (b) **Alteration to Rights of Class B super voting shares.** As long as any Class B super voting shares remain outstanding, the Corporation will not, without the consent of the holders of the Class B super voting shares by separate special resolution, prejudice or interfere with any right or special right attached to the Class B super voting shares. Consent of the holders of a majority of the outstanding Class B super voting shares shall be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Class B super voting shares. In connection with the exercise of the voting rights contained in this paragraph (b) each holder of Class B super voting shares will have one vote in respect of each Class B super voting share held.
  - (c) **Dividends.** The holder of Class B super voting shares shall have the right to receive dividends, out of any cash or other assets legally available therefor, *pari passu* (on an as converted basis, assuming conversion of all Class B super voting shares into Class A subordinate voting shares at the Conversion Ratio) as to dividends and any declaration or payment of any dividend on the Class A subordinate voting shares. No dividend will be declared or paid on the Class B super voting shares unless the Corporation simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Class A subordinate voting share basis) on the Class A subordinate voting shares.
  - (d) **Liquidation, Dissolution or Winding-Up.** In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Class B super voting shares will, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Class B super voting shares, be entitled to participate rateably along with all other holders of Class B super voting shares (on an as-converted to Class A subordinate voting share basis) and Class A subordinate voting shares.
  - (e) **Rights to Subscribe; Pre-Emptive Rights.** The holders of Class B super voting shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Class A subordinate voting shares, or bonds, debentures or other securities of the Corporation now or in the future.
  - (f) **Conversion.**

Subject to the Conversion Restrictions set forth in this section (f), holders of Class B super voting shares shall have conversion rights as follows (the “**Conversion Rights**”):

- (i) **Right to Convert.** Each Class B super voting share shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Corporation or any transfer agent for such shares, into fully paid and non-assessable Class A subordinate voting shares as is determined by multiplying the number of Class B super voting shares by the Conversion Ratio applicable to such share, determined as hereafter provided, in effect on the date the Class B super voting share is surrendered for conversion. The initial “**Conversion Ratio**” for shares of Class B super voting shares shall be 10 Class A subordinate voting shares for each Class B super voting share; provided, however, that the Conversion Ratio shall be subject to adjustment as set forth in subsections (vii) and (viii).
- (ii) **Conversion Limitations.** Before any holder of Class B super voting shares shall be entitled to convert the same into Class A subordinate voting shares, the Board of Directors (or a committee thereof) shall designate an officer of the Corporation to determine if any Conversion Limitation set forth in Section (f)(iii) shall apply to the conversion of Class B super voting shares.
- (iii) **Foreign Private Issuer Protection Limitation:** The Corporation will use commercially reasonable efforts to maintain its status as a “foreign private issuer” (as determined in accordance with Rule 3b-4 under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). Accordingly, the Corporation shall not effect any conversion of Class B super voting shares, and the holders of Class B super voting shares shall not have the right to convert any portion of the Class B super voting shares, pursuant to Section (f) or otherwise, to the extent that after giving effect to all permitted issuances after such conversions of Class B super voting shares, the aggregate number of Class A subordinate voting shares and Class B super voting shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act (“**U.S. Residents**”)) would exceed forty percent (40%) (the “**40% Threshold**”) of the aggregate number of Class A subordinate voting shares and Class B super voting shares issued and outstanding after giving effect to such conversions (the “**FPI Protective Restriction**”). The Board of Directors may by resolution increase the 40% Threshold to an amount not to exceed 50% and in the event of any such increase all references to the 40% Threshold herein, shall refer instead to the amended threshold set by such resolution.

**Conversion Limitations.** In order to effect the FPI Protection Restriction, each holder of Class B super voting shares will be subject to the 40% Threshold based on the number of Class B super voting shares held by such holder as of the date of the initial issuance of the Class B super voting shares and thereafter at the end of each of the Corporation’s subsequent fiscal quarters (each, a “**Determination Date**”), calculated as follows:

$$X = [(A \times 0.4) - B] \times (C/D)$$

Where on the Determination Date:

X = Maximum Number of Class A subordinate voting shares Available for Issue upon Conversion of Class B super voting shares by a holder.

A = The Number of Class A subordinate voting shares and Class B super voting shares issued and outstanding on the Determination Date.

B = Aggregate number of Class A subordinate voting shares and Class B super voting shares held of record, directly or indirectly, by U.S. Residents on the Determination Date.

C = Aggregate number of Class B super voting shares held by holder on the Determination Date.

D = Aggregate number of all Class B super voting shares on the Determination Date.

For purposes of this subsection (f)(iii), the Board of Directors (or a committee thereof) shall designate an officer of the Corporation to determine as of each Determination Date: (A) the 40% Threshold and (B) the FPI Protective Restriction. Within thirty (30) days of the end of each Determination Date (a “**Notice of Conversion Limitation**”), the Corporation will provide each holder of record a notice of the FPI Protection Restriction and the impact the FPI Protective Provision has on the ability of each holder to exercise the right to convert Class B super voting shares held by the holder. To the extent that requests for conversion of Class B super voting shares subject to the FPI Protection Restriction would result in the 40% Threshold being exceeded, the number of such Class B super voting shares eligible for conversion held by a particular holder shall be prorated relative to the number of Class B super voting shares submitted for conversion. To the extent that the FPI Protective Restriction contained in this Section (f) applies, the determination of whether Class B super voting shares are convertible shall be in the sole discretion of the Corporation.

(iv) **Mandatory Conversion.** Notwithstanding subsection (f)(iii), the Corporation may require each holder of Class B super voting shares to convert all, and not less than all, the Class B super voting shares at the applicable Conversion Ratio (a “**Mandatory Conversion**”) if at any time all the following conditions are satisfied (or otherwise waived by special resolution of holders of Class B super voting shares):

(A) the Class A subordinate voting shares issuable upon conversion of all the Class B super voting shares are registered for resale and may be sold by the holder thereof pursuant to an effective registration statement and/or prospectus covering the Class A subordinate voting shares under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”);

(B) the Corporation is subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act; and

(C) the Class A subordinate voting shares are listed or quoted (and are not suspended from trading) on a recognized North American stock exchange

or by way of reverse takeover transaction on the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or Aequitas NEO Exchange (or any other stock exchange recognized as such by the Ontario Securities Commission).

The Corporation will issue or cause its transfer agent to issue each holder of Class B super voting shares of record a Mandatory Conversion Notice at least 20 days prior to the record date of the Mandatory Conversion, which shall specify therein, (i) the number of Class A subordinate voting shares into which the Class B super voting shares are convertible and (ii) the address of record for such holder. On the record date of a Mandatory Conversion, the Corporation will issue or cause its transfer agent to issue each holder of record on the Mandatory Conversion Date certificates representing the number of Class A subordinate voting shares into which the Class B super voting shares are so converted and each certificate representing the Class B super voting shares shall be null and void.

- (v) **Disputes.** In the event of a dispute as to the number of Class A subordinate voting shares issuable to a Holder in connection with a conversion of Class B super voting shares, the Corporation shall issue to the Holder the number of Class A subordinate voting shares not in dispute and resolve such dispute in accordance with Section(f)(xii).
- (vi) **Mechanics of Conversion.** Before any holder of Class B super voting shares shall be entitled to convert Class B super voting shares into Class A subordinate voting shares, the holder thereof shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for Class A subordinate voting shares, and shall give written notice to the Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for Class A subordinate voting shares are to be issued (each, a “**Conversion Notice**”). The Corporation shall (or shall cause its transfer agent to), as soon as practicable thereafter, issue and deliver at such office to such holder, or to the nominee or nominees of such holder, a certificate or certificates for the number of Class A subordinate voting shares to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the Class B super voting shares to be converted, and the person or persons entitled to receive the Class A subordinate voting shares issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Class A subordinate voting shares as of such date.
- (vii) **Adjustments for Distributions.** In the event the Corporation shall declare a distribution to holders of Class A subordinate voting shares payable in securities of other persons, evidences of indebtedness issued by the Corporation or other persons, assets (excluding cash dividends) or options or rights not otherwise causing adjustment to the Conversion Ratio (a “**Distribution**”), then, in each such case for the purpose of this subsection (f)(vii), the holders of Class B super voting shares shall be entitled to a proportionate share of any such Distribution as though they were the holders of the number of Class A subordinate voting shares into which their Class B super voting shares are convertible as of the record date fixed for the determination of the holders of Class A subordinate voting shares entitled to receive such Distribution.

- (viii) **Recapitalizations; Stock Splits.** If at any time or from time-to-time, the Corporation shall (i) effect a recapitalization of the Class A subordinate voting shares; (ii) issue Class A subordinate voting shares as a dividend or other distribution on outstanding Class A subordinate voting shares; (iii) subdivide the outstanding Class A subordinate voting shares into a greater number of Class A subordinate voting shares; (iv) consolidate the outstanding Class A subordinate voting shares into a smaller number of Class A subordinate voting shares; or (v) effect any similar transaction or action (each, a “**Recapitalization**”), provision shall be made so that the holders of Class B super voting shares shall thereafter be entitled to receive, upon conversion of Class B super voting shares, the number of Class A subordinate voting shares or other securities or property of the Corporation or otherwise, to which a holder of Class A subordinate voting shares deliverable upon conversion would have been entitled on such Recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section (f) with respect to the rights of the holders of Class B super voting shares after the Recapitalization to the end that the provisions of this Section (f) (including adjustment of the Conversion Ratio then in effect and the number of Class B super voting shares issuable upon conversion of Class B super voting shares) shall be applicable after that event as nearly equivalent as may be practicable.
- (ix) **No Fractional Shares and Certificate as to Adjustments.** No fractional Class A subordinate voting shares shall be issued upon the conversion of any Class B super voting shares and the number of Class A subordinate voting shares to be issued shall be rounded up to the nearest whole Class A subordinate voting share. Whether or not fractional Class A subordinate voting shares are issuable upon such conversion shall be determined on the basis of the total number of shares of Class B super voting shares the holder is at the time converting into Class A subordinate voting shares and the number of Class A subordinate voting shares issuable upon such aggregate conversion.
- (x) **Adjustment Notice.** Upon the occurrence of each adjustment or readjustment of the Conversion Ratio pursuant to this Section (f), the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Class B super voting shares a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Class B super voting shares, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Ratio for Class B super voting shares at the time in effect, and (C) the number of Class A subordinate voting shares and the amount, if any, of other property which at the time would be received upon the conversion of a Class B super voting share.
- (xi) **Effect of Conversion.** All Class B super voting shares which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the time of conversion (the “**Conversion Time**”), except only the right of the holders thereof to receive Class A subordinate voting shares in exchange

therefor and to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion.

- (xii) **Disputes.** Any holder of Class B super voting shares that beneficially owns more than 5% of the issued and outstanding Class B super voting shares may submit a written dispute as to the determination of the conversion ratio or the arithmetic calculation of the conversion ratio of Class B super voting shares to Class A subordinate voting shares, the Conversion Ratio, 40% Threshold or the FPI Protective Restriction by the Corporation to the Board of Directors with the basis for the disputed determinations or arithmetic calculations. The Corporation shall respond to the holder within five (5) Business Days of receipt, or deemed receipt, of the dispute notice with a written calculation of the conversion ratio, the Conversion Ratio, 40% Threshold or the FPI Protective Restriction, as applicable. If the holder and the Corporation are unable to agree upon such determination or calculation of the Conversion Ratio or the FPI Protective Restriction, as applicable, within five (5) Business Days of such response, then the Corporation and the holder shall, within one (1) Business Day thereafter submit the disputed arithmetic calculation of the conversion ratio, Conversion Ratio or the FPI Protective Restriction to the Corporation's independent, outside accountant. The Corporation, at the Corporation's expense, shall cause the accountant to perform the determinations or calculations and notify the Corporation and the holder of the results no later than five (5) Business Days from the time it receives the disputed determinations or calculations. Such accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.
- (g) **Notices of Record Date.** Except as otherwise provided under applicable law, in the event of any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of any class or any other securities or property, or to receive any other right, the Corporation shall mail to each holder of Class B super voting shares, at least 20 days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

### Schedule 3

#### Bertram Rights

1. In the event that the Gross Revenues (as defined below) of Metropolitan as set forth in the audited annual financials of Metropolitan for the year ended January 31, 2020 is C\$40,000,000 or more, then Metropolitan shall issue: (i) an aggregate of 5,319,925 (the "**2020 LTIP Shares**") Subordinate Voting Shares to the former Bertram Shareholders who were awarded rights to shares of Bertram Common Stock under Bertram's long term incentive plan dated April 1, 2015 (the "**Incentive Shareholders**"); and (ii) an aggregate of 680,075 Subordinate Voting Shares (the "**2020 Anti-dilution Shares**") to the former Bertram Shareholders who were awarded rights to shares of Bertram Common Stock pursuant to an anti-dilution share release and waiver agreement dated October 1, 2018 (the "**Anti-dilution Shareholders**", and together with the Incentive Shareholders, the "**Rights Holders**"), and such Subordinate Voting Shares will be issued to the Rights Holders on a pro rata basis based on the number of rights to LTIP Shares or Anti-dilution Shares held by such Rights Holder.
2. In the event that the Gross Revenues of Metropolitan as set forth in the audited annual financials of Metropolitan for the year ended January 31, 2021 is C\$100,000,000 or more, then Metropolitan shall issue: (i) an aggregate of 5,319,925 (the "**2021 LTIP Shares**") Subordinate Voting Shares to the Incentive Shareholders; and (ii) an aggregate of 680,075 Subordinate Voting Shares (the "**2021 Anti-dilution Shares**") to the Anti-dilution Shareholders, and such Subordinate Voting Shares will be issued to the Rights Holders on a pro rata basis based on the number of rights to LTIP Shares or Anti-dilution Shares held by such Rights Holder.
3. In order to evidence the right of the Rights Holders set forth above, on or as soon as reasonably practicable after the Effective Date, Metropolitan will execute and deliver a rights agreement in favour of each such Rights Holder, on terms and conditions to the satisfaction of Metropolitan, evidencing their respective right to be awarded Subordinate Voting Shares on the basis of (1) and (2) above, which rights shall immediately vest upon the occurrence of the condition set forth in (1) and (2) above (each a "**Vesting Date**"). In the event that the conditions set forth in (1) and (2) above are not satisfied, as determined by the board of directors of Metropolitan, acting reasonably, on January 31, 2020 and January 31, 2021 in respect of (1) and (2) above, respectively, then the rights to receive the 2020 LTIP Shares and 2020 Anti-dilution Shares, in the first instance, and the 2021 LTIP Shares and 2021 Anti-dilution Shares, in second instance, shall forthwith expire and terminate and be of no further force or effect whatsoever.

For the purposes of this Schedule, "Gross Revenues" shall mean all gross sums collected or billed by Metropolitan from all goods and services sold in connection with the operation of the business of Metropolitan any other revenue related to or derived from the provision of goods or services in connection with the conduct and operation of the business of Metropolitan whether for cash, cheque, credit, gift cards or certificates or other means of exchange including any and all sales taxes collected by Metropolitan on the sale of goods and services, use taxes, gross receipt taxes and other similar taxes added to the sale price, collected by Metropolitan and remitted to the appropriate tax authorities.



## Schedule 4

### Letter of Transmittal

**THIS LETTER OF TRANSMITTAL IS FOR USE ONLY IN CONJUNCTION WITH THE BUSINESS COMBINATION INVOLVING BERTRAM CAPITAL FINANCE, INC., ITS SHAREHOLDERS, METROPOLITAN ACQUISITION CORP. AND METROPOLITAN ENERGY CORP.**

**IN ORDER TO BE EFFECTIVE, THIS LETTER OF TRANSMITTAL MUST BE VALIDLY COMPLETED, DULY EXECUTED AND RETURNED TO THE DEPOSITARY, ODYSSEY TRUST COMPANY. IT IS IMPORTANT THAT YOU VALIDLY COMPLETE, DULY EXECUTE AND RETURN THIS LETTER OF TRANSMITTAL TOGETHER WITH CERTIFICATES FOR SHARES OF COMMON STOCK OF BERTRAM CAPITAL FINANCE, INC. ON A TIMELY BASIS IN ACCORDANCE WITH THE INSTRUCTIONS CONTAINED HEREIN.**

**LETTER OF TRANSMITTAL  
FOR REGISTERED HOLDERS OF SHARES OF COMMON STOCK OF  
BERTRAM CAPITAL FINANCE, INC.**

**Please read the instructions set out below carefully  
before completing this Letter of Transmittal.**

Reference is made to the proposed business combination transaction (the “**Business Combination**”) involving, among others, Bertram Capital Finance, Inc. (“**Bertram**”), Metropolitan Energy Corp. (“**Metropolitan**”) and Metropolitan Acquisition Corp. pursuant to the business combination agreement dated October 17, 2018 (the “**Business Combination Agreement**”). This letter of transmittal (the “**Letter of Transmittal**”) is for use by holders (“**Shareholders**”) of shares in the common stock of Bertram (“**Bertram Shares**”).

Capitalized terms used, but not defined, in this Letter of Transmittal, shall have the meanings given to them in the Business Combination Agreement. Copies of the Business Combination Agreement are available on SEDAR at [www.sedar.com](http://www.sedar.com) under Metropolitan's profile. **You are encouraged to carefully review the Business Combination Agreement in its entirety.**

Pursuant to the terms of the Business Combination, (i) the holders of Bertram Shares that are residents of the United States (as defined in Regulation S under the U.S. Securities Act of 1933, as amended) (“**U.S. Residents**”) (“**U.S. Resident Shareholders**”) shall exchange the share certificate representing their Bertram Shares for a share certificate representing Super Voting Shares on a ten-for-one basis at the effective time of the Business Combination (the “**U.S. Share Exchange**”); and (ii) the holders of Bertram Shares that are not U.S. Residents (“**Non-U.S. Residents**”) (“**Non-U.S. Resident Shareholders**”) shall exchange the share certificate representing their Bertram Shares for a share certificate (or evidence of electronic deposit) representing Subordinate Voting Shares on a one-for-one basis at the effective time of the Business Combination (the “**Non-U.S. Share Exchange**”, and together with the U.S. Share Exchange, the “**Share Exchange**”).

The Super Voting Shares are being proposed in order to minimize the proportion of the outstanding voting securities of Metropolitan that are held by U.S. Residents for purposes of determining whether Metropolitan is a “foreign private issuer” for purposes of United States securities laws.

**SHAREHOLDERS WHOSE BERTRAM SHARES ARE REGISTERED IN THE NAME OF A BROKER, DEALER, BANK, TRUST COMPANY OR OTHER INTERMEDIARY MUST CONTACT THEIR INTERMEDIARY FOR INSTRUCTIONS AND ASSISTANCE IN DELIVERING THOSE BERTRAM SHARES TO THE DEPOSITARY UNDER THE ARRANGEMENT.**

**If all of the conditions to the Business Combination have been satisfied or waived, each U.S. Resident will receive one (1) Super Voting Share for every ten (10) Bertram Shares held and each Non-U.S. Resident will receive one (1) Subordinate Voting Share for every one (1) Bertram Share held.**

In order to receive the Super Voting Shares to which a U.S. Resident Shareholder is entitled pursuant to the U.S. Share Exchange, each registered Shareholder that is a U.S. Resident must forward by personal delivery or by registered mail a properly completed Letter of Transmittal accompanied by the share certificate(s) representing their existing Bertram Shares, if applicable, to Odyssey Trust Company (the “**Depository**”).

In order to receive the Subordinate Voting Shares to which a Non-U.S. Resident Shareholder is entitled pursuant to the Non-U.S. Share Exchange, each registered Shareholder that is a Non-U.S. Resident must forward by personal delivery or by registered mail a properly completed Letter of Transmittal accompanied by the share certificate(s) representing their existing Bertram Shares, if applicable, to the Depository.

The instructions accompanying this Letter of Transmittal specify certain signature guarantees and additional documents that Shareholders may be required to provide with this Letter of Transmittal. Shareholders may, upon request, be required to execute any additional documents deemed by the Depository, Metropolitan or Bertram, at their discretion, to be reasonably necessary or desirable to complete the deposit and cancellation of their existing Bertram Shares in exchange for the applicable Super Voting Shares or Subordinate Voting Shares, as applicable. It is recommended that Shareholders complete, sign and return this Letter of Transmittal, with any accompanying certificate(s) representing their existing Bertram Shares, if applicable, to the Depository as soon as practicable following receipt of such Letter of Transmittal.

**Until surrendered, each certificate which immediately prior to the effective time of the Business Combination represented Bertram Shares held by U.S. Residents will be deemed, at any time after the effective time of the Business Combination, to represent the number of whole Super Voting Shares to which such Shareholder is entitled as a result of the U.S. Share Exchange.**

**Until surrendered, each certificate which immediately prior to the effective time of the Business Combination represented Bertram Shares held by Non-U.S. Residents will be deemed, at any time after the effective time of the Business Combination, to represent the number of whole Subordinate Voting Shares to which such Shareholder is entitled as a result of the Non-U.S. Share Exchange.**

**This Letter of Transmittal is for use by registered Shareholders only and is not to be used by beneficial (non-registered) holders of Bertram Shares (“Beneficial Holders”). Beneficial Holders do not have Bertram Shares registered in their name, but hold their Bertram Shares through an intermediary, which include, among others, banks, trust companies, securities dealers, brokers or financial advisors. If you are a Beneficial Shareholder, you should contact your intermediary for instructions and assistance in depositing your Bertram Shares.**

No fractional Super Voting Shares or Subordinate Voting Shares, as the case may be, will be issued, and no cash consideration will be paid in lieu thereof, in connection with the Share Exchange. If, as a result of the Share Exchange, a Shareholder would otherwise become entitled to a fractional Super Voting Share or Subordinate Voting Share, as the case may be, such fraction will be rounded down to the nearest whole number and each Shareholder who would otherwise have been entitled to receive a fractional Super Voting Share or Subordinate Voting Share, as the case may be, will have no further interest in Metropolitan with respect to its fractional Super Voting Share or Subordinate Voting Share, respectively.

TO: ODYSSEY TRUST COMPANY

AND TO: METROPOLITAN ENERGY CORP.

AND TO: BERTRAM CAPITAL FINANCE, INC.

In connection with the Share Exchange, the undersigned hereby irrevocably deposits with the Depositary the enclosed certificate(s) representing Bertram Shares, details of which are as follows:

Certificate Number(s)	Number of Bertram Shares	Registered in the Name of

*(Please print or type. If space is insufficient, please attach a list to this Letter of Transmittal in the above form.)*

It is understood that, upon receipt of the certificate(s) representing the Bertram Shares deposited herewith (the “**Deposited Shares**”), this Letter of Transmittal, duly completed and signed, and all other required documents, if any, the Depositary will deliver certificate(s) (or evidence of electronic deposit) representing the Super Voting Share or Subordinate Voting Share, as the case may be, that the undersigned is entitled to receive under the Share Exchange or hold such Super Voting Share or Subordinate Voting Share, as the case may be, for pick-up in accordance with the instructions set out below, and the certificate(s) representing the Deposited Shares will forthwith be cancelled.

The undersigned Shareholder acknowledges receipt of the Business Combination Agreement and hereby represents, warrants, covenants, acknowledges and agrees in favour of Bertram and Metropolitan that: (i) the undersigned is the registered holder of the Deposited Shares; (ii) such Deposited Shares are owned by the undersigned free and clear of all liens, charges, and encumbrances; (iii) the undersigned has full power and authority to execute and deliver this Letter of Transmittal and to deposit and deliver the Deposited Shares for cancellation and exchange for Super Voting Shares pursuant to the U.S. Share Exchange or for Subordinate Voting Shares pursuant to the Non-U.S. Share Exchange and that none of Metropolitan, Bertram, or any successor thereto will be subject to any adverse claim in respect of the deposit of such Deposited Shares; (iv) the surrender of the Deposited Shares complies with all applicable laws; (v) all information inserted by the undersigned into this Letter of Transmittal is complete, true and accurate; (vi) the undersigned irrevocably constitutes and appoints the Depositary, each officer and director of Metropolitan and any other person designated by Metropolitan in writing, the true and lawful agent, attorney and attorney-in-fact of the undersigned with respect to the Deposited Shares and any distributions on such securities with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable) in the name of and on behalf of the undersigned, to register or record the cancellation and exchange of such Deposited Shares for Super Voting Shares or Subordinate Voting Shares, as the case may be, on the securities register of Metropolitan; (vii) the issuance and delivery of the appropriate number of Super Voting Shares or Subordinate Voting Shares, as the case may be, in accordance with the instructions set out below and the information contained in the Business Combination Agreement will completely discharge any and all obligations of Bertram and Metropolitan and the Depositary with respect to the matters contemplated by this Letter of Transmittal; and (viii) unless the Business Combination is not completed, the deposit of Deposited Shares pursuant to this Letter of Transmittal is irrevocable. These representations, warranties, covenants, acknowledgements and agreements shall survive the completion of the Share Exchange.

The undersigned revokes any and all authority, whether as agent, attorney, attorney-in-fact, proxy or otherwise, previously conferred or agreed to be conferred by the undersigned at any time with respect to the Deposited Shares. Other than in connection with the Share Exchange, no subsequent authority, whether as agent, attorney, attorney-in-fact, proxy or otherwise, will be granted with respect to the Deposited Shares.

The instructions accompanying this Letter of Transmittal specify certain signature guarantees and additional documents that the undersigned may be required to provide with this Letter of Transmittal. Additionally, the undersigned may, upon request, be required to execute any additional documents deemed by the Depositary, Bertram or Metropolitan in their discretion to be reasonably necessary or desirable to complete the deposit and cancellation of the Deposited Shares in exchange for the applicable Super Voting Shares or Subordinate Voting Shares, as the case may be, contemplated by this Letter of Transmittal. The undersigned hereby acknowledges that the delivery of the Deposited Shares shall be effected and the risk of loss of such Deposited Shares shall pass only upon proper receipt thereof by the Depositary.

Each authority conferred or agreed to be conferred by the undersigned in this Letter of Transmittal shall survive the death or incapacity of the undersigned and any obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, legal representatives, successors and assigns of the undersigned.

The undersigned instructs Metropolitan and the Depositary to, promptly after the effective time of the Share Exchange and receipt of a properly completed and signed Letter of Transmittal, the applicable Bertram Share certificate(s), if any, and all other required documentation, if any, issue or cause to be issued certificate(s) (or electronically deposit, as applicable) representing the Super Voting Shares to which the undersigned is entitled pursuant to the U.S. Share Exchange or Subordinate Voting Shares to which the undersigned is entitled pursuant to the Non-U.S. Share Exchange and mail such certificate(s) (or evidence of electronic deposit) by first-class insured mail, postage prepaid, or hold such certificate(s) (or evidence of electronic deposit) for pick-up, all in accordance with the instructions set out below.

It is understood that the undersigned will not receive the Super Voting Shares or Subordinate Voting Shares, as the case may be, in respect of the Deposited Shares until the certificate(s) (or evidence of electronic deposit) representing the Deposited Shares owned by the undersigned are received by the Depositary at the address set forth on the back of this Letter of Transmittal, together with a duly completed and signed Letter of Transmittal and all other required documents, if any, and until the same are processed by the Depositary (which shall not occur until after the effective time of the Share Exchange).

It is understood and agreed to by the undersigned that the certificate(s) (or evidence of electronic deposit) to be received by the undersigned in connection with the Share Exchange together with any certificate(s) (or evidence of electronic deposit) in respect of any securities convertible into Super Voting Shares and/or Subordinate Voting Shares, as the case may be, or for the applicable underlying shares for such convertible securities, shall have the following legend:

"THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT DATE THAT IS 4 MONTHS AND A DAY AFTER THE EFFECTIVE DATE]."

It is understood and agreed to by the undersigned that any certificate(s) representing Super Voting Shares issued pursuant to the U.S. Share Exchange shall have the following legend:

"THE OFFER AND SALE OF SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT AND IS AVAILABLE FOR RESALE OF THE SECURITIES, OR (D) IN COMPLIANCE WITH AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT, INCLUDING RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND,

IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. IN THE EVENT OF A TRANSFER PURSUANT TO THE FOREGOING CLAUSE (D), THE CORPORATION WILL REQUIRE A LEGAL OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE 'GOOD DELIVERY' IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

**If the Business Combination is not completed for any reason, the enclosed certificate(s) representing Bertram Shares and all other ancillary documents received by the Depositary will be returned forthwith to the undersigned all in accordance with the instructions set out below.**

The undersigned authorizes and directs the Depositary to issue a certificate(s) (or electronic deposit, as applicable) representing Super Voting Shares or Subordinate Voting Shares, as the case may be, to which the undersigned is entitled as indicated below and to mail such certificate(s) (or evidence of electronic deposit) to the address indicated below or, if no instructions are given, in the name and to the address if any, of the undersigned as appears on the share register maintained by the Depositary.

**A. ISSUANCE OF NEW SHARES**

Certificate(s) (or electronic deposit) representing Super Voting Shares or Subordinate Voting Shares, as the case may be, are to be registered as follows:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Postal (Zip) Code: \_\_\_\_\_

**B. RESIDENCY**

☐ The undersigned **IS a resident of the United States** as defined in Regulation S under the U.S. Securities Act of 1933, as amended

☐ The undersigned **IS NOT a resident of the United States** defined in Regulation S under the U.S. Securities Act of 1933, as amended

**C. SIGNATURE GUARANTEE**

**IMPORTANT: This box must be completed fully if the name in which any Super Voting Shares or Subordinate Voting Shares, as the case may be, is to be issued differs from the name of the registered holder appearing on the existing Bertram Share certificate(s). (See instruction 3)**

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Postal (Zip) Code: \_\_\_\_\_

Signature Guaranteed by: \_\_\_\_\_

**D. DELIVERY**

☐ Mail or make available for delivery certificate(s) (or evidence of electronic deposit) representing Super Voting Shares or Subordinate Voting Shares, as the case may be, as follows:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Postal (Zip) Code: \_\_\_\_\_

☐ Make available for pick-up at the office of the Depositary, against a counter receipt, by:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

**IMPORTANT: THIS LETTER OF TRANSMITTAL MUST BE DATED AND SIGNED**

Dated: \_\_\_\_\_

(Signature) \_\_\_\_\_

(Name of Shareholder) \_\_\_\_\_

(Name of authorized representative) \_\_\_\_\_

## **INSTRUCTIONS**

### **1. Use of Letter of Transmittal**

- (a) Unless defined in this Letter of Transmittal, capitalized terms have the meaning ascribed thereto in the Business Combination Agreement. Shareholders should refer to the Business Combination Agreement for particulars of the Business Combination and the Share Exchange.
- (b) Each Shareholder that holds certificate(s) representing Bertram Shares must send or deliver this Letter of Transmittal duly completed and signed together with the share certificate(s) described herein to the Depositary at the office listed herein. The method of delivery to the Depositary is at the option and risk of the Shareholder. It is recommended that such documents be delivered by hand to the Depositary and a receipt obtained. If mail is used, registered mail, properly insured with acknowledgement of receipt requested, is suggested. Delivery will be effected only when documents are actually received by the Depositary at the office set out below.
- (c) Shareholders whose Bertram Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for instructions and assistance in depositing those Bertram Shares.
- (d) All questions as to the validity, form and acceptance of any Bertram Shares will be determined by Metropolitan in its absolute discretion and such determination shall be final and binding. Metropolitan reserves the right if it so elects in its absolute discretion to instruct the Depositary to waive any defect or irregularity contained in any Letter of Transmittal and/or any accompanying documents received by it.

### **2. Signatures**

- (a) If this Letter of Transmittal is signed by the registered owner(s) of the accompanying certificate(s) representing Bertram Shares, such signature(s) on this Letter of Transmittal must correspond with the name(s) as registered or as written on the face of such certificate(s) without any change whatsoever, and the certificate(s) need not be endorsed.
- (b) If any of the Deposited Shares are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.
- (c) If this Letter of Transmittal is signed by a person other than the registered owner(s) of the accompanying certificate(s) representing Bertram Shares, or if a certificate(s) (or evidence of electronic deposit) representing Super Voting Shares or Subordinate Voting Shares, as the case may be, is to be issued to a person other than the registered owner(s), the registered Shareholder must fill in Part C as well as Parts A, B and D of this Letter of Transmittal and:
  - (i) such deposited certificate(s) must be endorsed or be accompanied by appropriate share transfer power(s) of attorney duly and properly completed by the registered owner(s); and
  - (ii) the signature(s) on such endorsement or share transfer power(s) of attorney must correspond exactly to the name(s) of the registered owner(s) as registered or as appearing on the certificate(s) and must be guaranteed as noted in Instruction 3 below.

### **3. Guarantee of Signatures**

- (a) No signature guarantee is required on this Letter of Transmittal if it is signed by the registered holder(s) of the Bertram Shares deposited therewith, unless this Letter of Transmittal is signed by a person other than the registered owner(s) of the accompanying certificate(s) representing

Bertram Shares, or if a certificate(s) (or electronic deposit) representing Super Voting Shares or Subordinate Voting Shares, as the case may be, is to be issued to a person other than the registered owner(s).

- (b) If this Letter of Transmittal is signed by a person other than the registered owner(s) of the Bertram Shares, or if the Business Combination is not completed and the accompanying certificate(s) are to be returned to a person other than such registered owner(s), or sent to an address other than the address of the registered owner(s) as shown on the registers of the transfer agent of Bertram, or if the Super Voting Shares or Subordinate Voting Shares, as the case may be, are to be issued in a name other than the registered owner(s), such signature must be guaranteed by an Eligible Institution (as defined below), or in some other manner satisfactory to the Depositary (except that no guarantee is required if the signature is that of an Eligible Institution). See also Instruction 2.

An “**Eligible Institution**” means a Canadian Schedule I chartered bank, a major trust company in Canada, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada and the United States, members of the Investment Industry Regulatory Organization of Canada, members of the Financial Industry Regulatory Authority or banks and trust companies in the United States.

#### 4. **Fiduciaries, Representatives and Authorizations**

Where the Letter of Transmittal is executed on behalf of a corporation, partnership or association or by an agent, executor, administrator, trustee, guardian or any person acting in a representative capacity, the Letter of Transmittal must be accompanied by satisfactory evidence of their proof of appointment and authority to act. Metropolitan, Bertram and the Depositary may, at their discretion, require additional evidence of appointment or authority or additional documentation.

#### 5. **Lost Certificates**

If a share certificate has been lost or destroyed, the Letter of Transmittal must be completed as fully as possible and forwarded to the Depositary together with a letter stating the loss. The Depositary will respond with the replacement requirements, which must be properly completed and returned prior to effecting the Share Exchange.

#### 6. **Return of Certificates**

If the Business Combination is not completed for any reason, any certificate(s) representing Bertram Shares received by the Depositary will be returned to you forthwith in accordance with the delivery instructions given pursuant to Part D or failing such address being specified, to the undersigned at the last address of the undersigned as it appears on the securities register of Bertram.

#### 7. **Privacy Notice:**

As Depositary, Odyssey Trust Company takes your privacy seriously. In the course of providing these services, we receive non-public, personal information about you. We receive this information through transactions we perform for you and through other communications with you. We may also receive information about you by virtue of your transactions with affiliates of Odyssey Trust Company or other parties. This information may include your name, social insurance number, stock/unit ownership information and other financial information. With respect to both to current and former securityholders, Odyssey Trust Company does not share non-public personal information with any non-affiliated third party except as necessary to process a transaction, service your account or as permitted by law. Our affiliates



and outside service providers with whom we share information are legally bound not to disclose the information in any manner, unless permitted by law or other governmental process. We strive to restrict access to your personal information to those employees who need to know the information to provide our services to you, and we maintain physical, electronic and procedural safeguards to protect your personal information. Odyssey Trust Company realizes that you entrust us with confidential personal and financial information and we take that trust very seriously. By providing your personal information to us and signing this form, we will assume, unless we hear from you to the contrary, that you have consented and are consenting to this use and disclosure. A complete copy of our Privacy Policy may be accessed at [www.odysseytrust.com](http://www.odysseytrust.com) or you may request a copy in writing to 350, 300 – 5th Avenue SW Calgary, Alberta, T2P 3C4.

8. **Miscellaneous**

Additional copies of the Letter of Transmittal may be obtained from the Depositary at the office listed below. Any questions should be directed to the Depositary by e-mail at [corp.actions@odysseytrust.com](mailto:corp.actions@odysseytrust.com).

By Mail, Hand or Courier:	Odyssey Trust Company 835 – 409 Granville Street Vancouver BC V6C 1T2 Attention: Corporate Actions
------------------------------	---

You may also contact your broker, investment dealer, commercial bank, trust company manager, bank manager, lawyer or other professional advisor for assistance concerning the completion of this Letter of Transmittal.

**APPENDIX B**

**FINANCIAL STATEMENTS OF CANNABIS ONE HOLDINGS INC. (FORMERLY  
METROPOLITAN ENERGY CORP.)**

*(See attached)*

AMENDED AND RESTATED

**CANNABIS ONE HOLDINGS INC. (FORMERLY  
METROPOLITAN ENERGY CORP.)**

Condensed Consolidated Interim Financial Statements (Unaudited)

**Three and Nine Months Ended October 31, 2018 and 2017**

**(Expressed in Canadian Dollars)**

**CANNABIS ONE HOLDINGS INC.  
(FORMERLY METROPOLITAN ENERGY CORP.)**

**(the “Company”)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Three and nine months ended October 31, 2018 and 2017**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The management of the Company is responsible for the preparation of the accompanying unaudited condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed consolidated interim financial statements and are in accordance with IAS 34 - Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

February 22, 2019

**Cannabis One Holdings Inc.****(formerly Metropolitan Energy Corp.)**

Condensed Consolidated Interim Statements of Financial Position

As at October 31, 2018 and January 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

	October 31, 2018	January 31, 2018
	\$	\$
<b>Assets</b>		
Current asset:		
Cash	1,535,629	727
Deposit (Note 5)	50,000	-
	1,585,629	727
<b>Liabilities and Shareholders' Equity (Deficiency)</b>		
Current liabilities:		
Accounts payable (Note 5)	53,559	158,310
Accrued liabilities	8,000	8,000
Loans payable and accrued interest (Note 4)	-	94,554
	61,559	260,864
Shareholders' equity (deficiency):		
Share capital (Note 6)	3,864,997	1,615,505
Reserves (Note 6)	298,437	248,163
Deficit	(2,639,364)	(2,123,805)
	1,524,070	(260,137)
	1,585,629	727

Nature of Operations and Going Concern (Note 1)

Definitive Business Combination Agreement (Note 10)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**Cannabis One Holdings Inc.**  
**(formerly Metropolitan Energy Corp.)**

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three and nine months ended October 31, 2018 and 2017

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended October 31,		Nine months ended October 31,	
	2018	2017	2018	2017
Expenses:				
Professional fees (Note 5)	\$ 385,225	\$ 4,725	\$ 402,550	\$ 15,559
Consulting fees	-	-	141,750	-
Filing and listing fees (recovery)	(618)	2,137	10,245	3,923
Office and miscellaneous	121	-	282	-
Share-based compensation (Notes 5 and 6)	-	-	50,274	-
Transfer agent	336	1,077	7,605	2,148
Loss before other items	(385,064)	(7,939)	(612,706)	(21,630)
Foreign exchange loss	(2)	(4)	(10)	-
Finance and other cost (Note 7)	(1,892)	(5,101)	(13,275)	(14,491)
Gain on debt settlement (Note 4)	-	-	110,432	-
Net loss and comprehensive loss for the period	(386,958)	(13,044)	(515,559)	(36,121)
Basic and diluted loss per share	\$ (0.03)	\$ (0.01)	\$ (0.05)	\$ (0.04)
Weighted average number of shares outstanding	15,157,853	918,050	11,194,879	918,050

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**Cannabis One Holdings Inc.**  
**(formerly Metropolitan Energy Corp.)**

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)

For the nine months ended October 31, 2018 and 2017

(Expressed in Canadian Dollars)

(Unaudited)

	Note	Share capital		Reserves			Deficit	Total
		Common shares	Amount	Stock options	Warrants	Total		
		#	\$	\$	\$	\$	\$	\$
<b>Balance, January 31, 2017</b>		<b>918,050</b>	<b>1,615,505</b>	<b>102,062</b>	<b>146,101</b>	<b>248,163</b>	<b>(2,059,666)</b>	<b>(195,998)</b>
Comprehensive loss for the period		-	-	-	-	-	(36,121)	(36,121)
<b>Balance, October 31, 2017</b>		<b>918,050</b>	<b>1,615,505</b>	<b>102,062</b>	<b>146,101</b>	<b>248,163</b>	<b>(2,095,787)</b>	<b>(232,119)</b>
Comprehensive loss for the period		-	-	-	-	-	(28,018)	(28,018)
<b>Balance, January 31, 2018</b>		<b>918,050</b>	<b>1,615,505</b>	<b>102,062</b>	<b>146,101</b>	<b>248,163</b>	<b>(2,123,805)</b>	<b>(260,137)</b>
Shares issued for private placement	6	12,142,145	1,499,750	-	-	-	-	1,499,750
Exercise of warrants	6	2,142,120	749,742	-	-	-	-	749,742
Share-based compensation	6	-	-	50,274	-	50,274	-	50,274
Comprehensive loss for the period		-	-	-	-	-	(515,559)	(515,559)
<b>Balance, October 31, 2018</b>		<b>15,202,315</b>	<b>3,864,997</b>	<b>152,336</b>	<b>146,101</b>	<b>298,437</b>	<b>(2,639,364)</b>	<b>1,524,070</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**Cannabis One Holdings Inc.**  
**(formerly Metropolitan Energy Corp.)**  
Condensed Consolidated Interim Statements of Cash Flows  
For the nine months ended October 31, 2018 and 2017  
(Expressed in Canadian Dollars)  
(Unaudited)

	2018	2017
	\$	\$
Operating activities:		
Net loss for the period	(515,559)	(36,121)
Adjustments for non-cash items:		
Share-based compensation	50,274	-
Accrued interest on loans	-	14,195
Gain on debt settlement	(110,432)	-
Changes in non-cash working capital item:		
Deposit	(50,000)	-
Accounts payable and accrued liabilities	(41,226)	21,783
	(666,943)	(143)
Financing activities:		
Proceeds from issuance of shares	1,499,750	-
Exercise of warrants	749,742	-
Loan repayment	(47,647)	-
	2,201,845	-
Change in cash	1,534,902	(143)
Cash, beginning of period	727	906
Cash, end of period	1,535,629	763

The accompanying notes are an integral part of these condensed consolidated interim financial statements.



**Cannabis One Holdings Inc.**  
**(formerly Metropolitan Energy Corp.)**

Notes to Condensed Consolidated Interim Financial Statements  
 For the three and nine months ended October 31, 2018 and 2017  
 (Expressed in Canadian Dollars)  
 (Unaudited)

---

## **1. Nature of Operations and Going Concern**

Cannabis One Holdings Inc. (formerly Metropolitan Energy Corp.) (the “Company”) was incorporated on July 16, 2007, under the Business Corporations Act of British Columbia and is currently engaged in identifying and evaluating potential transactions and/or acquisitions in the resource or other business sectors. On November 8, 2018, the Company changed its name to Cannabis One Holdings Inc. (see Note 10 and 11). The Company is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia and its common shares trade on NEX effective July 10, 2015, under the trading symbol “MOE.H”. On October 3, 2018, the Company incorporated Metropolitan Acquisition Corp. under the laws of Colorado, USA, as a direct, wholly-owned subsidiary of the Company for the sole purpose of effecting the Merger in connection with the Business Combination.

The head office and principal address of the Company are located at Suite 610 - 700 West Pender Street, Vancouver, British Columbia V6C 1G8. The Company’s registered office address is Suite 800, 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

The ability of the Company to attain profitable operations is dependent upon the continued forbearance of its creditors, the identification of acquisitions, the ability to obtain additional financing to make payments as they become due, and the ability to complete acquisitions. The ultimate outcomes of these matters cannot presently be determined because they are contingent on future events.

These condensed consolidated interim financial statements have been prepared using accounting policies applicable to a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of business. As at October 31, 2018, the Company had no operating revenue, an accumulated deficit of \$2,671,864 (January 31, 2018 - \$2,123,805), a working capital of \$1,491,570 (January 31, 2018 - deficiency of \$260,137) and expects to incur further losses in the development of its business. The Company will require additional financing in order to fund working capital requirements, and as it determines, for acquisitions. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations. These material uncertainties cast significant doubt on the entity’s ability to continue as a going concern.

These condensed consolidated interim financial statements do not reflect adjustments to the carrying amounts of assets and liabilities, the reported revenues and expenses and the statement of financial position classifications used that would be necessary if the going concern assumptions were not appropriate.

## **2. Significant Accounting Policies**

### **(a) Basis of Presentation**

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standards 34, “*Interim Financial Reporting*” (“IAS 34”), using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended January 31, 2018.

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended January 31, 2018.

**Cannabis One Holdings Inc.  
(formerly Metropolitan Energy Corp.)**

Notes to Condensed Consolidated Interim Financial Statements  
For the three and nine months ended October 31, 2018 and 2017  
(Expressed in Canadian Dollars)  
(Unaudited)

---

**2. Significant Accounting Policies (continued)****(a) Basis of Presentation (continued)**

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on February 22, 2019.

**(b) Functional and Presentation of Foreign Currency**

These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted. The functional currency of the Company is the Canadian dollar.

**(c) Foreign Currency Translation**

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency gains and losses arising from translation are included in profit or loss for the reporting period.

**(d) Use of Estimates and Judgments**

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The presentation of these condensed consolidated interim financial statements requires judgments regarding the ability of the Company to continue as a going concern, as described in Note 1.

**(e) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash balances and highly liquid investments having maturities of three months or less from the date of purchase which are readily convertible into cash and that are subject to an insignificant risk of changes in value. The Company's cash and cash equivalents are held by major financial institutions in business and savings accounts or guaranteed investment certificates which are readily available on demand by the Company. As at October 31, 2018, the Company only held cash and no cash equivalents.

**Cannabis One Holdings Inc.**  
**(formerly Metropolitan Energy Corp.)**

Notes to Condensed Consolidated Interim Financial Statements  
For the three and nine months ended October 31, 2018 and 2017  
(Expressed in Canadian Dollars)  
(Unaudited)

---

**2. Significant Accounting Policies (continued)****(f) Exploration and Evaluation Expenditures**

Exploration and evaluation activity begins when the Company obtains legal rights to explore a specific area and involves the search for mineral reserves, the determination of technical feasibility and the assessment of commercial viability of an identified mineral resource. Expenditures incurred in the exploration and evaluation phase include the cost of acquiring interests in mineral rights, licenses and properties and the costs of the Company's exploration activities, such as researching and analyzing existing exploration data, gathering data through geological studies, exploratory drilling, trenching, sampling, and certain feasibility studies.

Exploration and evaluation expenditures incurred prior to the determination of commercially viable mineral resources, the feasibility of mining operations and a positive development decision are expensed as incurred. Mineral property acquisition costs and development expenditures incurred subsequent to such a determination are capitalized and amortized over the estimated life of the property following the commencement of commercial production, or are written off if the property is sold, allowed to lapse or abandoned or when an impairment is determined to have occurred.

**(g) Decommissioning Obligations**

A liability for a decommissioning obligation, such as site reclamation costs, is recorded when a legal or constructive obligation exists and is recognized in the period in which it is incurred. The Company records the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for the same amount. Subsequently, these capitalized decommissioning costs will be depreciated over the life of the related assets. The liability is accreted to reflect the passage of time and adjusted to reflect changes in the timing and amount of estimated future cash flows.

As at October 31, 2018 and January 31, 2018, the Company has determined that it does not have material decommissioning obligations with respect to its previous mineral property interests.

**(h) Impairment of Financial Assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Losses are recognized in profit or loss with a corresponding reduction in the financial asset, or in the case of amounts receivable are reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**Cannabis One Holdings Inc.  
(formerly Metropolitan Energy Corp.)**

Notes to Condensed Consolidated Interim Financial Statements  
For the three and nine months ended October 31, 2018 and 2017  
(Expressed in Canadian Dollars)  
(Unaudited)

---

**2. Significant Accounting Policies (continued)****(i) Impairment of Non-Financial Assets**

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive loss/income.

**(j) Share Capital**

Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from equity. The proceeds received from the exercise of stock options or warrants together with amounts previously recorded over the vesting periods are recorded as share capital. Share capital issued for non-monetary consideration is recorded at an amount based on the fair value of the common shares on the date of issue.

**(k) Share-based Payments**

The Company has an employee stock option plan. Share-based payments to employees are measured at the fair value of the stock options at the grant date and amortized to expense over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The corresponding amount is recorded in equity as a stock option reserve. The fair value of options is determined using a Black-Scholes option pricing model. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

**(l) Loss Per Share**

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. Stock options and warrants are dilutive when the Company has income from continuing operations and the average market price of the common shares during the period exceeds the exercise price of the options and warrants.

All potential common shares are anti-dilutive for the years presented.

**Cannabis One Holdings Inc.**  
**(formerly Metropolitan Energy Corp.)**

Notes to Condensed Consolidated Interim Financial Statements  
 For the three and nine months ended October 31, 2018 and 2017  
 (Expressed in Canadian Dollars)  
 (Unaudited)

**2. Significant Accounting Policies (continued)**

**(m) Change in Accounting Policies - Financial Instruments**

The Company has adopted all of the requirements of IFRS 9 *Financial Instruments* (“IFRS 9”) as of February 1, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged.

As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date. The main area of change is the accounting for equity securities previously classified as fair value through profit and loss.

The following is the Company’s new accounting policy for financial instruments under IFRS 9.

**(i) Classification**

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at February 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

<b>Financial assets/liabilities</b>	<b>Original classification IAS 39</b>	<b>New classification IFRS 9</b>
Cash	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost
Loan payable	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders’ equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on February 1, 2018.

**(ii) Measurement**

**Financial assets at FVTOCI**

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

**Cannabis One Holdings Inc.**  
**(formerly Metropolitan Energy Corp.)**

Notes to Condensed Consolidated Interim Financial Statements  
 For the three and nine months ended October 31, 2018 and 2017  
 (Expressed in Canadian Dollars)  
 (Unaudited)

---

**2. Significant Accounting Policies (continued)**

**(m) Change in Accounting Policies - Financial Instruments (continued)**

(ii) Measurement (continued)

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of net income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net income (loss) in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of net income (loss).

**(n) Consolidation**

These consolidated financial statements include the accounts of the Company and its 100% owned subsidiary, Metropolitan Acquisition Corp. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases. All inter-company transactions and balances have been eliminated in the consolidated financial statements.

**Cannabis One Holdings Inc.**  
**(formerly Metropolitan Energy Corp.)**

Notes to Condensed Consolidated Interim Financial Statements  
 For the three and nine months ended October 31, 2018 and 2017  
 (Expressed in Canadian Dollars)  
 (Unaudited)

---

### 3. Recent Accounting Pronouncements

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a material impact on the Company's financial statements. These include, but are not limited to, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*. IFRS 15 has an effective date for annual reporting periods beginning on or after January 1, 2018 and IFRS 16 has an effective date for years beginning on or after January 1, 2019. The adoption of IFRS 16 is not expected to have an impact on the Company's financial statements as the Company has no leases.

### 4. Loans Payable and Accrued Interest

- (a) The Company entered into a loan agreement dated May 28, 2014, with a former director of the Company (the "Lender") in the principal amount of \$11,000. The loan is unsecured, bears interest at 24% per annum, compounded monthly, and originally matured on May 28, 2015. In consideration for the loan, the Company issued 27,500 common shares to the Lender at a fair value of \$2,200. On May 21, 2015, the Lender signed an amended letter agreement granting the Company an extension to the term of the loan to November 28, 2015.

On June 28, 2018, the loan, including its accumulated interest, of \$28,749 have been paid in full and the Company recorded a gain on loan settlement of \$16,649. During the nine months ended October 31, 2018, the Company incurred \$2,721 (2017 - \$4,118) in interest on this loan. As at October 31, 2018, the balance of the loan and accrued interest is \$Nil (January 31, 2018 - \$26,525).

- (b) The Company entered into unsecured loan agreements dated April 22, 2015 in the aggregate principal amount of \$30,000, of which \$20,000 was received from a former director of the Company. The loans are unsecured, bear interest at 18% per annum, compounded monthly, and matured on April 22, 2016. If the loans are not repaid at maturity, interest will be charged at 24% per annum. In consideration for the loans, the Company issued 120,000 common shares of the Company to the lenders at a fair value of \$6,000. The fair value of the shares were presented as a deferred finance cost netted against the loan and were accreted over the term of the loans.

On June 28, 2018, the loan, including its accumulated interest, of \$60,030 have been paid in full and the Company recorded a gain on loan settlement of \$25,774. During the nine months ended October 31, 2018, the Company incurred \$5,565 (2017 - \$8,421) in interest on these loans. As at October 31, 2018, the balance of the loan and accrued interest is \$Nil (January 31, 2018 - \$54,785).

- (c) The Company entered into unsecured loan agreements dated May 27, 2016 in the aggregate principal amount of \$10,000. The loans bear interest at a rate of 18% per annum, compounded and payable monthly. The loans have a term of 12 months maturing on May 27, 2017 and are payable on demand. If the loans are not repaid at maturity, interest will be charged at 24% per annum. Of the total loans, \$5,000 was from a director of the Company. In consideration for the loans, the Company has received the approval of the TSX Venture Exchange to pay a 20% fee, payable in common shares in the capital of the Company, which has resulted in 40,000 common shares of the Company being issued at a fair value of \$2,000. The fair value of the shares are presented as a deferred finance cost netted against the loans and is being accreted over the term of the loans.

On June 28, 2018, the loan, including its accumulated interest, of \$15,484 have been paid in full and the Company recorded a gain on loan settlement of \$4,484. During the nine months ended October 31, 2018, the Company incurred \$1,423 (2017 - \$1,655) in interest on these loans. As at October 31, 2018, the balance of the loan and accrued interest is \$Nil (January 31, 2018 - \$13,244).

**Cannabis One Holdings Inc.**  
**(formerly Metropolitan Energy Corp.)**

Notes to Condensed Consolidated Interim Financial Statements  
For the three and nine months ended October 31, 2018 and 2017  
(Expressed in Canadian Dollars)  
(Unaudited)

**5. Related Party Transactions (Restated – See Note 11)**

**(a) Related Party Transactions**

	Three months ended October 31,		Nine months ended October 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Professional fees paid to:				
Bridgemark Financial Corp., a company controlled an officer,	4,725	4,725	22,050	14,175
Wildhorse Capital Partners Inc., a company with directors and officers in common	380,500	-	380,500	-
Share-based compensation	-	-	50,274	-
	385,225	4,725	452,824	14,175

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

During the nine months ended October 31, 2018, the Company granted 200,000 stock options to a director and an officer of the Company at an exercise price of \$0.35 per share valued at \$50,274.

**(b) Related Party Balances**

In addition to the loans payable to a director of the Company (Note 4), the following related party amounts are included in accounts payable and accrued liabilities:

	October 31, 2018	January 31, 2018
	\$	\$
Officer of the Company (Jordan Shapiro)	-	12,625
Former officer of the Company (Michael Thomson)	-	1,000
BridgeMark Financial Corp., a company with directors and officers in common	6,300	37,800
Avarone Metals Inc., a company with directors and officers in common	-	48,300
EHR Hydrocarbon Recovery, a company with directors and officers in common	18,000	18,000
Remstar Resources Ltd., a company with directors and officers in common	-	14,700
Wildhorse Capital Partners Inc., a company with directors and officers in common	17,500	-
	41,800	132,425

Amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

During the nine months ended October 31, 2018, the Company settled \$82,634 (January 31, 2018 - \$Nil) of accounts payable owing to an officer, a former officer of the Company and companies having directors and officers in common.

As at October 31, 2018, the Company has a deposit of \$50,000 (January 31, 2018 - \$Nil) with Wildhorse Capital Partners Inc. ("Wildhorse").



**Cannabis One Holdings Inc.**  
**(formerly Metropolitan Energy Corp.)**

Notes to Condensed Consolidated Interim Financial Statements  
 For the three and nine months ended October 31, 2018 and 2017  
 (Expressed in Canadian Dollars)  
 (Unaudited)

---

**5. Related Party Transactions (Restated – See Note 11) (continued)**

**(b) Related Party Balances (continued)**

In June 2018, the Company entered into an advisory services agreement with Wildhorse whereby the Company paid a deposit of \$50,000 to Wildhorse, incurred expenses of \$380,500 related to advisory services and has a commitment to pay a further \$250,000 to Wildhorse should the definitive agreement with Bertram be completed (Note 10).

Further, upon closing of the transaction with Bertram, the Company will issue that number of common share purchase warrants of the publicly-listed entity resulting from the completion of the transaction (“Resulting Issuer”) equal to the greater of 2.5% of the total number of common shares of the Resulting Issuer issued in connection with the transaction at the closing date or 1,575,000 resulting issuer warrants, with each common share purchase warrant entitling the holder to acquire one common share of the Resulting Issuer at an exercise price equal to \$0.40 for two years from the closing date.

**6. Share Capital**

**(a) Authorized**

The Company is authorized to issue an unlimited number of common voting shares without par value.

**(b) Issued**

On April 2, 2018, the Company completed the consolidation of its common shares on the basis of one post-consolidation common share for every 10 pre-consolidation common shares. No fractional shares were issued under the consolidation and any fraction was rounded down to the nearest whole number. Share figures and references have not been retroactively adjusted except weighted average common shares related to the loss per share calculation.

On March 21, 2018, the Company closed a non-brokered private placement of 10,000,000 post-consolidated units for gross proceeds of \$750,000. Each unit comprises one common share in the capital of the Company and one transferable common share purchase warrant of the Company. Each whole warrant entitles the holder thereof to purchase one common share at a price of \$0.25 per share expiring 12 months from the date of issuance.

On June 8, 2018, the Company closed its previously announced non-brokered private placement of units in the capital of the Company pursuant to which the Company issued an aggregate of 2,142,145 units for gross proceeds of \$749,750. Each unit is composed of one common share of the Company and one share purchase warrant. Each warrant entitles the holder thereof to purchase one share at a price of \$0.35 per share for 60 days from the date of issuance.

During the nine months ended October 31, 2018, the Company issued a total of 2,142,120 common shares pursuant to the exercise of warrants at an exercise price of \$0.35 per share for gross proceeds of \$749,742.

At October 31, 2018, there were 15,202,315 issued and fully paid common shares (January 31, 2018 - 918,050).

**Cannabis One Holdings Inc.**  
**(formerly Metropolitan Energy Corp.)**

Notes to Condensed Consolidated Interim Financial Statements  
 For the three and nine months ended October 31, 2018 and 2017  
 (Expressed in Canadian Dollars)  
 (Unaudited)

**6. Share Capital (continued)**

**(c) Stock Options**

The Company has an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company.

As at January 31, 2018, the Company has no stock options outstanding.

On May 11, 2018, the Company granted 200,000 stock options to certain directors and officers of the Company. The options are exercisable at a price of \$0.35 for a period of five years from the date of grant. The 200,000 stock options vested upon grant.

The Company's stock option transactions are summarized as follows:

	Options Outstanding	Weighted Average Exercise Price
	#	\$
Balance, January 31, 2018	-	-
Granted	200,000	0.35
Balance, October 31, 2018	200,000	0.35

During the nine months ended October 31, 2018, the Company recorded share-based payment expense of \$50,274 (2017 - \$Nil) related to the stock options issued. The fair value of the options granted was calculated using the Black-Scholes option pricing model with the following assumptions:

	May 11, 2018
Weighted average exercise per option	\$0.35
Risk-free interest rate	2.15 %
Expected volatility	148.65%
Expected life	5 years
Forfeiture rate	0%
Weighted average fair value per option	\$0.25

The following summarizes information about stock options at October 31, 2018 is as follows:

Options Outstanding	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life (Years)
#	\$		
200,000	0.35	May 11, 2023	4.53

**Cannabis One Holdings Inc.**  
**(formerly Metropolitan Energy Corp.)**

Notes to Condensed Consolidated Interim Financial Statements  
For the three and nine months ended October 31, 2018 and 2017  
(Expressed in Canadian Dollars)  
(Unaudited)

**6. Share Capital (continued)**

**(d) Warrants**

The continuity of share purchase warrants issued and outstanding is as follows:

	Warrants Outstanding	Weighted Average Exercise Price
	#	\$
Balance, January 31, 2018	-	-
Granted	12,142,145	0.29
Exercised	(2,142,120)	0.35
Expired	(25)	0.35
Balance, October 31, 2018	10,000,000	0.25

Share purchase warrants outstanding at October 31, 2018 is as follows:

Warrants Outstanding	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life (Year)
#	\$		
10,000,000	0.25	March 21, 2019	0.39

**(e) Reserves**

The stock options reserve includes stock-based compensation expense related to fair value of stock options granted. The warrants reserve includes the residual value of attachable warrants issued as a part of units in conjunction with private placements of common shares and fair value attributed to attachable warrants that have been modified subsequent to their issuance.

**7. Finance and Other Costs**

	Three months ended October 31,		Nine months ended October 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Interest expense (Note 4)	-	5,054	9,709	14,349
Other interest charges	1,864	-	3,321	-
Bank charges	28	47	245	142
	1,892	5,101	13,275	14,491

**Cannabis One Holdings Inc.  
(formerly Metropolitan Energy Corp.)**

Notes to Condensed Consolidated Interim Financial Statements  
For the three and nine months ended October 31, 2018 and 2017  
(Expressed in Canadian Dollars)  
(Unaudited)

---

**8. Financial Instruments and Risk Management****(a) Fair Value of Financial Instruments**

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The Company has no financial instrument assets or liabilities recorded in the statements of financial position at October 31, 2018 and January 31, 2018 at fair value. As at October 31, 2018, the Company's financial instruments consist of cash and accounts payable. The carrying values of these financial instruments approximate their fair values because of their short-term nature and as such fair value hierarchy disclosure is not required.

**(b) Financial Instruments Risk**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the Company's risk management processes.

**(i) Credit Risk**

Credit risk primarily arises from the Company's cash and the risk exposure is limited to the carrying amounts at the statement of financial position date. Cash are cash deposits with Canadian banks and Trust account. Credit risk is assessed as low.

**(ii) Liquidity Risk**

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 9 of these financial statements. The Company's approach to managing liquidity is to ensure, when reasonably possible, that it will have sufficient liquidity to settle obligations and liabilities when due. The Company have current funds available to settle existing liabilities.

The Company is dependent on the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financings to meet current and future obligations. There can be no assurance that such financing will be available on terms acceptable to the Company (Note 1). Liquidity risk is assessed as low.

**Cannabis One Holdings Inc.  
(formerly Metropolitan Energy Corp.)**

Notes to Condensed Consolidated Interim Financial Statements  
For the three and nine months ended October 31, 2018 and 2017  
(Expressed in Canadian Dollars)  
(Unaudited)

---

**8. Financial Instruments and Risk Management (continued)****(b) Financial Instruments Risk (continued)****(iii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans payable have a fixed rate of interest and have been fully paid during the period ended October 31, 2018, and thus does not expose the Company to interest rate risk.

From time to time, the Company invests cash in guaranteed investment certificates at fixed or floating interest rates in order to maintain liquidity while achieving a satisfactory return for shareholders. A change of 100 basis points in the interest rates would not be material to the financial statements.

**9. Capital Management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support its business and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not subject to externally imposed capital requirements.

The Company's historical sources of capital have consisted of the sale of equity securities and loans payable. In order for the Company to acquire mineral properties and pay for administrative costs, the Company will need to raise additional amounts externally as needed. There were no changes in the Company's management of capital during the nine months ended October 31, 2018.

**10. Definitive Business Combination Agreement*****Letter of Intent with Bertram Capital Finance Inc.***

Further to the announcement on July 5, 2018, the Company has entered into a definitive business combination agreement dated October 17, 2018, to acquire all of the issued and outstanding securities of Bertram Capital Finance Inc. (Cannabis One), which operates under the business name of Cannabis One. Cannabis One, based in the United States, is a professional management corporation formed to service the fast-growing, legal cannabis industry through real estate development and leaseback equipment financing, operating lines of credit, consultation, and intellectual property and brand management within U.S. state-legal markets. Cannabis One, headquartered in Denver, Colorado, intends to redefine the traditional, vertically integrated, seed-to-sale business model with a specific focus on aggregating cannabis retail distribution and brand manufacturing.

Under the terms of the definitive agreement, the Company will acquire, indirectly through its wholly owned subsidiary incorporated in Colorado (AcquireCo), all of the issued and outstanding equity securities of Cannabis One in exchange for newly created Class A subordinated voting shares and Class B super voting shares, as applicable, of the Company pursuant to a merger of Cannabis One and AcquireCo, the result of which will constitute a reverse takeover of the Company by the shareholders of Cannabis One. Following the proposed transaction, the Company will have cannabis operations within a number of state-legal markets throughout the United States and will retain manufacturing, distribution and licensing agreements with state-licensed cannabis companies.

**Cannabis One Holdings Inc.  
(formerly Metropolitan Energy Corp.)**

Notes to Condensed Consolidated Interim Financial Statements  
For the three and nine months ended October 31, 2018 and 2017  
(Expressed in Canadian Dollars)  
(Unaudited)

---

**10. Definitive Business Combination Agreement (continued)**

Pursuant to the terms of the definitive agreement, the Company will seek to delist from the NEX board of the TSX Venture Exchange and intends to apply for listing of the subordinated voting shares on the Canadian Securities Exchange, with such listing to be effective concurrent with the closing of the proposed transaction. Having already received the necessary approvals from both the shareholders of the Company and Cannabis One, the closing of the proposed transaction remains subject to customary conditions for a transaction of this nature, which includes approval from the TSX Venture Exchange for voluntary delisting of the Company's common shares, from the Canadian Securities Exchange for the listing of the subordinated voting shares and any other regulatory approvals.

In connection with the proposed transaction, the Company will be required to, among other things: (i) change its name to Cannabis One Holdings Inc., or such other name as is agreed to by the board of directors of the Company and acceptable to regulatory authorities; (ii) replace all directors and officers of the Company (other than Christopher Fenn) on closing of the proposed transaction with nominees of Cannabis One; (iii) redesignate the common shares of the Company as subordinated voting shares; and (iv) create a new class of super voting shares.

Further details of the proposed transaction are available in the information circular of the Company dated September 11, 2018, and more particularly described in the definitive agreement, which are filed on the Company's SEDAR profile and will be included in subsequent news releases and disclosure documents (which will include business and financial information in respect of Cannabis One) to be filed by the Company in connection with the proposed transaction. It is anticipated that the closing of the proposed transaction will take place prior to the end of 2018 or early 2019. It is intended that the common shares of the Company will remain halted until the proposed transaction closes or the definitive agreement is terminated.

***Private Placement***

In conjunction with the execution of the letter of intent on July 5, 2018, the Company and Cannabis One determined that the private placement described in the press release dated July 5, 2018 be structured as an offering of subscription receipts in the capital of Cannabis One and be upsized to up to \$8,000,000. Pursuant to the terms of the subscription receipts, the subscription receipts are automatically converted into one share in the common stock of Cannabis One and one-half of one Cannabis One share purchase warrant upon execution of the definitive agreement.

As of the date hereof, Cannabis One has closed on subscription receipts and issued instructions for the registration of the underlying Cannabis One shares and Cannabis One warrants, representing aggregate gross proceeds of approximately \$6,900,000. Cannabis One anticipates that an additional tranche of subscription receipts shall be sold under the private placement for additional gross proceeds of up to \$977,693. Cannabis One intends to use the net proceeds of the private placement for general working capital.

**11. Restatement for the Three and Nine-Month Periods Ended October 31, 2018**

Based on a review of the condensed consolidated financial statements for the periods ended October 31, 2018 and 2017, it was determined that certain disclosure was missing from Note 5 - Related Party Transactions and the related party transactions disclosed were understated by \$380,500. As a result, the Company has restated the disclosure in Note 5 to include the following related party transaction for the three months and nine months ended October 31, 2018:

**Cannabis One Holdings Inc.**  
**(formerly Metropolitan Energy Corp.)**

Notes to Condensed Consolidated Interim Financial Statements  
For the three and nine months ended October 31, 2018 and 2017  
(Expressed in Canadian Dollars)  
(Unaudited)

---

**11. Restatement for the Three and Nine-Month Periods Ended October 31, 2018 (continued)**

Professional fees paid to Wildhorse, a company with directors and officers in common, in the amount of \$380,500.

As a result of this restatement, related party transactions for the three months ended October 31, 2018 were restated to \$385,225 from \$4,725 and related party transactions for the nine months ended October 31, 2018 were restated to \$452,824 from \$72,324.

In addition, the Company added the disclosure that \$17,500 included in accounts payable at October 31, 2018 is owed to Wildhorse and \$50,000 included in deposit at October 31, 2018 was paid to Wildhorse. The significant terms of the advisory services agreement with Wildhorse has also been disclosed in Note 5.

# **METROPOLITAN ENERGY CORP.**

Financial Statements

**For the years ended January 31, 2018 and 2017**

**(Expressed in Canadian Dollars)**





DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Metropolitan Energy Corp.:

We have audited the accompanying financial statements of Metropolitan Energy Corp., which comprise the statements of financial position as at January 31, 2018, and the statements of comprehensive loss, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Metropolitan Energy Corp. as at January 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Metropolitan Energy Corp.'s ability to continue as a going concern.

### Other Matter

The financial statements of Metropolitan Energy Corp. for the year ended January 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on May 29, 2017.

DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
May 31, 2018

**Metropolitan Energy Corp.**  
**Statements of Financial Position**  
**As at January 31, 2018 and 2017**  
**(Expressed in Canadian Dollars)**

	2018	2017
	\$	\$
<b>Assets</b>		
Current assets:		
Cash	727	906
	727	906
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable (Note 5)	158,310	114,341
Accrued liabilities	8,000	8,000
Loans payable and accrued interest (Note 4)	94,554	74,563
	260,864	196,904
Shareholders' deficiency:		
Share capital (Note 6)	1,615,505	1,615,505
Reserves (Note 6)	248,163	248,163
Deficit	(2,123,805)	(2,059,666)
	(260,137)	(195,998)
	727	906

Nature of Operations and Going Concern (Note 1)  
Subsequent Events (Note 11)

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

**Metropolitan Energy Corp.**

## Statements of Loss and Comprehensive Loss

For the years ended January 31, 2018 and 2017

(Expressed in Canadian Dollars)

	2018	2017
Expenses:		
Professional fees (Note 5)	\$ 33,955	\$ 27,468
Filing and listing fees	5,317	8,949
Transfer agent	4,430	6,035
Shareholder's communication	34	99
Loss before other items	(43,736)	(42,551)
Other items:		
Foreign exchange gain	6	-
Finance and other cost (Note 7)	(20,409)	(17,360)
Net loss and comprehensive loss for the year	(64,139)	(59,911)
Basic and diluted loss per share	\$ (0.07)	\$ (0.07)
Weighted average number of shares outstanding (Note 6)	918,049	916,575

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

**Metropolitan Energy Corp.**

## Statements of Changes in Shareholders' Equity

For the years ended January 31, 2018 and 2017

(Expressed in Canadian Dollars)

	Notes	Share capital		Reserves			Deficit	Total
		Common	Amount	Stock options	Warrants	Total		
		shares						
		#	\$	\$	\$	\$	\$	\$
<b>Balance, January 31, 2016</b>		<b>9,140,499</b>	<b>1,613,505</b>	<b>102,062</b>	<b>146,101</b>	<b>248,163</b>	<b>(1,999,755)</b>	<b>(138,087)</b>
Comprehensive loss for the year		-	-	-	-	-	(59,911)	(59,911)
Share issued pursuant to loan agreement	4	40,000	2,000	-	-	-	-	2,000
<b>Balance, January 31, 2017</b>		<b>9,180,499</b>	<b>1,615,505</b>	<b>102,062</b>	<b>146,101</b>	<b>248,163</b>	<b>(2,059,666)</b>	<b>(195,998)</b>
Comprehensive loss for the year		-	-	-	-	-	(64,139)	(64,139)
<b>Balance, January 31, 2018</b>		<b>9,180,499</b>	<b>1,615,505</b>	<b>102,062</b>	<b>146,101</b>	<b>248,163</b>	<b>(2,123,805)</b>	<b>(260,137)</b>

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

**Metropolitan Energy Corp.**

## Statements of Cash Flows

For the years ended January 31, 2018 and 2017

(Expressed in Canadian Dollars)

	2018	2017
	\$	\$
Operating activities:		
Net loss for the year	(64,139)	(59,911)
Adjustments for non-cash items:		
Accrued interest on loans	19,991	14,312
Financing fees	-	2,610
Changes in non-cash working capital items:		
Accounts payable	43,969	28,011
	(179)	(14,978)
Financing activity:		
Proceeds from loans	-	10,000
Change in cash	(179)	(4,978)
Cash, beginning	906	5,884
Cash, ending	727	906

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

# Metropolitan Energy Corp.

Notes to Financial Statements  
For the years ended January 31, 2018 and 2017  
(Expressed in Canadian Dollars)

---

## 1. Nature of Operations and Going Concern

Metropolitan Energy Corp. (the “Company”) was incorporated on July 16, 2007, under the Business Corporations Act of British Columbia and is engaged in identifying and evaluating potential transactions and/or acquisitions in the resource sector. The Company is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia and its common shares trade on NEX effective July 10, 2015, under the trading symbol “MOE.H”.

The head office and principal address of the Company are located at Suite 610 – 700 West Pender Street, Vancouver, British Columbia V6C 1G8. The Company’s registered office address is Suite 800, 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

The ability of the Company to attain profitable operations is dependent upon the continued forbearance of its creditors, the identification and acquisition of resource properties, the ability to obtain additional financing to make payments as they become due, the completion of exploration programs, the discovery and development of economic ore reserves and the ability to arrange sufficient financing to acquire the resource properties and to bring the ore reserves into production. The ultimate outcomes of these matters cannot presently be determined because they are contingent on future events.

These financial statements have been prepared using accounting policies applicable to a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of business. As at January 31, 2018, the Company had no operating revenue, an accumulated deficit of \$2,123,805 (2017 - \$2,059,666), a working capital deficiency of \$260,137 (2017 - \$195,998) and expects to incur further losses in the development of its business. The Company will require additional financing in order to fund working capital requirements, and as it determines, to acquire additional properties. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations. These material uncertainties cast significant doubt on the entity’s ability to continue as a going concern.

These financial statements do not reflect adjustments to the carrying amounts of assets and liabilities, the reported revenues and expenses and the statement of financial position classifications used that would be necessary if the going concern assumptions were not appropriate.

## 2. Significant Accounting Policies

### (a) Basis of Presentation

The financial statements of the Company have been prepared on a historical cost basis in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements were approved and authorized for issue by the Board of Directors of the Company on May 23, 2018.

# Metropolitan Energy Corp.

Notes to Financial Statements  
For the years ended January 31, 2018 and 2017  
(Expressed in Canadian Dollars)

---

## 2. Significant Accounting Policies (continued)

### (b) Functional and Presentation of Foreign Currency

These financial statements are presented in Canadian dollars unless otherwise noted. The functional currency of the Company is the Canadian dollar.

### (c) Foreign Currency Translation

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency gains and losses arising from translation are included in profit or loss for the reporting period.

### (d) Use of Estimates and Judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The presentation of these financial statements requires judgments regarding the ability of the Company to continue as a going concern, as described in Note 1.

### (e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances and highly liquid investments having maturities of three months or less from the date of purchase which are readily convertible into cash and that are subject to an insignificant risk of changes in value. The Company's cash and cash equivalents are held by major financial institutions in business and savings accounts or guaranteed investment certificates which are readily available on demand by the Company. As at January 31, 2018, the Company only held cash and no cash equivalents.

# Metropolitan Energy Corp.

Notes to Financial Statements  
For the years ended January 31, 2018 and 2017  
(Expressed in Canadian Dollars)

---

## 2. Significant Accounting Policies (continued)

### (f) Exploration and Evaluation Expenditures

Exploration and evaluation activity begins when the Company obtains legal rights to explore a specific area and involves the search for mineral reserves, the determination of technical feasibility and the assessment of commercial viability of an identified mineral resource. Expenditures incurred in the exploration and evaluation phase include the cost of acquiring interests in mineral rights, licenses and properties and the costs of the Company's exploration activities, such as researching and analyzing existing exploration data, gathering data through geological studies, exploratory drilling, trenching, sampling, and certain feasibility studies.

Exploration and evaluation expenditures incurred prior to the determination of commercially viable mineral resources, the feasibility of mining operations and a positive development decision are expensed as incurred. Mineral property acquisition costs and development expenditures incurred subsequent to such a determination are capitalized and amortized over the estimated life of the property following the commencement of commercial production, or are written off if the property is sold, allowed to lapse or abandoned or when an impairment is determined to have occurred.

### (g) Decommissioning Obligations

A liability for a decommissioning obligation, such as site reclamation costs, is recorded when a legal or constructive obligation exists and is recognized in the period in which it is incurred. The Company records the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for the same amount. Subsequently, these capitalized decommissioning costs will be depreciated over the life of the related assets. The liability is accreted to reflect the passage of time and adjusted to reflect changes in the timing and amount of estimated future cash flows.

As at January 31, 2018 and 2017, the Company has determined that it does not have material decommissioning obligations with respect to its previous mineral property interests.

### (h) Impairment of Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Losses are recognized in profit or loss with a corresponding reduction in the financial asset, or in the case of amounts receivable are reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### (i) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.



# Metropolitan Energy Corp.

Notes to Financial Statements  
For the years ended January 31, 2018 and 2017  
(Expressed in Canadian Dollars)

---

## 2. Significant Accounting Policies (continued)

### (i) Impairment of Non-Financial Assets (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive loss/income.

### (j) Share Capital

Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from equity. The proceeds received from the exercise of stock options or warrants together with amounts previously recorded over the vesting periods are recorded as share capital. Share capital issued for non-monetary consideration is recorded at an amount based on the fair value of the common shares on the date of issue.

### (k) Share-based Payments

The Company has an employee stock option plan. Share-based payments to employees are measured at the fair value of the stock options at the grant date and amortized to expense over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received.

The corresponding amount is recorded in equity as a stock option reserve. The fair value of options is determined using a Black-Scholes option pricing model. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

### (l) Loss Per Share

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. Stock options and warrants are dilutive when the Company has income from continuing operations and the average market price of the common shares during the period exceeds the exercise price of the options and warrants.

All potential common shares are anti-dilutive for the years presented.

### (m) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized in the statements of financial position at the time the Company becomes a party to the contractual provisions. Upon initial recognition, financial instruments are measured at fair value. Measurement in subsequent periods is dependent on the classification of the financial instrument. The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, available-for-sale and other financial liabilities.

# Metropolitan Energy Corp.

Notes to Financial Statements  
For the years ended January 31, 2018 and 2017  
(Expressed in Canadian Dollars)

---

## 2. Significant Accounting Policies (continued)

### (I) Financial Instruments (continued)

#### Non-derivative financial assets

#### (i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are either 'held-for-trading' or classified as fair value through profit or loss. Financial assets are designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch, the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy or the financial asset contains one or more embedded derivatives. They are initially and subsequently measured at fair value and changes in fair value are recognized in profit or loss for the period.

The Company does not have any financial assets at fair value through profit and loss.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and such assets are recognized initially at fair value and subsequently on an amortized cost basis using the effective interest method, less any impairment losses. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

The Company has designated its cash as loans and receivables.

#### (iii) Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any other financial asset categories. They are initially and subsequently measured at fair value and the changes in fair value, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income (loss) and presented within equity in accumulated other comprehensive income. When the financial assets are sold or an impairment write-down is required, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

The Company does not have any available-for-sale financial assets.

#### Non-derivative financial liabilities

All financial liabilities are recognized initially at fair value plus any directly attributable transaction costs on the date at which the Company becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, the Company's financial liabilities are measured at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company's non-derivative financial liabilities include its accounts payable and loans payable which are designated as other liabilities.

# Metropolitan Energy Corp.

Notes to Financial Statements  
For the years ended January 31, 2018 and 2017  
(Expressed in Canadian Dollars)

---

## 2. Significant Accounting Policies (continued)

### (m) Income Taxes

Income tax expense comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date. As the Company is in a loss position there is no current tax payable.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets liabilities and assets.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not probable that the related tax benefit will be realized.

## 3. Recent Accounting Pronouncements

There were no new standards effective February 1, 2017 that had an impact on the Company's financial statements. The following IFRS standard has been recently issued by the IASB. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

### IFRS 9, Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 will replace the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. The new standard also requires a single impairment method to be used, provides additional guidance on the classification and measurement of financial liabilities, and provides a new general hedge accounting standard.

The mandatory effective date has been set for years beginning on or after January 1, 2018, however early adoption of the new standard is permitted. The Company has not early adopted IFRS 9. The adoption of IFRS 9 will not have a material impact on the financial statements as the classification and measurement of the Company's financial instruments is not expected to change given of the nature of the Company's operations and the types of financial instruments that it currently holds.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a material impact on the Company's financial statements. These include, but are not limited to, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. IFRS 15 has an effective date for annual reporting periods beginning on or after January 1, 2018 and IFRS 16 has an effective date for years beginning on or after January 1, 2019.

# Metropolitan Energy Corp.

Notes to Financial Statements  
For the years ended January 31, 2018 and 2017  
(Expressed in Canadian Dollars)

---

## 4. Loans Payable and Accrued Interest

- (a) The Company entered into a loan agreement dated May 28, 2014, with a former director of the Company (the "Lender") in the principal amount of \$11,000. The loan is unsecured, bears interest at 24% per annum, compounded monthly, and originally matured on May 28, 2015. In consideration for the loan, the Company issued 27,500 common shares to the Lender at a fair value of \$2,200. On May 21, 2015, the Lender signed an amended letter agreement granting the Company an extension to the term of the loan to November 28, 2015. As of the approval date of these financial statements, the loans have not been repaid and continue to bear interest at 24% per annum.

During the year ended January 31, 2018, the Company accrued \$5,681 (2017 - \$4,385) in interest on this loan. As at January 31, 2018, the balance of the loan and accrued interest is \$26,525 (2017 - \$20,844).

- (b) The Company entered into unsecured loan agreements dated April 22, 2015 in the aggregate principal amount of \$30,000, of which \$20,000 was received from a director of the Company. The loans are unsecured, bear interest at 18% per annum, compounded monthly, and matured on April 22, 2016. If the loans are not repaid at maturity, interest will be charged at 24% per annum. In consideration for the loans, the Company issued 120,000 common shares of the Company to the lenders at a fair value of \$6,000. The fair value of the shares were presented as a deferred finance cost netted against the loan and were accreted over the term of the loans. As of the approval date of these financial statements, the loans have not been repaid and continue to bear interest at 24% per annum.

During the year ended January 31, 2018, the Company accrued \$11,618 (2017 - \$8,641) in interest on these loans and recorded accretion of deferred finance costs of \$Nil (2017 - \$1,344). As at January 31, 2018, the balance of the loan and accrued interest is \$54,785 (2017 - \$43,167) of which \$36,581 is owing to a director of the Company (Note 5).

- (c) The Company entered into unsecured loan agreements dated May 27, 2016 in the aggregate principal amount of \$10,000. The loans bear interest at a rate of 18% per annum, compounded and payable monthly. The loans have a term of 12 months maturing on May 27, 2017 and are payable on demand. If the loans are not repaid at maturity, interest will be charged at 24% per annum. Of the total loans, \$5,000 was from a director of the Company. In consideration for the loans, the Company has received the approval of the TSX Venture Exchange to pay a 20% fee, payable in common shares in the capital of the Company, which has resulted in 40,000 common shares of the Company being issued at a fair value of \$2,000. The fair value of the shares are presented as a deferred finance cost netted against the loans and is being accreted over the term of the loans. As of the approval date of these financial statements, the loans have not been repaid and continue to bear interest at 24% per annum.

During the year ended January 31, 2018, the Company accrued \$2,692 (2017 - \$1,286) in interest on this loan and recorded accretion of deferred finance costs of \$Nil (2017 - \$1,266). As at January 31, 2018, the balance of the loan and accrued interest is \$13,244 (2017 - \$10,552). of which \$6,707 is owing to a director of the Company (Note 5).

# Metropolitan Energy Corp.

Notes to Financial Statements  
For the years ended January 31, 2018 and 2017  
(Expressed in Canadian Dollars)

## 5. Related Party Transactions

### (a) Related Party Transactions

	2018	2017
	\$	\$
Professional fees paid or accrued to a company controlled by an officer	18,900	18,900
Interest paid or accrued to a director	9,234	7,047

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

### (b) Related Party Balances

In addition to the loans payable to a director of the Company (Note 4), the following related party amounts are included in accounts payable:

	January 31, 2018	January 31, 2017
	\$	\$
Officers of the Company	13,625	1,636
Companies having former directors and officers in common	81,000	81,000
Companies having directors and officers in common	37,800	18,900
	132,425	101,536

Above amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

## 6. Share Capital

### (a) Authorized

The Company is authorized to issue an unlimited number of common voting shares without par value.

### (b) Issued

Subsequent to the year ended January 31, 2018, the Company has completed the consolidation of its common shares on the basis of one post-consolidation common share for every 10 pre-consolidation common shares (Note 11). No fractional shares were issued under the consolidation and any fraction was rounded down to the nearest whole number. Share figures and references have not been retroactively adjusted except weighted average common shares related to the loss per share calculation.

At January 31, 2018, there were 9,180,499 issued and fully paid common shares (2017 – 9,180,499).

# Metropolitan Energy Corp.

Notes to Financial Statements  
For the years ended January 31, 2018 and 2017  
(Expressed in Canadian Dollars)

## 6. Share Capital (continued)

### (c) Stock Options

The Company has an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company.

The continuity of stock options issued and outstanding is as follows:

	Options Outstanding	Weighted Average Exercise Price
	#	\$
Balance, January 31, 2016	754,000	0.126
Expired	(754,000)	0.126
Balance, January 31, 2018 and 2017	-	-

As at January 31, 2018, the Company has no stock options outstanding.

### (d) Warrants

The continuity of share purchase warrants issued and outstanding is as follows:

	Warrants Outstanding	Weighted Average Exercise Price
	#	\$
Balance, January 31, 2016	5,000,000	0.100
Expired	(5,000,000)	0.100
Balance, January 31, 2018 and 2017	-	-

As at January 31, 2018, the Company has no share purchase warrants outstanding.

### (e) Reserves

The stock options reserve includes stock-based compensation expense related to fair value of stock options granted. The warrants reserve includes the residual value of attachable warrants issued as a part of units in conjunction with private placements of common shares and fair value attributed to attachable warrants that have been modified subsequent to their issuance.

## 7. Finance and Other Costs

	2018	2017
	\$	\$
Financing fees (Note 4)	-	2,610
Interest expense (Note 4)	19,991	14,532
Bank charges	418	218
	20,409	17,360

# Metropolitan Energy Corp.

Notes to Financial Statements  
For the years ended January 31, 2018 and 2017  
(Expressed in Canadian Dollars)

---

## 8. Financial Instruments and Risk Management

### (a) Fair Value of Financial Instruments

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

Cash is measured using level 1 inputs.

The Company has no financial instrument assets or liabilities recorded in the statements of financial position at January 31, 2018 and 2017 at fair value. As at January 31, 2018, the Company's financial instruments consist of cash, accounts payable and loans payable. The carrying values of these financial instruments approximate their fair values because of their short-term nature and as such fair value hierarchy disclosure is not required.

### (b) Financial Instruments Risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the Company's risk management processes.

#### (i) Credit Risk

Credit risk primarily arises from the Company's cash and the risk exposure is limited to the carrying amounts at the statement of financial position date. Cash is cash deposits with Canadian banks. Credit risk is assessed as low.

#### (ii) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 9 of these financial statements. The Company's approach to managing liquidity is to ensure, when reasonably possible, that it will have sufficient liquidity to settle obligations and liabilities when due. The Company does not have current funds available to settle liabilities and will have to raise equity or debt financing in the future to do so.

The Company is dependent on the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financings to meet current and future obligations. There can be no assurance that such financing will be available on terms acceptable to the Company (Note 1). Liquidity risk is assessed as high.

#### (iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans payable have a fixed rate of interest and thus does not expose the Company to interest rate risk.

# Metropolitan Energy Corp.

Notes to Financial Statements  
For the years ended January 31, 2018 and 2017  
(Expressed in Canadian Dollars)

---

## 8. Financial Instruments and Risk Management (continued)

### (b) Financial Instruments Risk (continued)

#### (iii) Interest Rate Risk (continued)

From time to time, the Company invests cash in guaranteed investment certificates at fixed or floating interest rates in order to maintain liquidity while achieving a satisfactory return for shareholders. A change of 100 basis points in the interest rates would not be material to the financial statements.

## 9. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support its business and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders.

The Company is not subject to externally imposed capital requirements.

The Company's historical sources of capital have consisted of the sale of equity securities and loans payable. In order for the Company to acquire mineral properties and pay for administrative costs, the Company will need to raise additional amounts externally as needed.

There were no changes in the Company's management of capital during the year ended January 31, 2018.

## 10. Income Taxes

- (a) As at January 31, 2018, the Company had approximately \$1,427,000 (2017 - \$1,366,000) of non-capital losses for Canadian income tax purposes which are available to reduce taxable income in future years that have expiry dates ranging between 2028 and 2038. At January 31, 2018, the Company also has other deductible temporary differences of approximately \$832,000 (2017 - \$832,000) of cumulative foreign resource expenses for tax purposes.
- (b) Following is a reconciliation of the expected income tax benefit from the loss for the year based on the applicable statutory income tax rate, to the actual amount:

	2018	2017
	\$	\$
Loss for the year	64,139	59,911
Statutory tax rate	26%	26%
Expected income tax recovery	16,676	15,577
Non-deductible (taxable) items and other	(740)	(648)
Change in unrecognized tax assets	(15,936)	(14,899)
Income tax recovery	-	-



# Metropolitan Energy Corp.

Notes to Financial Statements  
For the years ended January 31, 2018 and 2017  
(Expressed in Canadian Dollars)

## 10. Income Taxes (continued)

At January 31, 2018 and 2017, deferred tax assets have not been recognized with respect to the following items:

	2018	2017
	\$	\$
Non-capital losses	371,137	355,201
Other deductible temporary differences	216,275	216,275
Total deferred income tax assets not recognized	587,412	571,476

## 11. Subsequent Events

On March 21, 2018, the Company closed a non-brokered private placement of Units of the Company, pursuant to which, the Company issued an aggregate of 100,000,000 Units for gross proceeds of \$750,000. Each Unit is comprised of one common share of the Company and one transferable common share purchase warrant of the Company. Each whole Warrant entitles the holder thereof to purchase one common share at a price of \$0.025 per share expiring twelve months from the date of issuance. Pursuant to the terms and conditions of the private placement, the proceeds shall be held in trust by a law firm until the earlier of the completion of the Company's previously announced consolidation or March 31, 2018. If the consolidation is not completed by March 31, 2018, the proceeds of the private placement shall be returned to the respective subscribers of the units.

On April 2, 2018, the Company completed a consolidation of its common shares on the basis of one post-consolidation common share for every 10 pre-consolidation common shares, effective March 29, 2018.

Concurrent with the effective date of the consolidation, the net proceeds of the Company's non-brokered private placement of units of the Company, was released to the Company from trust and the Company issued the 100,000,000 units (10,000,000 post-consolidation units) to the respective subscribers thereof.

On May 11, 2018, the Company granted 200,000 stock options to certain directors exercisable at \$0.35 per share with an expiry date of May 11, 2023. The 200,000 stock options vested upon grant.

# **METROPOLITAN ENERGY CORP.**

Financial Statements

**Years Ended January 31, 2017 and 2016**

**(Expressed in Canadian Dollars)**



KPMG LLP  
PO Box 10426 777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
Canada  
Telephone (604) 691-3000  
Fax (604) 691-3031

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of Metropolitan Energy Corp.

We have audited the accompanying financial statements of Metropolitan Energy Corp., which comprise the statements of financial position as at January 31, 2017 and January 31, 2016, the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Metropolitan Energy Corp. as at January 31, 2017 and January 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

*Emphasis of matter*

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes matters and conditions relating to liquidity and financial performance that indicate the existence of material uncertainties that may cast significant doubt about Metropolitan Energy Corp.'s ability to continue as a going concern.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the "K" and ends under the "P", with a small upward tick at the end.

Chartered Professional Accountants

May 29, 2017

Vancouver, Canada

**Metropolitan Energy Corp.**  
**Statements of Financial Position**  
(Expressed in Canadian Dollars)

January 31, 2017 and 2016

	2017	2016
	\$	\$
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	906	5,884
	906	5,884
<b>Liabilities and Shareholders' Deficiency</b>		
Current liabilities:		
Accounts payable and accrued liabilities	122,341	94,330
Loans payable and accrued interest (Note 4)	74,563	49,641
	196,904	143,971
Shareholders' deficiency:		
Share capital (Note 6)	1,615,505	1,613,505
Reserves	248,163	248,163
Deficit	(2,059,666)	(1,999,755)
	(195,998)	(138,087)
	906	5,884

Nature of Operations and Going Concern (Note 1)  
Subsequent event (Note 11)

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

**Metropolitan Energy Corp.**  
**Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

Years ended January 31, 2017 and 2016

	2017	2016
Expenses:		
Professional fees (Note 5)	\$ 27,468	\$ 8,634
Filing and listing fees	8,949	11,436
Office and miscellaneous (Note 5)	-	26,314
Transfer agent	6,035	1,649
Shareholder's communication	99	-
Loss before other items	(42,551)	(48,033)
Finance and other cost (Note 7)	(17,360)	(12,894)
Net loss and comprehensive loss for the year	(59,911)	(60,927)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding	9,165,745	9,113,869

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

**Metropolitan Energy Corp.**

## Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian Dollars)

Years ended January 31, 2017 and 2016

		Share capital		Reserves			Deficit	Total
	Notes	Common shares	Amount	Stock options	Warrants	Total		
		#	\$	\$	\$	\$	\$	\$
Balance, January 31, 2015		9,020,499	1,607,505	102,062	146,101	248,163	(1,938,828)	(83,160)
Comprehensive loss for the year		-	-	-	-	-	(60,927)	(60,927)
Share issued pursuant to loan agreement	4(b)	120,000	6,000	-	-	-	-	6,000
Balance, January 31, 2016		9,140,499	1,613,505	102,062	146,101	248,163	(1,999,755)	(138,087)
Comprehensive loss for the year		-	-	-	-	-	(59,911)	(59,911)
Share issued pursuant to loan agreement	4(c)	40,000	2,000	-	-	-	-	2,000
Balance, January 31, 2017		9,180,499	1,615,505	102,062	146,101	248,163	(2,059,666)	(195,998)

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

**Metropolitan Energy Corp.**  
**Statements of Cash Flows**  
(Expressed in Canadian Dollars)

Years ended January 31, 2017 and 2016

	2017	2016
	\$	\$
Operating activities:		
Net loss for the year	(59,911)	(60,927)
Adjustments for non-cash items:		
Accrued interest on loans	14,312	8,049
Financing fees	2,610	4,656
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	28,011	24,009
	(14,978)	(24,213)
Financing activity:		
Proceeds from loans (Note 4(c))	10,000	30,000
Change in cash and cash equivalents	(4,978)	5,787
Cash and cash equivalents, beginning of year	5,884	97
Cash and cash equivalents, end of year	906	5,884

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



# Metropolitan Energy Corp.

Notes to Financial Statements  
(Expressed in Canadian Dollars)  
Years ended January 31, 2017 and 2016

---

## 1. Nature of Operations and Going Concern

Metropolitan Energy Corp. (“the Company”) was incorporated on July 16, 2007 under the Business Corporations Act of British Columbia and is currently engaged in identifying and evaluating potential transactions and/or acquisitions in the resource or other business sectors. The Company is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia and its common shares trade on NEX effective July 10, 2015 under the trading symbol “MOE.H”.

The head office and principal address of the Company are located at 610 – 700 West Pender Street, Vancouver, BC V6C 1G8. The Company’s registered office address is Suite 800, 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

The ability of the Company to attain profitable operations is dependent upon the continued forbearance of its creditors, the identification and acquisition of resource properties, the ability to obtain additional financing to make payments as they become due, the completion of exploration programs, the discovery and development of economic ore reserves and the ability to arrange sufficient financing to acquire the resource properties and to bring the ore reserves into production. The ultimate outcomes of these matters cannot presently be determined because they are contingent on future events.

These financial statements have been prepared using accounting policies applicable to a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of business. As at January 31, 2017, the Company had no operating revenue, an accumulated deficit of \$2,059,666 (2016 - \$1,999,755), a working capital deficiency of \$195,998 (2016 - \$138,087) and expects to incur further losses in the development of its business. The Company will require additional financing in order to fund working capital requirements, and as it determines, to acquire additional properties. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations. These material uncertainties cast significant doubt on the entity’s ability to continue as a going concern.

These financial statements do not reflect adjustments to the carrying amounts of assets and liabilities, the reported revenues and expenses and the statement of financial position classifications used that would be necessary if the going concern assumptions were not appropriate.

## 2. Significant Accounting Policies

### (a) Basis of Presentation

The financial statements of the Company have been prepared on a historical cost basis in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

These financial statements were approved and authorized for issue by the Board of Directors of the Company on May 29, 2017.

# Metropolitan Energy Corp.

Notes to Financial Statements  
(Expressed in Canadian Dollars)  
Years ended January 31, 2017 and 2016

---

## 2. Significant Accounting Policies (continued)

### (b) Functional and Presentation of Foreign Currency

The financial statements are presented in Canadian dollars unless otherwise noted. The functional currency of the Company is the Canadian dollar.

### (c) Foreign Currency Translation

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency gains and losses arising from translation are included in profit or loss for the reporting period.

### (d) Use of Estimates and Judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The presentation of these financial statements requires judgments regarding the ability of the Company to continue as a going concern, as described in Note 1.

### (e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances and highly liquid investments having maturities of three months or less from the date of purchase which are readily convertible into cash and that are subject to an insignificant risk of changes in value. The Company's cash and cash equivalents are held by major financial institutions in business and savings accounts or guaranteed investment certificates which are readily available on demand by the Company.

### (f) Exploration and Evaluation Expenditures

Exploration and evaluation activity begins when the Company obtains legal rights to explore a specific area and involves the search for mineral reserves, the determination of technical feasibility and the assessment of commercial viability of an identified mineral resource. Expenditures incurred in the exploration and evaluation phase include the cost of acquiring interests in mineral rights, licenses and properties and the costs of the Company's exploration activities, such as researching and analyzing existing exploration data, gathering data through geological studies, exploratory drilling, trenching, sampling, and certain feasibility studies.

# Metropolitan Energy Corp.

Notes to Financial Statements  
(Expressed in Canadian Dollars)  
Years ended January 31, 2017 and 2016

---

## 2. Significant Accounting Policies (continued)

### (f) Exploration and Evaluation Expenditures (continued)

Exploration and evaluation expenditures incurred prior to the determination of commercially viable mineral resources, the feasibility of mining operations and a positive development decision are expensed as incurred. Mineral property acquisition costs and development expenditures incurred subsequent to such a determination are capitalized and amortized over the estimated life of the property following the commencement of commercial production, or are written off if the property is sold, allowed to lapse or abandoned or when an impairment is determined to have occurred.

### (g) Decommissioning Obligations

A liability for a decommissioning obligation, such as site reclamation costs, is recorded when a legal or constructive obligation exists and is recognized in the period in which it is incurred. The Company records the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for the same amount. Subsequently, these capitalized decommissioning costs will be depreciated over the life of the related assets. The liability is accreted to reflect the passage of time and adjusted to reflect changes in the timing and amount of estimated future cash flows.

As at January 31, 2017 and 2016, the Company has determined that it does not have material decommissioning obligations with respect to its previous mineral property interests.

### (h) Impairment of Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Losses are recognized in profit or loss with a corresponding reduction in the financial asset, or in the case of amounts receivable are reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### (i) Share Capital

Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from equity. The proceeds received from the exercise of stock options or warrants together with amounts previously recorded over the vesting periods are recorded as share capital. Share capital issued for non-monetary consideration is recorded at an amount based on the fair value of the common shares on the date of issue.

# Metropolitan Energy Corp.

Notes to Financial Statements  
(Expressed in Canadian Dollars)  
Years ended January 31, 2017 and 2016

---

## 2. Significant Accounting Policies (continued)

### (j) Share-based Payments

The Company has an employee stock option plan. Share-based payments to employees are measured at the fair value of the stock options at the grant date and amortized to expense over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The corresponding amount is recorded in equity as a stock option reserve. The fair value of options is determined using a Black-Scholes option pricing model. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

### (k) Loss Per Share

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. Stock options and warrants are dilutive when the Company has income from continuing operations and the average market price of the common shares during the period exceeds the exercise price of the options and warrants.

All potential common shares are anti-dilutive for the years presented.

### (l) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized in the statements of financial position at the time the Company becomes a party to the contractual provisions. Upon initial recognition, financial instruments are measured at fair value. Measurement in subsequent periods is dependent on the classification of the financial instrument. The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, available-for-sale and other financial liabilities.

#### Non-derivative financial assets

##### (i) Financial assets and liabilities at fair value through profit and loss

Financial assets and liabilities at fair value through profit and loss are either 'held-for-trading' or classified as fair value through profit or loss. Financial assets are designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch, the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy or the financial asset contains one or more embedded derivatives. They are initially and subsequently measured at fair value and changes in fair value are recognized in profit or loss for the period.

The Company does not have any financial assets at fair value through profit and loss.

# Metropolitan Energy Corp.

Notes to Financial Statements  
(Expressed in Canadian Dollars)  
Years ended January 31, 2017 and 2016

---

## 2. Significant Accounting Policies (continued)

### (l) Financial Instruments (continued)

#### Non-derivative financial assets (continued)

##### (ii) Loans and receivables (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and such assets are recognized initially at fair value and subsequently on an amortized cost basis using the effective interest method, less any impairment losses. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

The Company has designated its cash and cash equivalents as loans and receivables.

##### (iii) Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any other financial asset categories. They are initially and subsequently measured at fair value and the changes in fair value, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income (loss) and presented within equity in accumulated other comprehensive income. When the financial assets are sold or an impairment write-down is required, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

The Company does not have any available-for-sale financial assets.

#### Non-derivative financial liabilities

All financial liabilities are recognized initially at fair value plus any directly attributable transaction costs on the date at which the Company becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, the Company's financial liabilities are measured at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company's non-derivative financial liabilities include its accounts payable and accrued liabilities and loans payable and accrued interest which are designated as other liabilities.

### (m) Income Taxes

Income tax expense comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date. As the Company is in a loss position there is no current tax payable.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date.

# Metropolitan Energy Corp.

Notes to Financial Statements  
(Expressed in Canadian Dollars)  
Years ended January 31, 2017 and 2016

---

## 2. Significant Accounting Policies (continued)

### (m) Income Taxes (continued)

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets liabilities and assets.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not probable that the related tax benefit will be realized.

## 3. Recent Accounting Pronouncements

There were no new standards effective February 1, 2016 that had an impact on the Company's financial statements. The following IFRS standard has been recently issued by the IASB. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

### IFRS 9, Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 will replace the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. The new standard also requires a single impairment method to be used, provides additional guidance on the classification and measurement of financial liabilities, and provides a new general hedge accounting standard.

The mandatory effective date has been set for years beginning on or after January 1, 2018, however early adoption of the new standard is permitted. The Company currently does not intend to early adopt IFRS 9. The adoption of IFRS 9 is currently not expected to have a material impact on the financial statements as the classification and measurement of the Company's financial instruments is not expected to change given of the nature of the Company's operations and the types of financial instruments that it currently holds.

## 4. Loans Payable and Accrued Interest

- (a) The Company entered into a loan agreement dated May 28, 2014, with a former director of the Company (the "Lender") in the principal amount of \$11,000. The loan is unsecured, bears interest at 24% per annum, compounded monthly, and originally matured on May 28, 2015. In consideration for the loan, the Company issued 27,500 common shares to the Lender at a fair value of \$2,200. On May 21, 2015, the Lender signed an amended letter agreement granting the Company an extension to the term of the loan to November 28, 2015. As of May 29, 2017, the loans have not been repaid and continue to bear interest at 24% per annum.

During the year ended January 31, 2017, the Company accrued \$4,385 (2016 - \$3,523) in interest on this loan. As at January 31, 2017, the balance of the loan and accrued interest is \$20,844 (January 31, 2016 - \$16,459).

# Metropolitan Energy Corp.

Notes to Financial Statements  
(Expressed in Canadian Dollars)  
Years ended January 31, 2017 and 2016

---

## 4. Loans Payable and Accrued Interest (continued)

- (b) The Company entered into unsecured loan agreements dated April 22, 2015 in the aggregate principal amount of \$30,000, of which \$20,000 was received from a director of the Company. The loans are unsecured, bear interest at 18% per annum, compounded monthly, and matured on April 22, 2016. If the loans are not repaid at maturity, interest will be charged at 24% per annum. As of May 29, 2017, the loans have not been repaid and continue to bear interest at 24% per annum. In consideration for the loans, the Company issued 120,000 common shares of the Company to the lenders at a fair value of \$6,000. The fair value of the shares were presented as a deferred finance cost netted against the loan and were accreted over the term of the loans.

During the year ended January 31, 2017, the Company accrued \$8,641 (2016 - \$4,526) in interest on these loans and recorded accretion of deferred finance costs of \$1,344 (2016 - \$4,656). As at January 31, 2017, the balance of the loan and accrued interest is \$43,167 (January 31, 2016 - \$33,182).

- (c) The Company entered into unsecured loan agreements dated May 27, 2016 in the aggregate principal amount of \$10,000. The loans bear interest at a rate of 18% per annum, compounded and payable monthly. The loans have a term of 12 months maturing on May 27, 2017, and are payable on demand. If the loans are not repaid at maturity, interest will be charged at 24% per annum. Of the total loans, \$5,000 was from a director of the Company. In consideration for the loans, the Company has received the approval of the TSX Venture Exchange to pay a 20% fee, payable in common shares in the capital of the Company, which has resulted in 40,000 common shares of the Company being issued at a fair value of \$2,000. The fair value of the shares are presented as a deferred finance cost netted against the loans and is being accreted over the term of the loans.

During the year ended January 31, 2017, the Company accrued \$1,286 in interest on this loan and recorded accretion of deferred finance costs of \$1,266. As at January 31, 2017, the balance of the loan and accrued interest is \$10,552.

## 5. Related Party Transactions

### (a) Related Party Transactions

In addition to related party transactions described in Note 4, the Company had the following related party transactions:

	2017	2016
	\$	\$
Office, rent and administration paid or accrued to companies having a director and officers in common	-	25,200
Professional fees paid or accrued to a company controlled by an officer	18,900	-

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

# Metropolitan Energy Corp.

Notes to Financial Statements  
(Expressed in Canadian Dollars)  
Years ended January 31, 2017 and 2016

## 5. Related Party Transactions (continued)

### (b) Related Party Balances

In addition to the loans payable to a director of the Company (Note 4 (b) and (c)), the following related party amounts are included in accounts payable and accrued liabilities:

	January 31, 2017	January 31, 2016
	\$	\$
An officer of the Company	1,636	1,636
Companies having former directors and officers in common	81,000	-
Companies having directors and officers in common	18,900	83,058

Above amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

## 6. Share Capital

### (a) Authorized

The Company is authorized to issue an unlimited number of common voting shares without par value.

### (b) Issued

At January 31, 2017, there were 9,180,499 issued and fully paid common shares (2016 - 9,140,499).

### (c) Stock Options

The Company has an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company.

The continuity of stock options issued and outstanding is as follows:

	Options Outstanding	Weighted Average Exercise Price
	#	\$
Balance, January 31, 2016 and 2015	754,000	0.126
Expired	(754,000)	0.126
Balance, January 31, 2017	-	-

As at January 31, 2017, the Company has no stock options outstanding.



# Metropolitan Energy Corp.

Notes to Financial Statements  
(Expressed in Canadian Dollars)  
Years ended January 31, 2017 and 2016

## 6. Share Capital s(continued)

### (d) Warrants

The continuity of share purchase warrants issued and outstanding is as follows:

	Warrants Outstanding	Weighted Average Exercise Price
	#	\$
Balance, January 31, 2016 and 2015	5,000,000	0.100
Expired	(5,000,000)	0.100
Balance, January 31, 2017	-	-

As at January 31, 2017, the Company has no share purchase warrants outstanding.

## 7. Finance and Other Costs

	2017	2016
	\$	\$
Financing fees (Note 4(b) and (c))	2,610	4,656
Interest expense (Note 4)	14,532	8,049
Bank charges	218	189
	17,360	12,894

## 8. Financial Instruments and Risk Management

### (a) Fair Value of Financial Instruments

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The Company has no financial instrument assets or liabilities recorded in the statements of financial position at January 31, 2017 and 2016 at fair value. As at January 31, 2017, the Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities and loans payable and accrued interest. The carrying values of these financial instruments approximate their fair values because of their short term nature and as such fair value hierarchy disclosure is not required.

# Metropolitan Energy Corp.

Notes to Financial Statements  
(Expressed in Canadian Dollars)  
Years ended January 31, 2017 and 2016

---

## 8. Financial Instruments and Risk Management (continued)

### (b) Financial Instruments Risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the Company's risk management processes.

#### (i) Credit Risk

Credit risk primarily arises from the Company's cash and cash equivalents and the risk exposure is limited to the carrying amounts at the statement of financial position date. Cash and cash equivalents are held as cash deposits or investments in guaranteed investment certificates at Canadian banks.

#### (ii) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 9 of these financial statements. The Company's approach to managing liquidity is to ensure, when reasonably possible, that it will have sufficient liquidity to settle obligations and liabilities when due. The Company does not have current funds available to settle liabilities and will have to raise equity or debt financing in the future to do so.

The Company is dependent on the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financings to meet current and future obligations. There can be no assurance that such financing will be available on terms acceptable to the Company (see Note 1).

#### (iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans payable have a fixed rate of interest and thus does not expose the Company to interest rate risk.

From time to time, the Company invests cash in guaranteed investment certificates at fixed or floating interest rates in order to maintain liquidity while achieving a satisfactory return for shareholders. A change of 100 basis points in the interest rates would not be material to the financial statements.

## 9. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support its business and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders.

The Company is not subject to externally imposed capital requirements.

The Company's historical sources of capital have consisted of the sale of equity securities and loans payable. In order for the Company to acquire mineral properties and pay for administrative costs, the Company will need to raise additional amounts externally as needed.

There were no changes in the Company's management of capital during the year ended January 31, 2017.

# Metropolitan Energy Corp.

Notes to Financial Statements  
(Expressed in Canadian Dollars)  
Years ended January 31, 2017 and 2016

## 10. Income Taxes

- (a) As at January 31, 2017, the Company had approximately \$1,366,000 (2016 - \$1,309,000) of non-capital losses for Canadian income tax purposes which are available to reduce taxable income in future years that have expiry dates ranging between 2028 and 2037. At January 31, 2017, the Company also has other deductible temporary differences of approximately \$832,000 (2016 - \$832,000) of cumulative foreign resource expenses for tax purposes.
- (b) Following is a reconciliation of the expected income tax benefit from the loss for the year based on the applicable statutory income tax rate, to the actual amount:

	2017	2016
	\$	\$
Loss for the year	59,911	60,927
Statutory tax rate	26%	26%
Expected income tax recovery	15,577	15,841
Non-deductible (taxable) items and other	(648)	(1,211)
Change in unrecognized tax assets	(14,899)	(14,630)
Difference between current and deferred tax rates	-	-
Income tax recovery	-	-

At January 31, 2017 and 2016, deferred tax assets have not been recognized with respect to the following items:

	2017	2016
	\$	\$
Non-capital losses	355,201	340,303
Other deductible temporary differences	216,275	216,274
Total deferred income tax assets not recognized	571,476	556,577

## 11. Subsequent Event

Subsequent to January 31, 2017, the Company received advances of \$19,812 from shareholders and directors of the Company to pay certain invoices. The advances were unsecured and the terms of repayment and any associated interest remains to be negotiated with the lenders.

## **APPENDIX C**

### **MD&A OF CANNABIS ONE HOLDINGS INC. (FORMERLY METROPOLITAN ENERGY CORP.)**

(See attached)

**CANNABIS ONE HOLDINGS INC.**  
**(FORMERLY METROPOLITAN ENERGY CORP.)**

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the three and nine months ended October 31, 2018 and 2017**

# **Cannabis One Holdings Inc.** **(Formerly Metropolitan Energy Corp.)**

AMENDED AND RESTATED

## **Management's Discussion and Analysis** **For the three and nine months ended October 31, 2018 and 2017**

---

### **INTRODUCTION**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Cannabis One Holdings Inc. (formerly Metropolitan Energy Corp.) (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the nine months ended October 31, 2018. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 - Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes for the nine months ended October 31, 2018 and 2017 and audited annual financial statements for the years ended January 31, 2018 and 2017. All dollar amounts referred to in this MD&A are expressed in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included.

The results for the periods presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at February 22, 2019, unless otherwise indicated. The financial data included in the discussion provided in this report has been prepared in accordance with International Financial Reporting Standards ("IFRS").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **FORWARD-LOOKING INFORMATION**

This management discussion and analysis ("MD&A") may contain certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of the Company based on its experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

# **Cannabis One Holdings Inc.** **(Formerly Metropolitan Energy Corp.)**

AMENDED AND RESTATED

## **Management's Discussion and Analysis**

**For the three and nine months ended October 31, 2018 and 2017**

---

### **DESCRIPTION OF BUSINESS**

Cannabis One Holdings Inc. (formerly Metropolitan Energy Corp.) (the "Company") was incorporated on July 16, 2007 under the Business Corporations Act of British Columbia. On November 8, 2018, the Company changed its name to Cannabis One Holdings Inc. The Company is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia and its common shares trade on NEX effective July 10, 2015, under the trading symbol "MOE.H".

The Company currently does not carry on an active business and in the past has been involved in the exploration of mineral resource properties. The Company continues to actively identify and evaluate assets and businesses including those from different business sectors or industries, with a view to completing an acquisition of a business or assets that is suitable for the Company.

On April 2, 2018, the Company completed a consolidation of its common shares on the basis of one post-consolidation common share for every 10 pre-consolidation common shares, effective March 29, 2018.

### **DEFINITIVE BUSINESS COMBINATION AGREEMENT**

#### ***Letter of Intent with Bertram Capital Finance Inc.***

Further to the announcement on July 5, 2018, the Company has entered into a definitive business combination agreement dated October 17, 2018, to acquire all of the issued and outstanding securities of Bertram Capital Finance Inc. (Cannabis One), which operates under the business name of Cannabis One. Cannabis One, based in the United States, is a professional management corporation formed to service the fast-growing, legal cannabis industry through real estate development and leaseback equipment financing, operating lines of credit, consultation, and intellectual property and brand management within U.S. state-legal markets. Cannabis One, headquartered in Denver, Colorado, intends to redefine the traditional, vertically integrated, seed-to-sale business model with a specific focus on aggregating cannabis retail distribution and brand manufacturing.

Under the terms of the definitive agreement, the Company will acquire, indirectly through its wholly-owned subsidiary incorporated in Colorado (AcquireCo), all of the issued and outstanding equity securities of Cannabis One in exchange for newly created Class A subordinated voting shares and Class B super voting shares, as applicable, of the Company pursuant to a merger of Cannabis One and AcquireCo, the result of which will constitute a reverse takeover of the Company by the shareholders of Cannabis One. Following the proposed transaction, the Company will have cannabis operations within a number of state-legal markets throughout the United States and will retain manufacturing, distribution and licensing agreements with state-licensed cannabis companies.

Pursuant to the terms of the definitive agreement, the Company will seek to delist from the NEX board of the TSX Venture Exchange and intends to apply for listing of the subordinated voting shares on the Canadian Securities Exchange, with such listing to be effective concurrent with the closing of the proposed transaction. Having already received the necessary approvals from both the shareholders of the Company and Cannabis One, the closing of the proposed transaction remains subject to customary conditions for a transaction of this nature, which includes approval from the TSX Venture Exchange for voluntary delisting of the Company's common shares, from the Canadian Securities Exchange for the listing of the subordinated voting shares and any other regulatory approvals.

# **Cannabis One Holdings Inc.**

## **(Formerly Metropolitan Energy Corp.)**

AMENDED AND RESTATED

### **Management's Discussion and Analysis**

**For the three and nine months ended October 31, 2018 and 2017**

---

In connection with the proposed transaction, the Company will be required to, among other things: (i) change its name to Cannabis One Holdings Inc., or such other name as is agreed to by the board of directors of the Company and acceptable to regulatory authorities; (ii) replace all directors and officers of the Company (other than Christopher Fenn) on closing of the proposed transaction with nominees of Cannabis One; (iii) redesignate the common shares of the Company as subordinated voting shares; and (iv) create a new class of super voting shares.

Further details of the proposed transaction are available in the information circular of the Company dated September 11, 2018, and more particularly described in the definitive agreement, which are filed on the Company's SEDAR profile and will be included in subsequent news releases and disclosure documents (which will include business and financial information in respect of Cannabis One) to be filed by the Company in connection with the proposed transaction. It is anticipated that the closing of the proposed transaction will take place prior to the end of 2018. It is intended that the common shares of the Company will remain halted until the proposed transaction closes or the definitive agreement is terminated.

#### ***Private placement***

In conjunction with the execution of the letter of intent on July 5, 2018, the Company and Cannabis One determined that the private placement described in the press release dated July 5, 2018 be structured as an offering of subscription receipts in the capital of Cannabis One and be upsized to up to \$8,000,000. Pursuant to the terms of the subscription receipts, the subscription receipts are automatically converted into one share in the common stock of Cannabis One and one-half of one Cannabis One share purchase warrant upon execution of the definitive agreement.

As of the date hereof, Cannabis One has closed on subscription receipts and issued instructions for the registration of the underlying Cannabis One shares and Cannabis One warrants, representing aggregate gross proceeds of approximately \$6,900,000. Cannabis One anticipates that an additional tranche of subscription receipts shall be sold under the private placement for additional gross proceeds of up to \$977,693. Cannabis One intends to use the net proceeds of the private placement for general working capital.

#### **RESTATEMENT FOR THE THREE AND NINE-MONTH PERIODS ENDED OCTOBER 31, 2018**

Based on a review of the condensed consolidated financial statements for the periods ended October 31, 2018 and 2017, it was determined that certain disclosure was missing from Note 5 - Related Party Transactions and the related party transactions disclosed were understated by \$380,500. As a result, the Company has restated the disclosure in Note 5 to include the following related party transaction for the three months and nine months ended October 31, 2018:

Professional fees paid to Wildhorse Capital Partners Inc., a company with directors and officers in common, in the amount of \$380,500.

As a result of this restatement, related party transactions for the three months ended October 31, 2018 were restated to \$385,225 from \$4,725 and related party transactions for the nine months ended October 31, 2018 were restated to \$452,824 from \$72,324.

In addition, the Company added the disclosure that \$17,500 included in accounts payable at October 31, 2018 is owed to Wildhorse Capital Partners Inc. and \$50,000 included in deposit at October 31, 2018 was paid to Wildhorse Capital Partners Inc. The significant terms of the advisory services agreement with Wildhorse have also been disclosed.



# **Cannabis One Holdings Inc.**

## **(Formerly Metropolitan Energy Corp.)**

AMENDED AND RESTATED

### **Management's Discussion and Analysis**

#### **For the three and nine months ended October 31, 2018 and 2017**

---

## **RISKS AND UNCERTAINTIES**

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's business, the following risk factors, among others, will apply:

***Mining Industry is Intensely Competitive:*** The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

***No Assurance of Profitability:*** The Company has no history of earnings and, due to the nature of its proposed business, there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or loans from shareholders and related parties. While the Company may generate additional working capital through further equity offerings or loans, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

***Dependence Upon Others and Key Personnel:*** The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly-skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additionally highly-skilled employees may adversely affect its business and future operations.

***Share Price Volatility:*** In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

***Financing Risks:*** The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it to fund working capital requirements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities and through loans from related parties and shareholders, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the Company being unable to continue as a going concern.

# **Cannabis One Holdings Inc.**

## **(Formerly Metropolitan Energy Corp.)**

AMENDED AND RESTATED

### **Management's Discussion and Analysis**

**For the three and nine months ended October 31, 2018 and 2017**

---

***Insufficient Financial Resources:*** Although the Company currently has positive working capital, this may not be sufficient to undertake mineral property acquisitions. Such acquisition will depend upon the Company's ability to obtain financing through private placement financing, public financing, short or long-term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company not being able to acquire an asset or mineral property and maintain an active business.

***Dilution to the Company's Existing Shareholders:*** The Company will require additional equity financing be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

### **MANAGEMENT CHANGES**

On May 11, 2018, the Company announced the resignation of Michael Thomson from the Company's Board of Directors effective May 10, 2018 and appointed Christopher Fenn to the Board of Directors of the Company effective May 11, 2018.

# Cannabis One Holdings Inc.

## (Formerly Metropolitan Energy Corp.)

AMENDED AND RESTATED

### Management's Discussion and Analysis

For the three and nine months ended October 31, 2018 and 2017

### SELECTED QUARTERLY FINANCIAL PERFORMANCE

The following table sets out selected quarterly financial results, in \$000's except per share amounts:

	Oct 31, 2018	Jul 31, 2018	Apr 30, 2018	Jan 31, 2018	Oct 31, 2017	Jul 31, 2017	Apr 30, 2017	Jan 31, 2017
<b>Financial Results:</b>								
Net revenue	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Net loss for period	\$387	\$105	\$23	\$28	\$13	\$12	\$11	\$10
Basic and diluted loss/share	\$0.026	\$0.008	\$0.004	\$0.031	\$0.014	\$0.013	\$0.012	\$0.010
Expenditures on exploration and evaluation	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
<b>Balance Sheet Data:</b>								
Cash and cash equivalents	\$1,536	\$1,963	\$751	\$0.7	\$0.8	\$0.8	\$0.9	\$0.9
Total assets	\$1,586	\$1,963	\$751	\$0.7	\$0.8	\$0.8	\$0.9	\$0.9
Shareholders' equity (deficiency)	\$1,524	\$1,898	\$467	(\$260)	(\$232)	(\$219)	(\$207)	(\$196)

There are no general trends regarding the Company's quarterly results. Quarterly results may vary significantly depending mainly on the Company's current business activities or whether the Company granted any stock options. These factors may account for material variations in the Company's quarterly net losses and are not predictable. The factor which has had the most material effect on quarterly results is the granting of stock option due to the resulting share-based compensation charges which may be significant when they arise. Other factor which has a direct effect on quarterly results are the loan agreements with compounded interest that results to higher finance cost over time.

### RESULTS OF OPERATIONS

#### Three months ended October 31, 2018 compared with the three months ended October 31, 2017

During the three months ended October 31, 2018, the Company reported a net loss of \$386,958 compared to a net loss of \$13,044 during the three months ended October 31, 2017, representing an increase in loss of \$373,914. Administration and general expenses for the quarter were \$385,064 as compared with \$7,939 during the comparable period of prior year. The bulk of the increase in third quarter loss from the comparable period of prior year arose from the increase of professional fees due to advisory fees paid by the Company in connection to the definitive business combination agreement entered by the Company during the current period.

Finance and other costs were \$1,892 during the three months ended October 31, 2018 compared to \$5,101 during the three months ended October 31, 2017. The decrease resulted from the decreased in interest expense due to settlement of loans during the current period.

For the three months ended October 31, 2018, the Company has had no active operations. There is no source of operating income and losses are expected to continue. Net loss, quarter over quarter, is affected by the level of general corporate activity, exploration and project evaluation undertaken during the period.

# **Cannabis One Holdings Inc.**

## **(Formerly Metropolitan Energy Corp.)**

AMENDED AND RESTATED

### **Management's Discussion and Analysis**

#### **For the three and nine months ended October 31, 2018 and 2017**

---

#### *Nine months ended October 31, 2018 compared with the nine months ended October 31, 2017*

During the nine months ended October 31, 2018, the Company reported a net loss of \$515,559 compared to a net loss of \$36,121 during the nine months ended October 31, 2017, representing an increase in loss of \$479,438. Administration and general expenses for the quarter were \$612,706 as compared with \$21,630 during the comparable period of prior year. The bulk of the increase in the nine months ended October 31, 2018 loss from the comparable period of prior year arose from the increase of professional fees due to advisory fees paid by the Company in connection to the definitive business combination agreement entered by the Company, consulting fees and share-based compensation incurred during the current period.

Finance and other costs were \$13,275 during the nine months ended October 31, 2018 compared to \$14,491 during the nine months ended October 31, 2017. The decrease resulted from the decreased in interest expense due to settlement of loans during the current period.

For the nine months ended October 31, 2018, the Company has had no active operations. There is no source of operating income and losses are expected to continue. Net loss, quarter over quarter, is affected by the level of general corporate activity, exploration and project evaluation undertaken during the period.

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company has no revenue generating operations from which it can internally generate funds. The Company has financed its operations and met its capital requirements primarily through short-term loans.

Working capital, being current assets less current liabilities as of October 31, 2018, was \$1,524,070 as compared to a deficiency of \$260,137 as at January 31, 2018.

---

	October 31, 2018		January 31, 2018	
Working capital (deficit)	\$	1,524,070	\$	(260,137)
Deficit	\$	(2,639,364)	\$	(2,123,805)

---

Net cash on hand increased by \$1,534,902, from \$727 at January 31, 2018 to \$1,535,629 at October 31, 2018. The increase in cash resulted mainly from proceeds from issuance of shares and exercise of warrants.

During the year ended January 31, 2017, the Company raised \$10,000 by way of unsecured loans at a rate of interest at 18% per annum, compounded monthly. The loans bear interest at a rate of 18% per annum, compounded and payable monthly. The loans have a term of 12 months maturing in May 2017, and are payable on demand. If the loans are not repaid at maturity, interest will be charged at 24% per annum. Of the total loans, \$5,000 was from a director of the Company. In consideration for the loans, the Company has received the approval of the TSX Venture Exchange to pay a 20% bonus, payable in common shares in the capital of the Company, which has resulted in 40,000 common shares of the Company being issued. On June 28, 2018, all outstanding loans were repaid by the Company.

The Company has not entered into any long-term lease commitments.

Although the Company currently has positive working capital, this may not be sufficient to fund its identification and evaluation of potential businesses and/or assets as well as its general corporate obligations (accounts payable

# **Cannabis One Holdings Inc.**

## **(Formerly Metropolitan Energy Corp.)**

AMENDED AND RESTATED

### **Management's Discussion and Analysis**

#### **For the three and nine months ended October 31, 2018 and 2017**

---

and ongoing expenses) for the next twelve months. The Company is currently seeking additional debt or equity financing to fund its working capital requirements. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing or that such financing will be available on acceptable terms.

### **USE OF ESTIMATES AND JUDGMENTS**

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The presentation of the condensed consolidated interim financial statements requires judgments regarding the ability of the Company to continue as a going concern, as described in Note 1 to the Company's condensed consolidated interim financial statements for the nine months ended October 31, 2018.

### **CHANGES IN ACCOUNTING POLICIES**

The Company has adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") as of February 1, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged.

The Company adopted all of the requirements of IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") as of February 1, 2018. IFRS 15 replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and related interpretations on revenue. IFRS 15 utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. As the Company has no revenue, no impact on the Company's financial statements has resulted.

See Note 2 to the Company's condensed consolidated interim financial statements for the nine months ended October 31, 2018 for further discussion of the newly adopted accounting policy.

### **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Readers are directed to the condensed consolidated interim financial statements for the nine months ended October 31, 2018 and 2017 for a detailed breakdown of expenses.

# Cannabis One Holdings Inc.

## (Formerly Metropolitan Energy Corp.)

AMENDED AND RESTATED

### Management's Discussion and Analysis

#### For the three and nine months ended October 31, 2018 and 2017

#### RELATED PARTY TRANSACTIONS (RESTATED)

During the nine months ended October 31, 2018 and 2017, the Company entered into certain transactions with related parties. Any amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

A description of the related party transactions is as follows:

	Three months ended October 31,		Nine months ended October 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Professional fees paid to:				
BridgeMark Financial Corp., a company controlled by an officer	4,725	4,725	22,050	14,175
Wildhorse Capital Partners., a company with directors and officers in common	380,500	-	380,500	-
Share-based compensation	-	-	50,274	-
	<b>385,225</b>	<b>4,725</b>	<b>452,824</b>	<b>14,175</b>

The following related party amounts are included in accounts payable and accrued liabilities:

	October 31, 2018	January 31, 2018
	\$	\$
Officer of the Company (Jordan Shapiro)	-	12,625
Former officer of the Company (Michael Thomson)	-	1,000
BridgeMark Financial Corp., a company having directors and officers in common	6,300	37,800
Avarone Metals Inc., a company having directors and officers in common	-	48,300
HER Hydrocarbon Recovery, a company having directors and officers in common	18,000	18,000
Remstar Resources Ltd., a company having directors and officers in common	-	14,700
Wildhorse Capital Partners Inc., a company with directors and officers in common	17,500	-
	<b>41,800</b>	<b>132,425</b>

Amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

During the nine months ended October 31, 2018, the Company settled \$82,634 (January 31, 2018 - \$Nil) of accounts payable owing to an officer, a former officer of the Company and companies having directors and officers in common.

As at October 31, 2018, the Company has a deposit of \$50,000 (January 31, 2018 - \$Nil) with Wildhorse Capital

# **Cannabis One Holdings Inc.**

## **(Formerly Metropolitan Energy Corp.)**

AMENDED AND RESTATED

### **Management's Discussion and Analysis**

#### **For the three and nine months ended October 31, 2018 and 2017**

---

Partners Inc. ("Wildhorse").

In June 2018, the Company entered into an advisory services agreement with Wildhorse whereby the Company paid a deposit of \$50,000 to Wildhorse, incurred expenses of \$380,500 related to advisory services and has a commitment to pay a further \$250,000 to Wildhorse should the definitive agreement with Bertram be completed (Note 10).

Further, upon closing of the transaction with Bertram, the Company will issue that number of common share purchase warrants of the publicly-listed entity resulting from the completion of the transaction ("Resulting Issuer") equal to the greater of 2.5% of the total number of common shares of the Resulting Issuer issued in connection with the transaction at the closing date or 1,575,000 resulting issuer warrants, with each common share purchase warrant entitling the holder to acquire one common share of the Resulting Issuer at an exercise price equal to \$0.40 for two years from the closing date.

### **OUTSTANDING SHARE DATA**

The Company is authorized to issue an unlimited number of common shares without par value. As at February 22, 2019, there were 15,202,315 shares issued and outstanding.

As at February 22, 2019, the Company has 200,000 stock options outstanding.

As at February 22, 2019, the Company has 10,000,000 share purchase warrants outstanding.

### **INVESTOR RELATIONS**

Investor relations inquiries are handled by the CEO of the Company.

### **FINANCIAL INSTRUMENTS**

#### **(a) Fair Value of Financial Instruments**

As at October 31, 2018, the Company's financial instruments consist of cash and accounts payable. The carrying values of these financial instruments approximate their fair values because of their short-term nature and/or the existence of market related interest rates on the instruments.

The Company has no financial instrument, assets or liabilities recorded in the condensed consolidated interim statements of financial position at October 31, 2018 and January 31, 2018 at fair value.

#### **(b) Financial Instruments Risk**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the Company's risk management processes.

##### **(i) Credit Risk**

Credit risk primarily arises from the Company's cash and the risk exposure is limited to the carrying amounts at the statement of financial position date. Cash are cash deposits with Canadian banks and

# **Cannabis One Holdings Inc.**

## **(Formerly Metropolitan Energy Corp.)**

AMENDED AND RESTATED

### **Management's Discussion and Analysis**

**For the three and nine months ended October 31, 2018 and 2017**

---

Trust account. Credit risk is assessed as low.

#### **(ii) Liquidity Risk**

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 9 to its condensed consolidated interim financial statements.

The Company's approach to managing liquidity is to ensure, when reasonably possible, that it will have sufficient liquidity to settle obligations and liabilities when due. As at October 31, 2018, the Company had a cash balance of \$1,535,629 to settle current liabilities of \$61,559 which consists of accounts payable and accrued liabilities of \$61,559 that are considered short-term. The Company have current funds available to settle existing liabilities.

See Note 1 to the Company's condensed consolidated interim financial statements for the nine months ended October 31, 2018 for further discussion on liquidity.

#### **(iii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans payable have fixed rates of interest and have been fully paid during the period ended October 31, 2018, and thus do not expose the Company to interest rate risk.

From time to time, the Company invests cash in guaranteed investment certificates at fixed or floating interest rates in order to maintain liquidity while achieving a satisfactory return for shareholders. A change of 100 basis points in the interest rates would not be material to the condensed consolidated interim financial statements.

During the nine months ended October 31, 2018, there were no changes to the Company's risk exposure or to the Company's policies for risk management.

### **CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support its business and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders.

The Company is not subject to externally imposed capital requirements.

The Company's historical sources of capital have consisted of the sale of equity securities and loans payable. In order for the Company to acquire mineral properties and pay for administrative costs, the Company will need to raise additional amounts externally as needed.



**Cannabis One Holdings Inc.**  
**(Formerly Metropolitan Energy Corp.)**

AMENDED AND RESTATED

**Management's Discussion and Analysis**  
**For the three and nine months ended October 31, 2018 and 2017**

---

There were no changes in the Company's management of capital during the nine months ended October 31, 2018.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

**SUBSEQUENT EVENT**

On November 8, 2018, the Company changed its name to Cannabis One Holdings Inc.

# **Cannabis One Holdings Inc.**

## **(Formerly Metropolitan Energy Corp.)**

AMENDED AND RESTATED

### **Management's Discussion and Analysis**

**For the three and nine months ended October 31, 2018 and 2017**

---

### **CORPORATE OUTLOOK**

The Company continues to actively identify and evaluate assets and businesses through discussions with various business associates, contacts of the directors and officers and other parties, with a view to completing an acquisition of a business or assets. To carry out this activity and to fund immediate general corporate requirements, the Company is seeking additional financing through related party loans and equity financing. However, there can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required, or if available, that it can be obtained in terms satisfactory to the Company. See "*Risks and Uncertainties*" above.

# **METROPOLITAN ENERGY CORP.**

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the years ended January 31, 2018 and 2017**

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2018 and 2017

---

### INTRODUCTION

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Metropolitan Energy Corp. (the "Company" or "Metropolitan") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended January 31, 2018. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's audited annual financial statements and related notes for the years ended January 31, 2018 and 2017. All dollar amounts referred to in this MD&A are expressed in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included.

The results for the periods presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at May 31, 2018, unless otherwise indicated. The financial data included in the discussion provided in this report has been prepared in accordance with International Financial Reporting Standards ("IFRS").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Metropolitan's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### FORWARD LOOKING INFORMATION

This management discussion and analysis ("MD&A") may contain certain forward-looking statements and information relating to Metropolitan that are based on the beliefs of its management as well as assumptions made by and information currently available to Metropolitan. These forward-looking statements are made as of the date of this document and Metropolitan does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of Metropolitan's exploration properties. Such statements reflect the current views of Metropolitan based on its experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of Metropolitan to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2018 and 2017

---

### DESCRIPTION OF BUSINESS

Metropolitan Energy Corp. was incorporated on July 16, 2007 under the Business Corporations Act of British Columbia. The Company is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia and its common shares trade on NEX effective July 10, 2015, under the trading symbol "MOE.H".

The Company currently does not carry on an active business and in the past has been involved in the exploration of mineral resource properties. Metropolitan continues to actively identify and evaluate assets and businesses including those from different business sectors or industries, with a view to completing an acquisition of a business or assets that is suitable for the Company.

### RISKS AND UNCERTAINTIES

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's business, the following risk factors, among others, will apply:

***Mining Industry is Intensely Competitive:*** The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

***No Assurance of Profitability:*** The Company has no history of earnings and, due to the nature of its proposed business, there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or loans from shareholders and related parties. While the Company may generate additional working capital through further equity offerings or loans, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

***Dependence Upon Others and Key Personnel:*** The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additionally highly-skilled employees may adversely affect its business and future operations.

***Share Price Volatility:*** In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2018 and 2017

---

**Financing Risks:** The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it to fund working capital requirements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities and through loans from related parties and shareholders, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the Company being unable to continue as a going concern.

**Insufficient Financial Resources:** The Company does not presently have sufficient financial resources to undertake mineral property acquisitions. Such acquisition will depend upon the Company's ability to obtain financing through private placement financing, public financing, short or long-term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company not being able to acquire an asset or mineral property and maintain an active business.

**Dilution to the Company's Existing Shareholders:** The Company will require additional equity financing be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

## SELECTED ANNUAL FINANCIAL RESULTS

The following selected financial data with respect to the Company's financial condition and results of operations have been derived from the audited financial statements of the Company for the years ended January 31, 2018, 2017 and 2016. The selected financial data should be read in conjunction with those financial statements and the notes thereto. In \$000's except per share amounts:

	2018	2017	2016
Total revenue	\$Nil	\$Nil	\$Nil
Net loss	\$64	\$60	\$61
Basic and diluted loss per share	\$0.07	\$0.07	\$0.07
Total assets	\$0.7	\$0.9	\$6
Total long term liabilities	\$Nil	\$Nil	\$Nil
Cash dividends declared per share for each class of share	\$Nil	\$Nil	\$Nil

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2018 and 2017

### SELECTED QUARTERLY FINANCIAL PERFORMANCE

The following table sets out selected quarterly financial results, in \$000's except per share amounts:

	Jan 31, 2018	Oct 31, 2017	July 31, 2017	Apr 30, 2017	Jan 31, 2017	Oct 31, 2016	July 31, 2016	Apr 30, 2016
<b>Financial Results:</b>								
Net revenue	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Net loss for period	\$28	\$13	\$12	\$11	\$10	\$3	\$34	\$13
Basic and diluted								
loss/share	\$0.031	\$0.014	\$0.013	\$0.012	\$0.010	\$0.003	\$0.037	\$0.014
Expenditures on								
exploration and								
evaluation	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
<b>Balance Sheet Data:</b>								
Cash and cash equivalents	\$0.7	\$0.8	\$0.8	\$0.9	\$0.9	\$0.9	\$1	\$4
Total assets	\$0.7	\$0.8	\$0.8	\$0.9	\$0.9	\$0.9	\$1	\$4
Shareholders' deficiency	(\$260)	(\$232)	(\$219)	(\$207)	(\$196)	(\$186)	(\$183)	(\$151)

There are no general trends regarding the Company's quarterly results. Quarterly results may vary significantly depending mainly on the Company's current business activities or whether the Company granted any stock options. These factors may account for material variations in the Company's quarterly net losses and are not predictable. The factor which has had the most material effect on quarterly results is the granting of stock option due to the resulting share-based compensation charges which may be significant when they arise. Other factor which has a direct effect on quarterly results are the loan agreements with compounded interest that results to higher finance cost over time.

### RESULTS OF OPERATIONS

During the year ended January 31, 2018, the Company reported a net loss of \$64,139 compared to a net loss of \$59,911 during the year ended January 31, 2017, representing an increase in loss of \$4,228. The increase in loss was primarily attributable to increase in corporate and administrative activity during the current year.

Finance and other costs were \$20,409 during the year ended January 31, 2018 compared to \$17,360 during the year ended January 31, 2017. The increase resulted from the increase in financing fees.

For the year ended January 31, 2018, the Company has had no active operations. There is no source of operating income and losses are expected to continue. Net loss, quarter over quarter, is affected by the level of general corporate activity, exploration and project evaluation undertaken during the period.

### FOURTH QUARTER

During the three months ended January 31, 2018, the Company reported a net loss of \$28,018 compared to a net loss of \$9,530 during the three months ended January 31, 2017, representing increase in loss of \$18,488. The increase in loss was primarily attributable to increase in corporate and administrative activity during the current period.

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2018 and 2017

Finance and other costs were \$5,918 during the three months ended January 31, 2018 compared to \$5,249 during the three months ended January 31, 2017. The increase resulted from the increase in loans for which interest expense has been accrued.

Net loss, quarter over quarter, is affected by the level of general corporate activity, exploration and project evaluation undertaken during the period.

### LIQUIDITY AND CAPITAL RESOURCES

The Company has no revenue generating operations from which it can internally generate funds. The Company has financed its operations and met its capital requirements primarily through short-term loans.

Working capital, being current assets less current liabilities as of January 31, 2018 was a deficiency of \$260,137 as compared to a deficiency of \$195,998 as at January 31, 2017.

	January 31, 2018		January 31, 2017	
Working capital deficit	\$	260,137	\$	195,998
Deficit	\$	2,123,805	\$	2,059,666

Net cash on hand decreased by \$179, from \$906 at January 31, 2017 to \$727 at January 31, 2018. The decrease in cash resulted mainly from cash used in operating activities.

During the year ended January 31, 2017, the Company raised \$10,000 by way of unsecured loans at a rate of interest at 18% per annum, compounded monthly. The loans bear interest at a rate of 18% per annum, compounded and payable monthly. The loans have a term of 12 months maturing in May 2017, and are payable on demand. If the loans are not repaid at maturity, interest will be charged at 24% per annum. Of the total Loans, \$5,000 was from a director of the Company. In consideration for the loans, the Company has received the approval of the TSX Venture Exchange to pay a 20% bonus, payable in common shares in the capital of the Company, which has resulted in 40,000 common shares of the Company being issued.

The Company has not entered into any long-term lease commitments.

The Company does not have sufficient capital resources to fund its identification and evaluation of potential businesses and/or assets as well as its general corporate obligations (accounts payable and ongoing expenses) for the next twelve months. The Company is currently seeking additional debt or equity financing to fund its working capital requirements. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing or that such financing will be available on acceptable terms.

### USE OF ESTIMATES AND JUDGMENTS

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the



# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2018 and 2017

---

circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The presentation of the financial statements requires judgments regarding the ability of the Company to continue as a going concern, as described in Note 1 to the Company's financial statements for the year ended January 31, 2018.

### RECENT ACCOUNTING PRONOUNCEMENTS

There were no new standards effective February 1, 2016 that had an impact on the Company's financial statements. The following IFRS standards have been recently issued by the IASB. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded herein.

#### IFRS 9, Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 will replace the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. The new standard also requires a single impairment method to be used, provides additional guidance on the classification and measurement of financial liabilities, and provides a new general hedge accounting standard.

The mandatory effective date has been set for years beginning on or after January 1, 2018, however early adoption of the new standard is permitted. The Company currently does not intend to early adopt IFRS 9. The adoption of IFRS 9 is currently not expected to have a material impact on the financial statements as the classification and measurement of the Company's financial instruments is not expected to change given of the nature of the Company's operations and the types of financial instruments that it currently holds.

### ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Readers are directed to the financial statements for the years ended January 31, 2018 and 2017 for a detailed breakdown of expenses.

### RELATED PARTY TRANSACTIONS

During the years ended January 31, 2018 and 2017, the Company entered into certain transactions with related parties. Any amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

A description of the related party transactions is as follows:

Name and Relationship to Company	Transaction	Three months ended January 31,		Year ended January 31,	
		2018	2017	2018	2017
BridgeMark Financial, a company with a director and officers in common	Professional fees	\$4,725	\$4,725	\$18,900	\$18,900

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2018 and 2017

---

Included in accounts payable and accrued liabilities was an aggregate of \$37,800 (2017 - \$18,900) due to companies having directors and officers in common and \$81,000 (2017 - \$81,000) due to companies having former directors and officers in common. The Company also has loans payable to a director of the Company as discussed previously in the Liquidity and Capital Resources section of this MD&A and as disclosed in note 4 to the Company's financial statements.

Included in accounts payable and accrued liabilities was an aggregate of \$13,625 (2017 - \$1,636) due to officers of the Company.

Amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

### OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at May 31, 2018, there were 10,918,050 shares issued and outstanding.

As at May 31, 2018, the Company has 200,000 stock options outstanding.

As at May 31, 2018, the Company has 10,000,000 share purchase warrants outstanding.

### INVESTOR RELATIONS

Investor relations inquiries are handled by the CEO of the Company.

### FINANCIAL INSTRUMENTS

#### (a) Fair Value of Financial Instruments

As at January 31, 2018, the Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities and loans payable. The carrying values of these financial instruments approximate their fair values because of their short-term nature and/or the existence of market related interest rates on the instruments.

The Company has no financial instrument, assets or liabilities recorded in the financial position at January 31, 2018 and 2017 at fair value.

#### (b) Financial Instruments Risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the Company's risk management processes.

##### (i) Credit Risk

Credit risk primarily arises from the Company's cash and cash equivalents and the risk exposure is limited to the carrying amounts at the statement of financial position date. Cash and cash equivalents are held as cash deposits or investments in guaranteed investment certificates at Canadian banks.

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2018 and 2017

---

### (ii) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in note 9 to its annual financial statements.

The Company's approach to managing liquidity is to ensure, when reasonably possible, that it will have sufficient liquidity to settle obligations and liabilities when due. As at January 31, 2018, the Company had a cash balance of \$727 to settle current liabilities of \$260,864 which consists of accounts payable and accrued liabilities of \$166,310 and loans payable of \$94,554 that are considered short term. The Company does not have current funds available to settle liabilities and will have to raise equity or debt financing in the future to do so.

See note 1 to the Company's financial statements for the year ended January 31, 2018 for further discussion on liquidity.

### (iii) Market Risk

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans payable have fixed rates of interest and thus do not expose the Company to interest rate risk.

From time to time, the Company invests cash in guaranteed investment certificates at fixed or floating interest rates in order to maintain liquidity while achieving a satisfactory return for shareholders. A change of 100 basis points in the interest rates would not be material to the financial statements.

During the year ended January 31, 2018 and 2017, there were no changes to the Company's risk exposure or to the Company's policies for risk management.

## CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support its business and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders.

The Company is not subject to externally imposed capital requirements.

The Company's historical sources of capital have consisted of the sale of equity securities and loans payable. In order for the Company to acquire mineral properties and pay for administrative costs, the Company will need to raise additional amounts externally as needed.

There were no changes in the Company's management of capital during the year ended January 31, 2018.

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2018 and 2017

---

### OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

### SUBSEQUENT EVENTS

On March 21, 2018, the Company closed a non-brokered private placement of Units of the Company, pursuant to which, the Company issued an aggregate of 100,000,000 Units for gross proceeds of \$750,000. Each Unit is comprised of one common share of the Company and one transferable common share purchase warrant of the Company. Each whole Warrant entitles the holder thereof to purchase one common share at a price of \$0.025 per share expiring twelve months from the date of issuance. Pursuant to the terms and conditions of the private placement, the proceeds shall be held in trust by a law firm until the earlier of the completion of the Company's previously announced consolidation or March 31, 2018. If the consolidation is not completed by March 31, 2018, the proceeds of the private placement shall be returned to the respective subscribers of the units.

On April 2, 2018, the Company completed a consolidation of its common shares on the basis of one post-consolidation common share for every 10 pre-consolidation common shares, effective March 29, 2018.

Concurrent with the effective date of the consolidation, the net proceeds of the Company's non-brokered private placement of units of the Company, was released to the Company from trust and the Company issued the 100,000,000 units (10,000,000 post-consolidation unit) to the respective subscribers thereof.

On May 11, 2018, the Company granted 200,000 stock options to certain directors exercisable at \$0.35 per share with an expiry date of May 11, 2023. The 200,000 stock options vested upon grant.

### CORPORATE OUTLOOK

The Company continues to actively identify and evaluate assets and businesses through discussions with various business associates, contacts of the directors and officers and other parties, with a view to completing an acquisition of a business or assets. To carry out this activity and to fund immediate general corporate requirements, the Company is seeking additional financing through related party loans and equity financing. However, there can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required, or if available, that it can be obtained in terms satisfactory to the Company. See "*Risks and Uncertainties*" above.

# **METROPOLITAN ENERGY CORP.**

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the years ended January 31, 2017 and 2016**

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2017 and 2016

---

### INTRODUCTION

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Metropolitan Energy Corp. (the "Company" or "Metropolitan") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended January 31, 2017. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's audited annual financial statements for the years ended January 31, 2017 and 2016. All dollar amounts referred to in this MD&A are expressed in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included.

The results for the years presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at May 29, 2017, unless otherwise indicated. The financial data included in the discussion provided in this report has been prepared in accordance with International Financial Reporting Standards ("IFRS").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Metropolitan's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### FORWARD LOOKING INFORMATION

This management discussion and analysis ("MD&A") may contain certain forward-looking statements and information relating to Metropolitan that are based on the beliefs of its management as well as assumptions made by and information currently available to Metropolitan. These forward-looking statements are made as of the date of this document and Metropolitan does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of Metropolitan's exploration properties. Such statements reflect the current views of Metropolitan based on its experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of Metropolitan to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2017 and 2016

---

### DESCRIPTION OF BUSINESS

Metropolitan Energy Corp. was incorporated on July 16, 2007 under the Business Corporations Act of British Columbia. The Company is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia and its common shares trade on NEX effective July 10, 2015 under the trading symbol "MOE.H".

The Company currently does not carry on an active business and in the past has been involved in the exploration of mineral resource properties. Metropolitan continues to actively identify and evaluate assets and businesses including those from different business sectors or industries, with a view to completing an acquisition of a business or assets that is suitable for the Company.

### RISKS AND UNCERTAINTIES

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's business, the following risk factors, among others, will apply:

***Mining Industry is Intensely Competitive:*** The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

***No Assurance of Profitability:*** The Company has no history of earnings and, due to the nature of its proposed business, there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or loans from shareholders and related parties. While the Company may generate additional working capital through further equity offerings or loans, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

***Dependence Upon Others and Key Personnel:*** The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additionally highly-skilled employees may adversely affect its business and future operations.

***Share Price Volatility:*** In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2017 and 2016

---

**Financing Risks:** The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it to fund working capital requirements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities and through loans from related parties and shareholders, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the Company being unable to continue as a going concern.

**Insufficient Financial Resources:** The Company does not presently have sufficient financial resources to undertake mineral property acquisitions. Such acquisition will depend upon the Company's ability to obtain financing through private placement financing, public financing, short or long-term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company not being able to acquire an asset or mineral property and maintain an active business.

**Dilution to the Company's Existing Shareholders:** The Company will require additional equity financing be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

## SELECTED ANNUAL FINANCIAL RESULTS

The following selected financial data with respect to the Company's financial condition and results of operations have been derived from the audited financial statements of the Company for the years ended January 31, 2017, 2016 and 2015. The selected financial data should be read in conjunction with those financial statements and the notes thereto. In \$000's except per share amounts:

	2017	2016	2015
Total revenue	\$Nil	\$Nil	\$Nil
Net loss	\$60	\$61	\$56
Basic and diluted loss per share	\$0.01	\$0.01	\$0.01
Total assets	\$0.9	\$6	\$0.1
Total long term liabilities	\$Nil	\$Nil	\$Nil
Cash dividends declared per share for each class of share	\$Nil	\$Nil	\$Nil



# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2017 and 2016

### SELECTED QUARTERLY FINANCIAL PERFORMANCE

The following table sets out selected quarterly financial results, in \$000's except per share amounts:

	Jan 31, 2017	Oct 31, 2016	July 31, 2016	Apr 30, 2016	Jan 31, 2016	Oct 31, 2015	July 31, 2015	Apr 30, 2015
<b>Financial Results:</b>								
Net revenue	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Net loss for period	\$10	\$3	\$34	\$13	\$17	\$10	\$14	\$20
Basic and diluted loss/share	\$0.001	\$0.000	\$0.005	\$0.001	\$0.002	\$0.001	\$0.002	\$0.002
Expenditures on exploration and evaluation	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
<b>Balance Sheet Data:</b>								
Cash and cash equivalents	\$0.9	\$0.9	\$1	\$4	\$6	\$6	\$6	\$20
Total assets	\$0.9	\$0.9	\$1	\$4	\$6	\$6	\$7	\$20
Shareholders' deficiency	(\$196)	(\$186)	(\$183)	(\$151)	(\$138)	(\$122)	(\$111)	(\$98)

There are no general trends regarding the Company's quarterly results. Quarterly results may vary significantly depending mainly on the Company's current business activities or whether the Company granted any stock options. These factors may account for material variations in the Company's quarterly net losses and are not predictable. The factor which has had the most material effect on quarterly results is the granting of stock option due to the resulting share-based compensation charges which may be significant when they arise. Other factor which has a direct effect on quarterly results are the loan agreements with compounded interest that results to higher finance cost over time.

### RESULTS OF OPERATIONS

During the year ended January 31, 2017, the Company reported a net loss of \$59,911 compared to a net loss of \$60,927 during the year ended January 31, 2016, representing a decrease in loss of \$1,016. The decrease in loss was primarily attributable to decrease in corporate and administrative activity during the current year.

Finance and other costs were \$17,360 during the year ended January 31, 2017 compared to \$12,894 during the year ended January 31, 2016. The increase resulted from the increase in loans for which interest expense has been accrued.

For the year ended January 31, 2017, the Company has had no active operations. There is no source of operating income and losses are expected to continue. Net loss, quarter over quarter, is affected by the level of general corporate activity, exploration and project evaluation undertaken during the period.

### FOURTH QUARTER

During the three months ended January 31, 2017, the Company reported a net loss of \$9,530 compared to a net loss of \$16,519 during the three months ended January 31, 2016, representing a decrease in loss of \$6,989. The

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2017 and 2016

---

decrease in loss was primarily attributable to decrease in corporate and administrative activity during the current period.

Finance and other costs were \$5,249 during the three months ended January 31, 2017 compared to \$1,225 during the three months ended January 31, 2016. The increase resulted from the increase in loans for which interest expense has been accrued.

Net loss, quarter over quarter, is affected by the level of general corporate activity, exploration and project evaluation undertaken during the period.

### LIQUIDITY AND CAPITAL RESOURCES

The Company has no revenue generating operations from which it can internally generate funds. The Company has financed its operations and met its capital requirements primarily through short-term loans.

Working capital, being current assets less current liabilities as of January 31, 2017 was a deficiency of \$195,998 as compared to a deficiency of \$138,087 as at January 31, 2016.

---

	January 31, 2017		January 31, 2016	
Working capital deficit	\$	195,998	\$	138,087
Deficit	\$	2,059,666	\$	1,999,755

---

Net cash on hand decreased by \$4,978, from \$5,884 at January 31, 2016 to \$906 at January 31, 2017. The decrease in cash resulted mainly from cash used for operations of \$14,978 partially offset by loan proceeds of \$10,000.

During the year ended January 31, 2017, the Company raised \$10,000 by way of unsecured loans at a rate of interest at 18% per annum, compounded monthly. The loans bear interest at a rate of 18% per annum, compounded and payable monthly. The loans have a term of 12 months maturing in May 2017, and are payable on demand. If the loans are not repaid at maturity, interest will be charged at 24% per annum. Of the total Loans, \$5,000 was from a director of the Company. In consideration for the loans, the Company has received the approval of the TSX Venture Exchange to pay a 20% bonus, payable in common shares in the capital of the Company, which has resulted in 40,000 common shares of the Company being issued.

The Company has not entered into any long-term lease commitments.

The Company does not have sufficient capital resources to fund its identification and evaluation of potential businesses and/or assets as well as its general corporate obligations (accounts payable and ongoing expenses) for the next twelve months. The Company is currently seeking additional debt or equity financing to fund its working capital requirements. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing or that such financing will be available on acceptable terms.

### USE OF ESTIMATES AND JUDGMENTS

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2017 and 2016

---

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The presentation of the financial statements requires judgments regarding the ability of the Company to continue as a going concern, as described in Note 1 to the Company's financial statements for the year ended January 31, 2017.

### RECENT ACCOUNTING PRONOUNCEMENTS

There were no new standards effective February 1, 2016 that had an impact on the Company's financial statements. The following IFRS standards have been recently issued by the IASB. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded herein.

#### IFRS 9, Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 will replace the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. The new standard also requires a single impairment method to be used, provides additional guidance on the classification and measurement of financial liabilities, and provides a new general hedge accounting standard.

The mandatory effective date has been set for years beginning on or after January 1, 2018, however early adoption of the new standard is permitted. The Company currently does not intend to early adopt IFRS 9. The adoption of IFRS 9 is currently not expected to have a material impact on the financial statements as the classification and measurement of the Company's financial instruments is not expected to change given of the nature of the Company's operations and the types of financial instruments that it currently holds.

### ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Readers are directed to the financial statements for the years ended January 31, 2017 and 2016 for a detailed breakdown of expenses.

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2017 and 2016

### RELATED PARTY TRANSACTIONS

During the years ended January 31, 2017 and 2016, the Company entered into certain transactions with related parties. Any amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

A description of the related party transactions is as follows:

Name and Relationship to Company	Transaction	Three months ended January 31,		Year ended January 31,	
		2017	2016	2017	2016
Avarone Metals Inc. (formerly Remstar Resources Ltd.), a company with a director and officers in common	Office, rent and administration	\$Nil	\$6,300	\$Nil	\$25,200
BridgeMark Financial, a company controlled by an officer	Professional fees	\$4,725	\$Nil	\$18,900	\$Nil

Included in accounts payable and accrued liabilities was an aggregate of \$18,900 (January 31, 2016 - \$83,058) due to a company with a director and officers common to the Company, and \$81,000 (January 31, 2016 - \$Nil) due to companies having former directors and officers in common. The Company also has loans payable to a director of the Company as discussed previously in the Liquidity and Capital Resources section of this MD&A and as disclosed in note 4 to the Company's financial statements.

Included in accounts payable and accrued liabilities was an aggregate of \$1,636 (January 31, 2016 - \$1,636) due to an officer of the Company.

Amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

### OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at May 29, 2017, there were 9,180,499 shares issued and outstanding.

As at May 29, 2017, the Company has no stock options outstanding.

As at May 29, 2017, the Company has no share purchase warrants outstanding.

### INVESTOR RELATIONS

Investor relations inquiries are handled by the CEO of the Company.

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2017 and 2016

---

### FINANCIAL INSTRUMENTS

#### (a) Fair Value of Financial Instruments

As at January 31, 2017, the Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities and loans payable. The carrying values of these financial instruments approximate their fair values because of their short term nature and/or the existence of market related interest rates on the instruments.

The Company has no financial instrument, assets or liabilities recorded in the statements of financial position at January 31, 2017 and 2016 at fair value.

#### (b) Financial Instruments Risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the Company's risk management processes.

##### (i) Credit Risk

Credit risk primarily arises from the Company's cash and cash equivalents and the risk exposure is limited to the carrying amounts at the statement of financial position date. Cash and cash equivalents are held as cash deposits or investments in guaranteed investment certificates at Canadian banks.

##### (ii) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in note 9 to its annual financial statements.

The Company's approach to managing liquidity is to ensure, when reasonably possible, that it will have sufficient liquidity to settle obligations and liabilities when due. As at January 31, 2017, the Company had a cash balance of \$906 to settle current liabilities of \$196,904 which consists of accounts payable and accrued liabilities of \$122,341 and loans payable of \$74,563 that are considered short term. The Company does not have current funds available to settle liabilities and will have to raise equity or debt financing in the future to do so.

See note 1 to the Company's financial statements for the year ended January 31, 2017 for further discussion on liquidity.

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2017 and 2016

---

### (iii) Market Risk

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans payable have fixed rates of interest and thus do not expose the Company to interest rate risk.

From time to time, the Company invests cash in guaranteed investment certificates at fixed or floating interest rates in order to maintain liquidity while achieving a satisfactory return for shareholders. A change of 100 basis points in the interest rates would not be material to the financial statements.

During the year ended January 31, 2017 and 2016, there were no changes to the Company's risk exposure or to the Company's policies for risk management.

### CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support its business and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders.

The Company is not subject to externally imposed capital requirements.

The Company's historical sources of capital have consisted of the sale of equity securities and loans payable. In order for the Company to acquire mineral properties and pay for administrative costs, the Company will need to raise additional amounts externally as needed.

There were no changes in the Company's management of capital during the year ended January 31, 2017.

### OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

### SUBSEQUENT EVENTS

Subsequent to January 31, 2017, the Company received advances of \$19,812 from shareholders and directors of the Company to pay certain invoices. The advances were unsecured and the terms of repayment and any associated interest remains to be negotiated with the lenders.

### CORPORATE OUTLOOK

The Company continues to actively identify and evaluate assets and businesses through discussions with various business associates, contacts of the directors and officers and other parties, with a view to completing an acquisition of a business or assets. To carry out this activity and to fund immediate general corporate requirements, the Company is seeking additional financing through related party loans and equity financing. However, there can be no assurance that financing, whether debt or equity, will be available to the Company in

# Metropolitan Energy Corp.

## Management's Discussion and Analysis For the years ended January 31, 2017 and 2016

---

the amount required, or if available, that it can be obtained in terms satisfactory to the Company. See "*Risks and Uncertainties*" above.

**APPENDIX D**

**FINANCIAL STATEMENTS OF BERTRAM CAPITAL FINANCE, INC.**

*(See attached)*



December 21, 2018

**Bertram Capital Finance, Inc.**

88 Inverness Circle East, Unit A208  
Englewood, CO 80112  
United States

**Attention: Board of Directors**

Dear Sirs / Mesdames:

In accordance with our engagement letter dated December 11, 2018 we have performed a review of the interim financial statements of Bertram Capital Finance, Inc., consisting of the interim statements of:

- financial position as at September 30, 2018;
- financial position as at December 31, 2017;
- loss and comprehensive loss for the three and nine month periods ended September 30, 2018 and 2017;
- changes in shareholders' equity for the nine month periods ended September 30, 2018 and 2017;
- cash flows for the nine month periods ended September 30, 2018 and 2017; and
- a summary of significant accounting policies and other explanatory information.

These interim financial statements are the responsibility of the Company's management.

We performed our interim review in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditor. An interim review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements. Accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

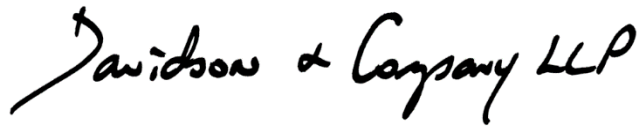
Based on our interim review, we are not aware of any material modification that needs to be made for these interim financial statements to be in accordance with International Financial Reporting Standards.



Page 2...

This report is solely for the use of the Board of Directors of Bertram Capital Finance, Inc. to assist it in discharging its regulatory obligation to review these interim financial statements, and should not be used for any other purpose. Any use that a third party makes of this report, or any reliance or decisions made based on it, are the responsibility of such third party. We accept no responsibility for loss or damages suffered, if any, by any third party as a result of decisions made or actions taken based on this report.

Yours very truly,

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

**DAVIDSON & COMPANY LLP**

Chartered Professional Accountants

# **BERTRAM CAPITAL FINANCE, INC.**

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

**Bertram Capital Finance, Inc.**  
**Condensed Interim Statements of Financial Position**  
**As at**  
(Unaudited - Prepared by Management)  
Expressed in U.S. Dollars

	Note	September 30, 2018	December 31, 2017
<b>Assets</b>			
Current assets			
Cash		\$ 68,970	\$ 979,368
Subscriptions receivable	12	-	130,000
Trade receivables	14	69,538	318,707
Loans receivable	5,14	198,057	52,760
Leases receivable	4,14	974,264	470,870
Inventory	6	152,613	51,835
Prepaid deposits and expenses		117,375	86,911
Total current assets		1,580,817	2,090,451
Non-current assets			
Loans receivable	5,14	67,381	74,728
Leases receivable	4,14	876,567	636,410
Property and equipment	8	398,083	291,517
Intangible assets	9	782,420	954,170
Total non-current assets		2,124,451	1,956,825
<b>Total Assets</b>		<b>\$ 3,705,268</b>	<b>\$ 4,047,276</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current liabilities</b>			
Trade and other payables	10	\$ 424,434	\$ 679,632
Promissory note payable	11	300,000	-
Total current liabilities		724,434	679,632
Shareholders' Equity			
Share capital	12	4,252,865	3,946,209
Commitment to issue shares and warrants	12	240,000	137,000
Reserves	12	47,000	-
Deficit		(1,559,031)	(715,565)
Total Shareholders' Equity		2,980,834	3,367,644
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 3,705,268</b>	<b>\$ 4,047,276</b>
<b>Commitments</b>	17		
<b>Subsequent events</b>	19		

The accompanying notes are an integral part of these condensed interim financial statements

**Bertram Capital Finance, Inc.**  
**Condensed Interim Statements of Loss and Comprehensive Loss**  
**For the three and nine months ended**  
(Unaudited - Prepared by Management)  
Expressed in U.S. Dollars

		Three months ended September 30,		Nine months ended September 30,	
	Notes	2018	2017	2018	2017
<b>Revenue</b>					
Lease and rental income	4, 14	\$ 171,918	\$ 152,983	\$ 507,781	\$ 270,156
Product sales	14	11,019	1,224	102,651	2,327
Service income	14	276,174	42,171	628,330	84,663
Total Revenue		459,111	196,378	1,238,762	357,146
<b>Cost of Sales</b>					
Lease expenses	14	35,408	24,240	118,080	24,240
Product expenses	6	964	414	15,940	1,005
Service expenses	14	153,253	63,184	491,743	63,184
Total Cost of Sales		189,625	87,838	625,763	88,429
<b>Gross profit</b>		<b>269,486</b>	<b>108,540</b>	<b>612,999</b>	<b>268,717</b>
<b>Operating expenses</b>					
Depreciation and amortization	8, 9	123,391	60,056	232,135	180,168
General and administrative		263,557	20,909	419,270	56,359
Management fees		130,500	53,705	401,072	86,177
Professional fees	14	76,630	6,223	296,132	11,326
Share-based compensation	14	50,000	40,000	150,000	40,000
<b>Total operating expenses</b>		<b>644,078</b>	<b>180,893</b>	<b>1,498,609</b>	<b>374,030</b>
<b>Loss from operations</b>		<b>(374,592)</b>	<b>(72,353)</b>	<b>(885,610)</b>	<b>(105,313)</b>
<b>Other expenses and income</b>					
Interest income	5	36,502	4,686	42,144	13,908
<b>Loss and comprehensive loss for the period</b>		<b>\$ (338,090)</b>	<b>\$ (67,667)</b>	<b>\$ (843,466)</b>	<b>\$ (91,405)</b>
<b>Basic and diluted loss per common share</b>	<b>12</b>	<b>\$ (0.05)</b>	<b>\$ (0.01)</b>	<b>\$ (0.13)</b>	<b>\$ (0.02)</b>

The accompanying notes are an integral part of these condensed interim financial statements

**Bertram Capital Finance, Inc.****Condensed Interim Statements of Changes in Shareholders' Equity**

(Unaudited - Prepared by Management)

Expressed in U.S. Dollars

	Notes	Common shares	Share capital	Commitment to issue shares and warrants	Reserves	Deficit	Total shareholders' equity
<b>Balance, January 1, 2017</b>		<b>5,547,334</b>	<b>\$ 2,821,101</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (535,269)</b>	<b>\$ 2,285,832</b>
Issuance of common shares, net of costs	12	150,000	300,000	-	-	-	300,000
Shares to be issued for services		-	-	40,000	-	-	40,000
Loss for the period		-	-	-	-	(91,405)	(91,405)
<b>Balance, September 30, 2017</b>		<b>5,697,334</b>	<b>\$ 3,121,101</b>	<b>\$ 40,000</b>	<b>\$ -</b>	<b>\$ (626,674)</b>	<b>\$ 2,534,427</b>
<b>Balance, January 1, 2018</b>		<b>6,181,584</b>	<b>\$ 3,946,209</b>	<b>\$ 137,000</b>	<b>\$ -</b>	<b>\$ (715,565)</b>	<b>\$ 3,367,644</b>
Issuance of common shares, net of costs	12	157,530	306,656	-	-	-	306,656
Shares to be issued for services		-	-	150,000	-	-	150,000
Finder's warrants issued		-	-	(47,000)	47,000	-	-
Loss for the period		-	-	-	-	(843,466)	(843,466)
<b>Balance, September 30, 2018</b>		<b>6,339,114</b>	<b>\$ 4,252,865</b>	<b>\$ 240,000</b>	<b>\$ 47,000</b>	<b>\$ (1,559,031)</b>	<b>\$ 2,980,834</b>

The accompanying notes are an integral part of these condensed interim financial statements

**Bertram Capital Finance, Inc.**  
**Condensed Interim Statements of Cash Flows**  
**For the nine months ended**  
(Unaudited - Prepared by Management)  
Expressed in U.S. Dollars

	Notes	September 30, 2018	September 30, 2017
<b>Operating activities:</b>			
Loss for the period		\$ (843,466)	\$ (91,405)
Adjustments for:			
Depreciation and amortization	8,9	232,135	180,168
Share-based compensation	12,14	150,000	40,000
Interest income - accrued	5	(41,980)	(12,800)
Changes in non-cash working capital items:			
Trade and other payables		11,694	124,051
Trade receivables		249,169	(21,646)
Prepaid deposits and expenses		(30,464)	(85,000)
Inventory		(100,778)	(48,276)
Leases receivable		(368,551)	(241,616)
<b>Cash flows used in operating activities</b>		<b>(742,241)</b>	<b>(156,524)</b>
<b>Investing activities:</b>			
Loans receivable - repayments received	5	350,000	74,000
Loans receivable - advances	5	(445,970)	-
Acquisition of property and equipment	8	(742,451)	(226,304)
Acquisition of intangible assets	9	-	(65,000)
<b>Cash flows used in investing activities</b>		<b>(838,421)</b>	<b>(217,304)</b>
<b>Financing activities:</b>			
Proceeds from issuance of common shares	12	445,060	300,000
Share issue costs	12	(74,796)	-
Proceeds from promissory note payable	11	300,000	-
<b>Cash flows from financing activities</b>		<b>670,264</b>	<b>300,000</b>
Change in cash		(910,398)	(73,828)
Cash, balance beginning of period		979,368	530,911
<b>Cash, balance end of period</b>		<b>\$ 68,970</b>	<b>\$ 457,083</b>
Income taxes paid		\$ -	\$ -
Interest paid		\$ -	\$ -
Interest received		\$ -	\$ -
<b>Supplemental cash flow information</b>	<b>13</b>		

The accompanying notes are an integral part of these condensed interim financial statements

# **Bertram Capital Finance, Inc.**

## **Notes to Condensed Interim Financial Statements**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

---

### **1. Nature of operations**

Bertram Capital Finance Inc. (the "Company" or "Bertram") is a private company incorporated under the *Colorado Business Corporation Act* in Colorado, USA on February 20, 2015.

Bertram is focused on providing personnel and management resources as well as infrastructure and equipment for the production, cultivation and dispensary operations of licensed cannabis businesses. The Company itself does not directly produce or sell cannabis products but rather provides support services to licensed cannabis providers. The Company operates exclusively in Colorado where the legal commercial production and vending of marijuana is permitted by Colorado state law under *Colorado Amendment 64*. The Company's head office and registered office is 821 22<sup>nd</sup> Street, Denver Colorado, USA, 80205.

On July 5, 2018, Bertram entered into a Letter of Intent (the "LOI") with Metropolitan Energy Corp. ("Metropolitan"), a public company listed on the NEX board of the TSX Venture Exchange (the "NEX"), to affect a reverse takeover transaction and conduct a concurrent private placement of subscription receipts (the "Subscription Receipts").

Under the terms of the LOI, it was proposed that Metropolitan would acquire all the issued and outstanding securities of Bertram, the result of which will constitute a reverse takeover of Metropolitan by the shareholders of Bertram (the "Proposed Transaction"). The resulting issuer of the Proposed Transaction (the "Resulting Issuer") will be positioned to operate within a number of state-legal markets throughout the U.S. and will retain manufacturing, distribution, and licensing agreements with licensed parties.

Pursuant to the terms of the LOI, Metropolitan will seek to delist from the NEX and intends to apply for listing of the Resulting Issuer's common shares on the Canadian Securities Exchange (the "CSE"), with such listing to be effective concurrent with the completion of the Proposed Transaction.

In conjunction with the LOI, Metropolitan requested a voluntary halt of its common shares on the NEX. Metropolitan announced that it did not anticipate its common shares would resume trading until such time as the new listing had been accepted by the CSE, unless the Transaction with Bertram fails to be completed, in which case Metropolitan would request lifting of its voluntary halt on to resume trading on the NEX.

Refer to Note 19 for details of a Definitive Agreement entered into subsequent to September 30, 2018, with Metropolitan.



# **Bertram Capital Finance, Inc.**

## **Notes to Condensed Interim Financial Statements**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

---

### **2. Basis of preparation**

#### **Statement of compliance**

These condensed interim financial statements (the “financial statements”) have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s audited financial statements for the year ended December 31, 2017, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). It is suggested that these financial statements be read in conjunction with the audited financial statements. Certain new accounting policies are included within Note 3 below. This is the first set of the Company’s financial statements where IFRS 9 and IFRS 15 have been applied. Changes to significant accounting policies are described in Note 3.

These financial statements were approved by the Board of Directors on December 21, 2018.

#### **Basis of measurement**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are stated at their fair value in accordance with the Company’s accounting policies. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

# **Bertram Capital Finance, Inc.**

## **Notes to Condensed Interim Financial Statements**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

---

### **2. Basis of preparation (continued)**

#### **Going concern**

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operations for at least the next twelve months and will be able to realize its assets and discharge its liabilities in the normal course of business.

Historically the Company has funded its operations primarily through the issuance of equity. In the near future it is anticipated that the Company will continue to rely on the issuance of equity to fund its operations. There are no assurances that the Company will be successful in continuing to complete such financings to fund operations. The Company's continuing operations are dependent upon its ability to generate profitable operations through the negotiation of additional lease, loan, and service agreements as well as from the sale of goods. As at September 30, 2018, the Company had working capital of \$856,383, and an accumulated deficit of \$1,559,031. Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year.

The Company indirectly derives its revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. The Company is not directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the recreational cannabis marketplace in either Canada or the United States, nor is the Company directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the medical cannabis marketplace in Canada or the United States.

Almost half of the states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol ("THC"), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of adult-use recreational and medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act (the "CSA") in the United States and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

#### **Functional and presentation currency**

The financial statements are presented in U.S. dollars. The functional currency of the Company is the U.S. dollar.

# **Bertram Capital Finance, Inc.**

## **Notes to Condensed Interim Financial Statements**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

---

### **2. Basis of preparation (continued)**

#### **Estimates and critical judgments by management**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments which may cause a material adjustment to the carrying amounts of assets and liabilities.

The areas which require management to make critical judgments include:

- *Valuation of investment*  
The determination of fair value of the Company's privately-held investment at other than initial cost, is subject to certain limitations. Financial information for the private company in which the Company has an investment may not be available and, even if available, that information may be limited and/or unreliable. Adjustment to the fair value of an investment will be based on management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed.
- *Impairment of long-lived assets*  
The impairment of long-lived assets, including property and equipment, and intangible assets, is influenced by judgment in defining a cash-generating unit and determining the indicators of impairment and estimates used to measure impairment losses.
- *Useful life of property and equipment and intangible assets*  
The depreciation and amortization methods and useful lives reflect the pattern in which management expects the assets' future economic benefits to be consumed by the Company. Judgments are required in determining these expected useful lives. The Company's intangible assets have recently been valued by an independent third party and any intangible assets are recorded at cost and amortized over their estimated useful lives based on the guidelines outlined in this independent valuation.

# **Bertram Capital Finance, Inc.**

## **Notes to Condensed Interim Financial Statements**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

---

### **2. Basis of preparation (continued)**

#### **Estimates and critical judgments by management (continued)**

- *Deferred tax assets and liabilities*

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

- *Revenue recognition*

Management makes judgements with regards to revenue as to whether the Company is in an agency relationship as defined by IFRS 15, effective January 1, 2018. In an agency relationship, the gross inflows of economic benefits often include amounts collected on behalf of the principal and amounts which do not result in increases in equity for the Company. The amounts collected on behalf of the principal are not revenue; instead, revenue is the amount of commission. Management has determined that the Company is the principal in earning each type of revenue.

The areas which require management to make significant estimates and assumptions in determining carrying values include:

- *Valuation of financial assets (trade, lease, and loan receivables)*

All the Company's trade, loans, and leases receivable are reviewed for indicators of impairment at each reporting date. Management reviews the individual balances in trade, lease, and loan receivables and assesses their collectability based on the aging of outstanding balances, historical bad debt experience, payment history, indicators of changes in customer credit worthiness, and changes in customer payment terms to identify and determine the extent of impairment if any.

- *Valuation of property and equipment*

The recoverable amount of property and equipment is determined using discounted future cash flow models, which incorporate assumptions regarding future events, specifically future cash flows, utilization rates, growth rates and discount rates.

# **Bertram Capital Finance, Inc.**

## **Notes to Condensed Interim Financial Statements**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

---

### **2. Basis of preparation (continued)**

#### **Estimates and critical judgments by management (continued)**

- *Valuation of intangible assets*

The Company has capitalized costs related to the acquisition of intellectual property being trademarks and trade names. Intangible asset impairment testing requires management to make critical estimates in the impairment testing model. On an annual basis, the Company tests whether intangible assets are impaired. The recoverable amount of intangible assets is determined using discounted future cash flow models, which incorporate assumptions regarding future events, specifically future cash flows, utilization rates, growth rates and discount rates.

- *Inventory*

The Company reviews the net realizable value of, and demand for, its inventory quarterly to provide assurance that recorded inventory is stated at the lower of cost or net realizable value. Factors that could impact estimated demand and selling prices include competitor actions, supplier prices and economic trends.

- *Fair value of financial instruments*

Determining the fair value requires judgment and is based on market prices or management's best estimate if there is no active market. When the fair value of a financial instrument cannot be derived from an active market, it is determined using other valuation techniques including discounted cash flows. The inputs to these models are taken from observable markets where possible, however, when not feasible, a degree of judgment is required in establishing fair values. The estimate includes consideration of inputs such as liquidity risk and credit risk. Changes in the assumptions about these factors may affect the reported fair value of financial instruments.

- *Fair value of common shares issued for services (share-based compensation)*

Management is required to estimate the fair value of the Company's common shares when issuing its common shares for services. Management has estimated the fair value of the common shares with reference to recent private placements completed by the Company.

- *Fair value of finder's warrants*

The fair value of compensatory finder's warrants are estimated using the Black-Scholes pricing model. There are a number of estimates used in the calculation, such as expected life, and share price volatility which can vary from actual future events. The factors applied in the calculation are management's best estimates based on historical information and future forecasts.

# **Bertram Capital Finance, Inc.**

## **Notes to Condensed Interim Financial Statements**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

---

### **3. Significant accounting policies**

Except as set out below, the accounting policies, estimates and critical judgments, methods of computation and presentation applied in these financial statements are consistent with those of the most recent annual audited financial statements and are those the Company expects to adopt in its financial statements for the year ended December 31, 2018. Accordingly, these financial statements should be read in conjunction with the Company's most recent annual audited financial statements.

#### **New accounting policy – IFRS 9 Financial Instruments**

The Company has initially adopted IFRS 9 Financial Instruments from January 1, 2018. The effect of initially applying these standards did not have a material impact on the Company's financial statements. A number of other new standards are also effective from January 1, 2018, but they also did not have a material impact on the Company's financial statements.

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. There was no material impact to the Company's financial statements as a result of transitioning to IFRS 9.

The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

#### Classification and measurement of financial assets and liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held-to-maturity, loans and receivables, and available-for-sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The classifications of financial liabilities remain the same under IFRS 9, as they were under IAS 39. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

A financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The classifications of the Company's financial instruments given effect to the adoption of IFRS 9 are included in the significant accounting policy below, "Financial Instruments."

# Bertram Capital Finance, Inc.

## Notes to Condensed Interim Financial Statements

For the Nine Months Ended September 30, 2018 and 2017

(Unaudited – Prepared by Management)

Expressed in U.S. Dollars

---

### 3. Significant accounting policies (continued)

#### Impairment of financial assets

An 'expected credit loss' ("ECL") model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets measured at amortized cost and subject to the ECL model include trade receivables, loans receivable, and leases receivable. The adoption of the ECL impairment model had no impact on the carrying amounts of the Company's financial assets on the transition date given the trade receivables are substantially all current, regular payments are being made on loans receivable, and leases receivables are being deferred based on pre-agreed upon terms. Additionally, there has been minimal historical customer default.

#### **Financial instruments**

All financial instruments are recognized initially at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument.

#### Classification and measurement

The Company classifies its financial instruments in the following categories based on the purpose for which the asset was acquired: FVTPL, amortized cost, FVOCI, and other financial liabilities. The impact of the adoption of IFRS 9 did not change the measurement approach of any of the financial instruments below. The Company's financial assets and financial liabilities are classified and measured as follows:

Asset/Liability	Measurement Category		Subsequent measurement
	Original (IAS 39)	New (IFRS 9)	
Cash	FVTPL	FVTPL	Fair value
Trade receivables	Loans and receivables	Amortized cost	Amortized cost
Leases receivable	Loans and receivables	Amortized cost	Amortized cost
Loans receivable	Loans and receivables	Amortized cost	Amortized cost
Investment	Available-for-sale	FVTPL	Fair value
Trade and other payables	Other financial liabilities	Other financial liabilities	Amortized cost
Promissory note payable	Other financial liabilities	Other financial liabilities	Amortized cost

# **Bertram Capital Finance, Inc.**

## **Notes to Condensed Interim Financial Statements**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

---

### **3. Significant accounting policies (continued)**

#### **New accounting policy – IFRS 15**

##### ***IFRS 15 Revenue from Contracts with Customers***

IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 became effective on January 1, 2018. There was no significant impact to the financial statements, as the Company does not engage in revenue transactions involving multiple deliverables.

#### **Accounting standards issued but not yet effective**

##### ***IFRS 16 Leases***

IFRS 16 specifies how to recognize, measure, present and disclose leases. The new standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17 the new lease standard continues to require lessors to classify leases as operating or finance. IFRS 16 is to be applied retrospectively for annual periods beginning on or after January 1, 2019. Management is currently assessing the extent of the impact of this new standard on the Company's financial statements.



## Bertram Capital Finance, Inc.

### Notes to Condensed Interim Financial Statements

For the Nine Months Ended September 30, 2018 and 2017

(Unaudited – Prepared by Management)

Expressed in U.S. Dollars

#### 4. Leases receivable

Leases receivable consists of three equipment lease agreements (December 31, 2017 – two). One of the leases was entered into with a third party during the nine month period ended September 30, 2018, and the other two leases are with Cannabis Corp., a company jointly owned by a spouse of an officer of the Company and an unrelated third party.

Each lease agreement has a term of five years and will expire between December 31, 2021 and June 30, 2023. There is no purchase option at the expiration of the leases that were entered into before December 31, 2017. In addition, the Company holds the equipment as security until the end of the lease term. The lease entered into during the nine month period ended September 30, 2018 transfers title and ownership of the equipment to the lessee at the end of the lease term. The Company's implicit lease rates are between 0.86% and 13.61%. The Company's experience has shown that the actual contractual payment stream will vary depending on a number of variables. Accordingly, the maturities of leases receivable shown in the table below are not to be regarded as a forecast of future cash collections.

The future contractual payments, including principal and interest, are due to the Company as follows:

Year	September 30, 2018	December 31, 2017
2018	\$ 154,861	\$ 523,827
2019	619,440	523,827
2020	619,440	523,827
2021	619,440	523,827
2022	192,839	97,227
2023	47,806	-
Gross lease receivable	\$ 2,253,826	\$ 2,192,535
Deferred lease receivable <sup>(1)</sup>	843,375	426,601
Unearned lease income	(1,246,370)	(1,511,856)
Lease receivable (principal)	<b>\$ 1,850,831</b>	<b>\$ 1,107,280</b>
Current portion (within one year)	\$ 974,264	\$ 470,870
Long-term portion (later than one year but no later than five years)	\$ 876,567	\$ 636,410

<sup>(1)</sup>As at September 30, 2018, lease payments due from lessees in the amount of \$843,375 (December 31, 2017 - \$426,601) are being deferred until such time that the equipment becomes usable by the lessees. The deferral is due to construction delays at the lessees' facilities that will be utilizing the equipment.

During the nine month period ended September 30, 2018, the Company earned lease income on the lease of equipment of \$368,551 (2017 - \$241,616), included within lease and rental income.

## Bertram Capital Finance, Inc.

### Notes to Condensed Interim Financial Statements

For the Nine Months Ended September 30, 2018 and 2017

(Unaudited – Prepared by Management)

Expressed in U.S. Dollars

#### 5. Loans receivable

##### Promissory Notes

- a) On November 15, 2015, the Company entered into a Promissory Note agreement with a company who has a common director (the "Borrower"). Loan interest is due on the unpaid principal at 10% per annum and is secured by the assets of the company. The unpaid principal and interest shall be payable to the Company in annual instalments of \$52,760, beginning on November 15, 2016 and continuing until November 15, 2020 at which time the remaining balance is due to the Company in full. As at September 30, 2018, principal and interest remain outstanding and receivable on this Promissory Note in the amount of \$134,762.
- b) During the nine month period ended September 30, 2018, the Company entered into three additional Promissory Note agreements with third parties, and advanced \$401,895 to those parties. Two of the Promissory Notes bore interest at rates of either 8% or 12% per annum, and one of the Promissory Notes bore interest at 5% per month. All three Promissory Notes had maturities ranging from one to three months. As at September 30, 2018, the principal amounts on two of the Promissory Notes had been repaid in full. Interest on all of the Promissory Notes remains outstanding and receivable.

##### Other Promissory Note

- c) On August 2, 2018, the Company entered into a Materials Purchases Agreement with a third party (the "Debtor") whereby the Company would advance funds to the Debtor to enable the purchase of goods and materials until August 2, 2019. Pursuant to this agreement, the Company will advance a maximum of \$75,000 to the Debtor, at which time the parties would execute a Promissory Note, bearing interest at 12% per annum. This Promissory Note is secured by the inventory held by the Debtor. As at September 30, 2018, the Company had advanced \$44,075 to the Debtor.

The change in the loans receivable is as follows:

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Balance, beginning of period	\$ 127,488	\$ 186,336
Advances	445,970	-
Repayments	(350,000)	(74,000)
Interest accrual	41,980	15,152
Balance, end of period	<b>\$ 265,438</b>	<b>\$ 127,488</b>

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Current portion	\$ 198,057	\$ 52,760
Long-term portion	67,381	74,728
Total	<b>\$ 265,438</b>	<b>\$ 127,488</b>

## **Bertram Capital Finance, Inc.**

### **Notes to Condensed Interim Financial Statements**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

---

#### **5. Loans receivable (continued)**

The contractual payments, including principal and interest, are due to the Company in the years as follows:

<b>Year</b>	<b>September 30, 2018</b>	<b>December 31, 2017</b>
2018	\$ 105,006	\$ 52,760
2019	131,190	52,760
2020	52,760	52,760
Total payments due	\$ 288,956	\$ 158,280
Less: interest portion	(58,225)	(30,792)
Loan receivable (principal)	<b>\$ 230,731</b>	<b>\$ 127,488</b>

At September 30, 2018, and December 31, 2017, the Company determined there were no impairment indicators related to loans receivable.

#### **6. Inventory**

The Company's inventory consists primarily of unfilled vape pens and pre-charged fire cartridges (without any cannabis content) for sale to third party cannabis producers who may then fill with their own licensed cannabis product prior to being used in the medical or recreational consumption of cannabis products.

Inventory recognized as an expense in cost of sales was \$15,940 for the nine month period ended September 30, 2018 (September 30, 2017 - \$1,005).

#### **7. Investment**

On November 21, 2016, the Company paid \$100,000 to acquire an 8% membership interest in VANGA, MB Corporation ("VANGA"), an unrelated private company located in Los Angeles, California, USA. The membership entitles the Company to receive 8% interest in profits and losses of VANGA. VANGA is in the business of providing legal cannabis products and other miscellaneous items.

At December 31, 2017, due to the inability of the Company to obtain recent financial information of VANGA, difficulties in VANGA receiving required licenses, and given the Company did not receive any profits or returns from this investment, the Company had recorded a permanent impairment on this investment to \$nil. As at September 30, 2018, there was no new financial information available, therefore, there was no change in the carrying value of the investment during the period then ended.

# Bertram Capital Finance, Inc.

## Notes to Condensed Interim Financial Statements

For the Nine Months Ended September 30, 2018 and 2017

(Unaudited – Prepared by Management)

Expressed in U.S. Dollars

### 8. Property and equipment

Property and equipment consists of the following:

	Extraction equipment \$	Cultivation equipment \$	Leasehold improvements \$	Furniture and equipment \$	Total \$
<b>Cost</b>					
December 31, 2016	137,552	204,390	93,160	133,295	568,397
Additions	-	526,805	111,973	7,136	645,914
Transfers to leases receivable	-	(731,195)	-	(45,800)	(776,995)
December 31, 2017	137,552	-	205,133	94,631	437,316
<b>Accumulated depreciation</b>					
December 31, 2016	43,558	29,912	16,568	28,912	118,950
Additions	27,510	2,543	13,906	17,635	61,594
Transfers to leases receivable	-	(32,455)	-	(2,290)	(34,745)
December 31, 2017	71,068	-	30,474	44,257	145,799
<b>Cost</b>					
December 31, 2017	137,552	-	205,133	94,631	437,316
Additions	382,338	-	144,613	15,000	541,951
Transfers to leases receivable	(375,000)	-	-	-	(375,000)
<b>September 30, 2018</b>	<b>144,890</b>	<b>-</b>	<b>349,746</b>	<b>109,631</b>	<b>604,267</b>
<b>Accumulated depreciation</b>					
December 31, 2017	71,068	-	30,474	44,257	145,799
Additions	21,183	-	23,882	15,320	60,385
<b>September 30, 2018</b>	<b>92,251</b>	<b>-</b>	<b>54,356</b>	<b>59,577</b>	<b>206,184</b>
<b>Net book value</b>					
December 31, 2017	66,484	-	174,659	50,374	291,517
<b>September 30, 2018</b>	<b>52,639</b>	<b>-</b>	<b>295,390</b>	<b>50,054</b>	<b>398,083</b>

During the nine month period ended September 30, 2018, and the year ended December 31, 2017, the Company, as the lessor, entered into three lease agreements (Note 4) to lease out the Company's extraction equipment, cultivation equipment, and certain furniture and equipment. In accordance with the terms of two of the lease agreements, the leased equipment is always owned by the Company and possession will revert to the Company upon expiration of the lease agreements. For the third lease agreement, title and ownership of the cultivation equipment transfers to the lessee at the end of the lease term. In addition, the Company holds the equipment under all lease agreements as security until the end of the lease terms.

At September 30, 2018, and December 31, 2017, the Company determined there were no impairment indicators related to these long-lived assets.

## Bertram Capital Finance, Inc.

### Notes to Condensed Interim Financial Statements

For the Nine Months Ended September 30, 2018 and 2017

(Unaudited – Prepared by Management)

Expressed in U.S. Dollars

#### 9. Intangible assets

On March 1, 2017, the Company entered into an asset purchase agreement with Cannabis Corp. to purchase certain intellectual property for total consideration of \$1,145,000. During 2016 and 2015, the Company was in negotiations with Cannabis Corp. to finalize the agreement and made initial cash advances towards the acquisition totaling \$1,080,000 as of December 31, 2016. The intellectual property is comprised of the trade names, “Cannabis”, “The Joint by Cannabis”, “Incognito by Cannabis”, “Fire by Cannabis” and “Cannabis Prime”, as well as related trademarks and website domains.

	Prepaid amount \$	Website domains \$	Trademarks \$	Trade names \$	Total \$
<b>Cost</b>					
December 31, 2016	1,080,000	-	-	-	1,080,000
Additions	65,000	-	-	-	65,000
Asset purchase agreement	(1,145,000)	200,000	470,000	475,000	-
<b>September 30, 2018, and December 31, 2017</b>	<b>-</b>	<b>200,000</b>	<b>470,000</b>	<b>475,000</b>	<b>1,145,000</b>
<b>Accumulated depreciation</b>					
December 31, 2016	-	-	-	-	-
Additions	-	33,333	78,332	79,165	190,830
December 31, 2017	-	33,333	78,332	79,165	190,830
Additions	-	30,000	70,500	71,250	171,750
<b>September 30, 2018</b>	<b>-</b>	<b>63,333</b>	<b>148,832</b>	<b>150,415</b>	<b>362,580</b>
<b>Net book value</b>					
December 31, 2017	-	166,667	391,668	395,835	954,170
<b>September 30, 2018</b>	<b>-</b>	<b>136,667</b>	<b>321,168</b>	<b>324,585</b>	<b>782,420</b>

Intangible assets with finite lives are amortized over their estimated useful lives. The Company recorded amortization expense of \$171,750 during the nine month period ended September 30, 2018, (2017 - \$133,580).

#### 10. Trade and other payables

Trade and other payables consists of the following:

	September 30, 2018	December 31, 2017
Trade payables	\$ 259,434	\$ 514,632
Sub-lease tenant deposits	165,000	165,000
Balance, end of period	<b>\$ 424,434</b>	<b>\$ 679,632</b>

# **Bertram Capital Finance, Inc.**

## **Notes to Condensed Interim Financial Statements**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

---

### **11. Promissory note payable**

On August 13, 2018, the Company entered into a Promissory Note agreement with a third-party (the "Note"), to borrow \$300,000. The Note bears interest at 5% per month, and is repayable on October 15, 2018. The Note was repaid in full subsequent to September 30, 2018. As at September 30, 2018, the Company had accrued interest payable included within trade and other payables, and general and administrative expense, of \$22,000.

### **12. Share capital**

The Company is authorized to issue a total of 30,000,000 shares, whereby 25,000,000 can be issued as common shares and 5,000,000 as preferred shares. Each common share holder is entitled to have one vote and receive their pro-rated share of dividends, if declared.

#### Issuance of share capital during the nine month period ended September 30, 2018

- The Company issued 157,530 common shares at \$2.00 per share for gross consideration of \$315,060, less cash share issue costs of \$8,404.
- The Company approved the issuance of 75,000 common shares valued at \$2.00 per share, for a fair value of \$150,000 (accrued), to five Directors of the Company for their services provided during the nine month period ended September 30, 2018. The 75,000 common shares will be issued to the Directors after the Proposed Transaction with Metropolitan Energy Corp. (Note 19) has been completed. The fair value is recorded as commitment to issue shares and warrants, with a corresponding amount to share-based compensation expense.

#### Issuance of share capital during the nine month period ended September 30, 2017

- During the nine month period ended September 30, 2017, the Company issued 150,000 common shares at \$2.00 per share for gross consideration of \$300,000.
- The Company approved the issuance of 20,000 common shares valued at \$2.00 per share, for a fair value of \$40,000 (accrued), to four Directors of the Company for their services provided during the nine month period ended September 30, 2017. The 20,000 common shares will be issued to the Directors after the Proposed Transaction with Metropolitan Energy Corp. (Note 19) has been completed. The fair value is recorded as commitment to issue shares and warrants, with a corresponding amount to share-based compensation expense.

# Bertram Capital Finance, Inc.

## Notes to Condensed Interim Financial Statements

For the Nine Months Ended September 30, 2018 and 2017

(Unaudited – Prepared by Management)

Expressed in U.S. Dollars

### 12. Share capital (continued)

Subsequent to September 30, 2017, up to December 31, 2017, the Company issued 484,250 common shares for total consideration of \$872,108, of which \$130,000 was recorded as subscriptions receivable as at December 31, 2017, and was collected during the period ended September 30, 2018. Additionally, in connection with the issuance of the above common shares, the Company granted 49,005 finder's warrants, which were accrued during the year ended December 31, 2017, at a fair value of \$47,000 within commitment to issue shares and warrants. The finder's warrants were issued during the period ended September 30, 2018.

The Company also approved the issuance of 25,000 common shares valued at \$2.00 per share, for a fair value of \$50,000 (accrued), to five Directors of the Company for their services provided during the three month period ended December 31, 2017. The 25,000 common shares will be issued to the Directors after the Proposed Transaction with Metropolitan Energy Corp. (Note 19) has been completed. The fair value was recorded as commitment to issue shares and warrants, with a corresponding amount to share-based compensation expense.

In 2015, the Company established a Long-Term Incentive Plan ("LTIP") for executives and other employees and consultants of the Company. As of September 30, 2018, and December 31, 2017, no LTIP shares were issued by the Company to qualified participants.

### Warrants

A summary of the status of the Company's warrants is as follows:

	Number of Warrants	Weighted Average Exercise price
Balance, December 31, 2017, and 2016	-	-
Issued - Finder's warrants	49,005	\$ 2.00
<b>Balance, September 30, 2018</b>	<b>49,005</b>	<b>\$ 2.00</b>

As at September 30, 2018, the Company had warrants outstanding and exercisable as follows:

Number of warrants	Exercise price	Expiry date	Remaining life (years)
49,005	\$ 2.00	January 15, 2020	1.29

## Bertram Capital Finance, Inc.

### Notes to Condensed Interim Financial Statements

For the Nine Months Ended September 30, 2018 and 2017

(Unaudited – Prepared by Management)

Expressed in U.S. Dollars

#### 12. Share capital (continued)

The fair value of the finder's warrants issued during the nine month period ended September 30, 2018, was calculated using the Black-Scholes Model with the following weighted average assumptions:

	September 30, 2018
Risk-free interest rate	1.68%
Expected life of warrants	2 years
Expected volatility	100%
Dividend rate	0%
Weighted average fair value per warrant	\$ 0.96

#### Loss per share amounts

Weighted average loss per common share for the three and nine month periods ended September 30, is calculated as follows:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Numerator				
Loss and comprehensive loss for the period	\$ (338,090)	\$ (67,667)	\$ (843,466)	\$ (91,405)
Denominator				
Weighted average number of common shares outstanding, basic and diluted	6,339,114	5,547,700	6,319,564	5,547,700
<b>Basic and diluted loss per common share</b>	<b>\$ (0.05)</b>	<b>\$ (0.01)</b>	<b>\$ (0.13)</b>	<b>\$ (0.02)</b>

As at September 30, 2018, all 49,005 warrants outstanding were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive.

#### 13. Supplemental cash flow information

The Company incurred non-cash financing and investing activities during the nine month periods ended September 30, 2018, and 2017 as follows:

	Period ended September 30, 2018 \$	Period ended September 30, 2017 \$
Property and equipment included in trade payables	100,000	300,500
Property and equipment transferred to leases receivable	375,000	742,250
Share issue costs included in trade payables	-	66,392

As at December 31, 2017, property and equipment included in trade and other payables totaled \$300,500.



# Bertram Capital Finance, Inc.

## Notes to Condensed Interim Financial Statements

For the Nine Months Ended September 30, 2018 and 2017

(Unaudited – Prepared by Management)

Expressed in U.S. Dollars

### 14. Related party balances and transactions

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of members of the Company's Board, and its Executive Officers. The net aggregate compensation paid or payable to key management is as follows:

	Period ended September 30, 2018	Period ended September 30, 2017
Share-based compensation <sup>(1)</sup>	\$ 150,000	\$ 40,000
Service expenses – Cost of sales	213,997	90,113
Professional fees	233,802	5,000
	<b>\$ 597,799</b>	<b>\$ 135,113</b>

- (1) Share-based compensation comprised the fair value of 75,000 (2017 – 20,000) common shares on the approval date of the award of those shares to five (2017 – four) Directors of the Company, for their services provided during the nine month periods ended September 30, 2018, and 2017 (Note 12). The common shares will be issued after the completion of the Proposed Transaction described in Note 19.

### Other related party balances

The following balances on the statements of financial position related to other related parties:

	September 30, 2018 \$	December 31, 2017 \$
Prepaid expenses <sup>(3)</sup>	-	30,000
Trade and other payables due to other related parties	1,240	-
Trade receivables <sup>(1)</sup>	66,598	315,707
Current portion of leases receivable <sup>(1)</sup>	888,956	470,870
Long-term portion of leases receivable <sup>(1)</sup>	552,207	636,410
Loans receivable <sup>(2)</sup>	134,762	127,488
Loans receivable <sup>(1)</sup>	3,666	-

- (1) Includes amounts due from Cannabis Corp., a company jointly owned by a spouse of an officer of the Company and an unrelated third party.

- (2) Includes amount due from a company controlled by a common director (Note 5).

- (3) Wildhorse Capital Partners, a company in which the CFO of the Company has significant influence.

# Bertram Capital Finance, Inc.

## Notes to Condensed Interim Financial Statements

For the Nine Months Ended September 30, 2018 and 2017

(Unaudited – Prepared by Management)

Expressed in U.S. Dollars

### 14. Related party balances and transactions (continued)

#### Other related party transactions

The following transactions within the financial statements involved other related parties:

	Period ended September 30, 2018	Period ended September 30, 2017
	\$	\$
Interest earned on loan receivable <sup>(2)</sup>	7,180	-
Interest earned on loan receivable <sup>(1)</sup>	3,666	10,723
Lease income <sup>(1)</sup>	473,113	270,156
Product sales <sup>(1)</sup>	96,550	2,220
Service income <sup>(1)</sup>	628,330	84,663

(1) Includes amounts charged/products sold to Cannabis Corp., a company jointly owned by a spouse of an officer of the Company and an unrelated third party.

(2) Includes amounts charged to a company controlled by a common director (Note 5).

### 15. Financial risk management and financial instruments

#### Fair value of financial instruments

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured using Level 1 inputs. The fair value of the Company's investment (Note 7) classified as FVTPL is measured using Level 2 inputs. The carrying values of trade receivables, subscriptions receivable, trade and other payables, and promissory note payable, approximate their respective fair values due to the short-term nature of these instruments. The Company's loans receivable also approximates fair value as it bears market rates of interest.

# **Bertram Capital Finance, Inc.**

## **Notes to Condensed Interim Financial Statements**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

---

### **15. Financial risk management and financial instruments (continued)**

#### **Risk management**

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include foreign currency risk, interest rate risk, credit risk, liquidity risk, and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

#### **Economic dependence**

The Company derives 97% (2017 – 99%) of its revenues from one company, Cannabis Corp. Additionally, 96% (December 31, 2017 – 99%) of trade receivables represent amounts due from Cannabis Corp.

#### **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and price risk. The Company does not have any direct exposure to foreign currency risk or commodity price risk.

##### *Interest rate risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its financial assets that bear interest, being leases receivable, and loans receivables. The Company does not have assets with a variable interest rate, which minimizes the Company's exposure to fluctuations in interest rates.

##### *Price risk*

Price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company holds shares in a private company (Note 7).

# **Bertram Capital Finance, Inc.**

## **Notes to Condensed Interim Financial Statements**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

---

### **15. Financial risk management and financial instruments (continued)**

#### **Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist primarily of cash, trade receivables, leases receivable, and loans receivable. The carrying amount of these financial assets represents the maximum credit exposure at September 30, 2018, and December 31, 2017.

Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

The Company is exposed to credit risk inherent in its trade receivables. As at September 30, 2018, approximately 96% of trade receivables (December 31, 2017 – 99%) was due from Cannabis Corp. There was no amount in trade receivables at September 30, 2018, for which a provision for doubtful debts is recognized or which were past due. Credit risk relating to the leases receivable is considered low based upon the payment history of the customer.

#### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. Historically, the Company has generated the majority of its cash flows from financing activities and used these cash flows to support operating activities. At September 30, 2018, the Company has working capital of \$856,383 (December 31, 2017 - \$1,410,819). The Company's contractual obligations include trade and other payables, and promissory note payable, which will be settled within the next fiscal year as well as the commitments described in Note 17.

# **Bertram Capital Finance, Inc.**

## **Notes to Condensed Interim Financial Statements**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

---

### **16. Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue opportunities to deliver solutions for financing, developing and managing state-licensed cannabis cultivators and dispensaries throughout the United States. The Company has the ability to raise new capital through equity and debt issuances and/or through operations. The Company prepares annual estimates of expected expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations.

The Company is not exposed to any externally imposed capital requirements, nor were there changes in the Company's approach to capital management during the nine month period ended September 30, 2018, and the year ended December 31, 2017.

### **17. Commitments**

The Company entered into lease agreements for operations and office facilities. Minimum annual commitments are as follows:

<b>Year</b>	<b>Total commitment</b>
2018	\$ 60,750
2019	234,500
2020	235,000
2021	242,100
2022	249,300
Thereafter	1,106,300
	<b>\$ 2,127,950</b>

The Company has entered into a sub-lease agreement to lease certain operational and office facilities to Cannabis Corp., (see Note 4). Minimum annual lease payments to be received by the Company over the term of the lease are as follows:

<b>Year</b>	<b>Total commitment</b>
2018	\$ 39,300
2019	146,100
2020	144,000
2021	148,320
2022	152,772
Thereafter	658,296
	<b>\$ 1,288,788</b>

## **Bertram Capital Finance, Inc.**

### **Notes to Condensed Interim Financial Statements**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

---

#### **18. Segmented information**

The Company operates in one segment which is providing personnel and management resources, infrastructure and equipment for the production, cultivation and dispensary operations of licensed cannabis. Reportable segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources, and in assessing performance.

All of the Company's long-lived assets are located in the United States. All revenues were generated in the United States.

During the nine month periods ended September 30, 2018, and 2017, the following customer represented more than 10% of sales (Note 14):

	<b>September 30, 2018</b>		<b>September 30, 2017</b>	
	<b>Amount</b>	<b>Percentage</b>	<b>Amount</b>	<b>Percentage</b>
<b>Cannabis Corp.</b>				
Lease and rental income	\$ 473,113	93%	\$ 270,156	100%
Product sales	96,550	94%	2,220	95%
Service income	628,330	100%	84,663	100%
<b>Total</b>	<b>\$ 1,197,993</b>		<b>\$ 357,039</b>	

# **Bertram Capital Finance, Inc.**

## **Notes to Condensed Interim Financial Statements**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

---

### **19. Subsequent events**

#### **Proposed Transaction with Metropolitan Energy Corp. (continued)**

##### *Definitive Agreement*

On October 17, 2018, Metropolitan and Bertram announced the execution of a definitive business combination agreement (the "Definitive Agreement") which superseded the LOI (Note 1). Under the terms of the Definitive Agreement, Metropolitan will acquire, indirectly through its wholly-owned subsidiary incorporated in the state of Colorado (the "AcquireCo"), all issued and outstanding securities of Bertram in exchange for re-designated Class A subordinate voting shares (the "Subordinate Voting Shares") and newly-created Class B non-trading super voting shares (the "Super Voting Shares"), as applicable, in the capital of Metropolitan pursuant to a merger of Bertram and AcquireCo, the result of which will constitute a reverse takeover of Metropolitan by the shareholders of Bertram.

In connection with the Proposed Transaction, Metropolitan will be required to, among other things:

- (i) change its name to Cannabis One Holdings Inc., or such other name as is agreed to by the board of directors of Metropolitan and acceptable to regulatory authorities;
- (ii) replace all directors and officers of Metropolitan (other than Christopher Fenn) on closing of the Proposed Transaction with nominees of Bertram;
- (iii) redesignate the common shares of Metropolitan as Subordinate Voting Shares; and
- (iv) create a new class of non-trading Super Voting Shares.

The common shares of Metropolitan will remain halted until the Proposed Transaction closes or the Definitive Agreement is terminated.

In conjunction with the execution of the Definitive Agreement, Bertram will split its securities on an approximately 5.93-to-1 basis, subject to certain adjustments for the Company's long-term incentive plan, anti-dilution provisions, and the intended Bertram post-split adjusted-cost-base represented to shareholders of the most recent Bertram Private Placement, such that the share capital of the Company shall consist of 58,193,095 Cannabis One Shares and 8,239,122 Cannabis One Warrants, with 12,000,000 rights to acquire common shares of the Company (the "Cannabis One Rights"), immediately prior to the completion of the Proposed Transaction.

# **Bertram Capital Finance, Inc.**

## **Notes to Condensed Interim Financial Statements**

**For the Nine Months Ended September 30, 2018 and 2017**

**(Unaudited – Prepared by Management)**

**Expressed in U.S. Dollars**

---

### **19. Subsequent events (continued)**

#### **2018 Non-Brokered Private Placement**

Subsequent to the nine month period ended September 30, 2018, Bertram completed a non-brokered private placement (the "Bertram Private Placement") of 2,661,922 subscription receipts (15,811,974 subscription receipts on a post-split basis) (the "Bertram Subscription Receipts") at CAD\$2.97 per Subscription Receipt for gross proceeds of \$6,024,855 (CAD \$7,905,908). Each Subscription Receipt consists of one (1) common share of Bertram (a "Cannabis One Share") and one-half ( $\frac{1}{2}$ ) of one Cannabis One Share purchase warrant (a "Cannabis One Warrant"). Each Cannabis One Warrant entitles the holder thereof to purchase one (1) Cannabis One Share of the Company at an exercise price of CAD\$4.45 expiring two years from the date of issuance. Cash finders' fees in the amount of \$16,195 (CAD\$21,162) were paid, and 7,125 finders' warrants (42,326 finders' warrants on a post-split basis) to purchase Cannabis One Shares (the "Cannabis One Broker Warrants") were issued with an exercise price of CAD\$2.97 per share, expiring two years from the date of issuance. In connection with the private placement, the Company also incurred transaction costs of \$164,106.

#### **Alan and Brooks Builders LLC ("A&B")**

In October 2018, the Company received a notice of civil claim against the Company with respect to the construction of one of the Company's leased properties. A&B is seeking to recover \$507,767 in labor and materials related to work performed. It is the position of the Company that A&B was hired to perform certain construction services at the property, but that the parties never entered into a written contract and never agreed to the cost of construction services. The Company, in consultation with legal counsel, assess that it is not probable that the claim of A&B will be successful and that the Company will be required to pay any amounts and no provision for possible loss has been included in these financial statements.



December 21, 2018

**Canadian Securities Exchange**

Dear Sirs / Mesdames:

**Re: Bertram Capital Finance, Inc.**

We refer to the Form 2A Listing Statement of Cannabis One Holdings Inc. dated December 21, 2018 relating to the listing of shares of Cannabis One Holdings Inc. the entity formerly known as Metropolitan Energy Corp. after the reverse takeover by Bertram Capital Finance, Inc.

We consent to being named and to the use, in the above-mentioned Form 2A Listing Statement of our report dated December 21, 2018 to the Directors of Bertram Capital Finance, Inc. on the following financial statements:

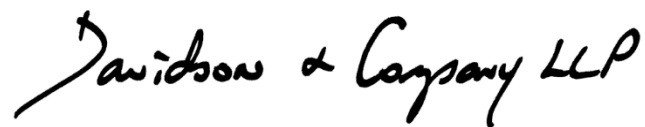
Statements of financial position as at December 31, 2017 and 2016;

Statements of loss and comprehensive loss, changes in shareholders equity and cash flows for the years ended December 31, 2017 and 2016, and a summary of significant accounting policies and other explanatory information.

We report that we have read the Form 2A Listing Statement and all information therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in a Form 2A Listing Statement, which does not constitute an audit or review of the Form 2A Listing Statement as these terms are described in the CPA Canada Handbook – Assurance.

This letter is provided solely for the purpose of assisting the stock exchange to which it is addressed in discharging its responsibilities and should not be used for any other purpose.

Yours very truly,



**DAVIDSON & COMPANY LLP**  
Chartered Professional Accountants



# **BERTRAM CAPITAL FINANCE, INC.**

## **FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016**

## INDEPENDENT AUDITORS' REPORT

To the Directors of  
Bertram Capital Finance, Inc.

We have audited the accompanying financial statements of Bertram Capital Finance, Inc., which comprise the statements of financial position as at December 31, 2017 and 2016 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of Bertram Capital Finance, Inc. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

December 21, 2018



# Bertram Capital Finance, Inc.

## Statements of Financial Position

As at

(expressed in U.S. Dollars)

	Note	December 31, 2017	December 31, 2016
<b>Assets</b>			
Current assets			
Cash		\$ 979,368	\$ 530,911
Subscriptions receivable	11	130,000	-
Trade receivable	14	318,707	-
Loan receivable	5	52,760	52,760
Lease receivable	4,14	470,870	-
Inventory	6	51,835	-
Prepaid deposits and expenses		86,911	-
Total current assets		2,090,451	583,671
Non-current assets			
Lease receivable	4,14	636,410	-
Loan receivable	5,14	74,728	133,576
Investment	7	-	100,000
Property and equipment	8	291,517	449,447
Intangible assets	9	954,170	1,080,000
Total non-current assets		1,956,825	1,763,023
<b>Total Assets</b>		<b>\$ 4,047,276</b>	<b>\$ 2,346,694</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities			
Trade and other payables	10	\$ 679,632	\$ 60,862
Total current liabilities		679,632	60,862
Shareholders' Equity			
Share capital	11	3,946,209	2,821,101
Commitment to issue shares and warrants	11	137,000	-
Deficit		(715,565)	(535,269)
Total Shareholders' Equity		3,367,644	2,285,832
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 4,047,276</b>	<b>\$ 2,346,694</b>
<b>Commitments</b>	<b>17</b>		
<b>Subsequent events</b>	<b>19</b>		

The accompanying notes are an integral part of these financial statements

# Bertram Capital Finance, Inc.

## Statements of Loss and Comprehensive Loss

For the years ended

(expressed in U.S. Dollars)

	Notes	December 31, 2017	December 31, 2016
<b>Revenue</b>			
Lease income	4,14	\$ 436,380	\$ -
Product sales	14	269,763	-
Service income	14	222,110	-
Total Revenue		928,253	-
<b>Cost of Sales</b>			
Lease expense		60,600	-
Product expense		33,017	-
Service expense	14	202,484	-
Total Cost of Sales		296,101	-
<b>Gross profit</b>		<b>632,152</b>	<b>-</b>
<b>Operating expenses</b>			
Management fees		180,302	38,633
Professional fees	14	132,907	6,700
Share-based compensation	14	90,000	-
General and administrative		73,163	23,986
Depreciation	8, 9	252,424	77,273
Total operating expenses		728,796	146,592
Loss from operations		(96,644)	(146,592)
<b>Other expenses and income</b>			
Write-off of investment	7	100,000	-
Interest income	5	(16,348)	(16,336)
<b>Loss and comprehensive loss</b>		<b>\$ (180,296)</b>	<b>\$ (130,256)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.04)</b>	<b>\$ (0.04)</b>
<b>Weighted Average Shares Outstanding</b>		<b>5,631,109</b>	<b>5,148,106</b>

The accompanying notes are an integral part of these financial statements

## Bertram Capital Finance, Inc.

### Statements of changes in shareholder's equity

(expressed in U.S. Dollars)

	Notes	Common shares	Share capital	Commitment to issue shares and warrants	Deficit	Total shareholders' equity
<b>Balance, January 1, 2016</b>		<b>4,650,000</b>	<b>\$ 1,500,100</b>	<b>-</b>	<b>\$ (405,013)</b>	<b>\$ 1,095,087</b>
Issuance of common shares, net of costs	<b>11</b>	897,334	1,321,001	-	-	1,321,001
Loss for the year		-	-	-	(130,256)	(130,256)
<b>Balance, December 31, 2016</b>		<b>5,547,334</b>	<b>\$ 2,821,101</b>	<b>-</b>	<b>\$ (535,269)</b>	<b>\$ 2,285,832</b>
<b>Balance, January 1, 2017</b>	<b>11</b>	<b>5,547,334</b>	<b>\$ 2,821,101</b>	<b>-</b>	<b>\$ (535,269)</b>	<b>\$ 2,285,832</b>
Issuance of common shares, net of costs	<b>11</b>	634,250	1,172,108	-	-	1,172,108
Warrants to be issued for finder's fees	<b>11</b>	-	(47,000)	47,000	-	-
Shares to be issued for services	<b>11,14</b>	-	-	90,000	-	90,000
Loss for the year		-	-	-	(180,296)	(180,296)
<b>Balance, December 31, 2017</b>		<b>6,181,584</b>	<b>\$ 3,946,209</b>	<b>137,000</b>	<b>\$ (715,565)</b>	<b>3,367,644</b>

The accompanying notes are an integral part of these financial statements

# Bertram Capital Finance, Inc.

## Statements of Cash Flows

For the years ended

(expressed in U.S. Dollars)

	Note:	December 31, 2017	December 31, 2016
<b>Operating activities:</b>			
Loss for the year		\$ (180,296)	\$ (130,256)
Adjustments for:			
Depreciation	8,9	252,424	77,273
Share-based compensation	11,14	90,000	-
Interest income	5	(15,152)	(16,336)
Write-off of investment	7	100,000	-
Changes in non-cash working capital items:			
Trade and other payables		251,878	60,862
Trade receivable		(318,707)	-
Prepaid deposits and expenses		(86,911)	-
Inventory		(51,835)	-
Lease receivable		(365,030)	-
<b>Cash flows used in operating activities</b>		<b>(323,629)</b>	<b>(8,457)</b>
<b>Investing activities:</b>			
Purchase of Investment in private company	7	-	(100,000)
Advances to (repayment from) loan receivable	5	74,000	(70,000)
Acquisition of property and equipment	8	(345,414)	(220,478)
Acquisition of intangible asset	9	(65,000)	(805,000)
<b>Cash flows from (used in) investing activities</b>		<b>(336,414)</b>	<b>(1,195,478)</b>
<b>Financing activities:</b>			
Proceeds from issue of share capital, net of costs	11	1,108,500	1,321,001
<b>Cash flows from financing activities</b>		<b>1,108,500</b>	<b>1,321,001</b>
Net increase in cash		448,457	117,066
Cash, balance beginning of year		530,911	413,845
<b>Cash, balance end of year</b>		<b>\$ 979,368</b>	<b>\$ 530,911</b>
Income taxes paid		\$ -	\$ -
Interest paid		\$ -	\$ -
Interest received		\$ -	\$ -
<b>Supplemental cash flow information</b>	<b>13</b>		

The accompanying notes are an integral part of these financial statements

# **Bertram Capital Finance, Inc.**

## **Notes to Financial Statements**

**For the Years Ended December 31, 2017 and 2016**

---

### **1. Nature of operations**

Bertram Capital Finance Inc. (the “Company” or “Bertram”) is a private company incorporated under the *Colorado Business Corporation Act* in Colorado, USA on February 20, 2015.

Bertram is focused on providing personnel and management resources as well as infrastructure and equipment for the production, cultivation and dispensary operations of licensed cannabis businesses. The Company itself does not directly produce or sell cannabis products but rather provides support services to licensed cannabis providers. The Company operates exclusively in Colorado where the legal commercial production and vending of marijuana is permitted by Colorado state law under *Colorado Amendment 64*.

The Company’s head office and registered office is 821 22<sup>nd</sup> Street, Denver Colorado, USA, 80205.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operations for at least the next twelve months and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company indirectly derives its revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. The Company is not directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the recreational cannabis marketplace in either Canada or the United States, nor is the Company directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the medical cannabis marketplace in Canada or the United States.

Almost half of the states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol (“THC”), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of adult-use recreational and medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act (the “CSA”) in the United States and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company’s operations and financial performance.

Subsequent to December 31, 2017, the Company entered into an agreement to complete a reverse take over transaction (Note 19).



**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**2. Basis of preparation**

**Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for the year ended December 31, 2017.

These financial statements were approved by the Board of Directors on December 21, 2018.

**Basis of measurement**

These financial statements have been prepared on a historical basis, except for certain financial instruments, which are stated at their fair value in accordance with the Company's accounting policies. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**Functional and presentation currency**

The financial statements are presented in U.S. dollars. The functional currency of the entity is U.S. dollars.

**Estimates and critical judgments by management**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments which may cause a material adjustment to the carrying amounts of assets and liabilities.

The areas which require management to make significant judgment include:

- *Valuation of investment*

The determination of fair value of the Company's privately-held investment at other than initial cost, is subject to certain limitations. Financial information for the private company in which the Company has an investment may not be available and, even if available, that information may be limited and/or unreliable. Adjustment to the fair value of an investment will be based on management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed.

**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**2. Basis of preparation (continued)**

**Estimates and critical judgments by management (continued)**

- *Impairment of long-lived assets*  
The impairment of long-lived assets, including property and equipment, and intangible assets, is influenced by judgment in defining a cash-generating unit and determining the indicators of impairment and estimates used to measure impairment losses.
- *Useful life of property and equipment and intangible assets*  
The depreciation and amortization methods and useful lives reflect the pattern in which management expects the assets' future economic benefits to be consumed by the Company. Judgments are required in determining these expected useful lives. The Company's intangible assets have recently been valued by an independent third party and any intangible assets are recorded at cost and amortized over their estimated useful lives based on the guidelines outlined in this independent valuation.
- *Deferred tax assets and liabilities*  
Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.
- *Revenue recognition*  
Management makes judgement with regards to revenue as to whether the Company is in an agency relationship as defined by IAS 18. In an agency relationship, the gross inflows of economic benefits often include amounts collected on behalf of the principal and amounts which do not result in increases in equity for the Company. The amounts collected on behalf of the principal are not revenue; instead, revenue is the amount of commission. Management has determined that the Company is the principal in earning each type of revenue.

The areas which require management to make significant estimates and assumptions in determining carrying values include:

- *Valuation of financial assets (trade, lease and loan receivables)*  
All the Company's trade, lease and loan receivables are reviewed for indicators of impairment at each reporting date. Management reviews the individual balances in trade, lease and loan receivables and assesses their collectability based on the aging of outstanding balances, historical bad debt experience, payment history, indicators of changes in customer credit worthiness, and changes in customer payment terms to identify and determine the extent of impairment if any.

**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**2. Basis of preparation (continued)**

**Estimates and critical judgments by management (continued)**

- *Valuation of property and equipment*  
The recoverable amount of property and equipment is determined using discounted future cash flow models, which incorporate assumptions regarding future events, specifically future cash flows, utilization rates, growth rates and discount rates.
- *Valuation of intangible assets*  
The Company has capitalized costs related to the acquisition of intellectual property being trademarks and trade names. Intangible asset impairment testing requires management to make critical estimates in the impairment testing model. On an annual basis, the Company tests whether intangible assets are impaired. The recoverable amount of intangible assets is determined using discounted future cash flow models, which incorporate assumptions regarding future events, specifically future cash flows, utilization rates, growth rates and discount rates.
- *Inventory*  
The Company reviews the net realizable value of, and demand for, its inventory quarterly to provide assurance that recorded inventory is stated at the lower of cost or net realizable value. Factors that could impact estimated demand and selling prices include competitor actions, supplier prices and economic trends.
- *Fair value of financial instruments*  
Determining the fair value requires judgment and is based on market prices or management's best estimate if there is no active market. When the fair value of a financial instrument cannot be derived from an active market, it is determined using other valuation techniques including discounted cash flows. The inputs to these models are taken from observable markets where possible, however, when not feasible, a degree of judgment is required in establishing fair values. The estimate includes consideration of inputs such as liquidity risk and credit risk. Changes in the assumptions about these factors may affect the reported fair value of financial instruments.
- *Fair value of common shares issued for services (stock-based compensation)*  
Management is required to estimate the fair value of the Company's common shares when issuing its common shares for services. Management has estimated the fair value of the common shares with reference to recent private placements completed by the Company.
- *Fair value of finders' warrants*  
The fair value of compensatory finders' warrants are estimated using the Black-Scholes pricing model. There are a number of estimates used in the calculation, such as expected life, and share price volatility which can vary from actual future events. The factors applied in the calculation are management's best estimates based on historical information and future forecasts.

**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**3. Significant accounting policies**

The financial statements have been prepared using the following significant accounting policies:

**Financial instruments**

All financial instruments are recognized initially at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument.

**Classification and measurement**

The Company classifies its financial instruments in the following categories based on the purpose for which the asset was acquired: fair value through profit or loss ("FVTPL"); held-to-maturity investments; available-for-sale; loans and receivables; and other financial liabilities. The Company's financial assets and financial liabilities are classified and measured as follows:

<b>Asset/Liability</b>	<b>Classification</b>	<b>Subsequent measurement</b>
Cash	FVTPL	Fair value
Trade receivables	Loans and receivables	Amortized cost
Lease receivable	Loans and receivables	Amortized cost
Loan receivable	Loans and receivables	Amortized cost
Investment	Available-for-sale	Fair value
Trade and other payables	Other financial liabilities	Amortized cost

The Company's accounting policy for each category is as follows:

*Financial assets at Fair Value Through Profit or Loss (FVTPL)*

Financial assets are classified as FVTPL when the asset is either:

- held for trading; or
- designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resulting gain or loss recognized in profit or loss.

**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**3. Significant accounting policies (continued)**

**Classification and measurement (continued)**

*Held-to-maturity investments*

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

*Available-for-sale*

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

*Loans and trade receivables*

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and trade receivables are derecognized or impaired, as well as through the amortization process.

*Financial liabilities*

The Company classifies its financial liabilities in the following categories: FVTPL and amortized cost. FVTPL liabilities contain a host liability and an embedded equity conversion feature. These instruments are initially measured by subtracting the fair value of the conversion feature from the face value and are subsequently measured at amortized cost. The fair value of the embedded liability component is remeasured in subsequent periods and any change charged to profit or loss.

Amortized cost liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method. These financial liabilities are classified as current or non-current based on their maturity date. The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or they expire.

**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**3. Significant accounting policies (continued)**

**Impairment of financial assets**

Financial assets, other than those classified at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset (a "loss event"), and that loss event has an impact on the estimated future cash flows of that asset. Objective evidence may include significant financial difficulty of obligor and/or delinquency in payment. When impairment has occurred, the cumulative loss is recognized in profit or loss.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Impairment losses may be reversed in subsequent periods.

**Finance income**

Finance income is included in profit or loss for loan receivables measured at amortized cost and is recognized using the effective interest rate method.

**Leases**

Leases are classified as finance or operating leases based on the substance of the transaction at the inception of the lease.

*Finance leases*

Under a finance lease substantially all the risks and rewards incidental to legal ownership are transferred by the lessor to the lessee at the inception of the lease transaction.

Lease receivable is recognized at inception as asset in an amount equal to the net investment in the lease. When assets are leased out under a finance lease, the present value of the minimum lease payments is recognized as a lease receivable. The difference between the gross lease receivables and the present value of the lease receivables is recognized as unearned finance income.

Lease payments are allocated between finance income (lease income) and principal repayment in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in the lease. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**3. Significant accounting policies (continued)**

**Leases (continued)**

*Operating leases*

Under an operating lease, payments made are recognized in profit or loss on a straight-line basis over the term of the lease.

**Inventory**

Inventory is valued at the lower of cost and net realizable value. The cost of inventory is calculated using the weighted average method and comprises all costs of purchase necessary to bring the goods to sale. Net realizable value represents the estimated selling price for products sold in the ordinary course of business less the estimated costs necessary to make the sale. Management uses the most reliable evidence available in determining the net realizable value of inventories. Actual selling prices may differ from estimates, based on market conditions at the time of sale.

Allowances are made against obsolete or damaged inventory and charged to cost of sales. The reversal of any write-down of inventory arising from increase in the net realizable value is recognized as a reduction of cost of sales in the period in which the reversal occurred.

**Long-lived assets**

*Property and equipment*

Property and equipment is measured at cost less accumulated depreciation and impairment losses. Property and equipment not available for use is not subject to depreciation. Depreciation is recognized on a straight-line basis over the following terms:

Extraction equipment	5 years
Cultivation equipment	5 years
Leasehold improvements	5 years to 10 years, depending on lease term
Furniture and equipment	5 years

An asset's residual value, useful life and amortization method is reviewed at each reporting period and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Subsequent costs that meet the asset recognition criteria are capitalized, while costs incurred that do not extend the economic useful life of an asset are considered repairs and maintenance, which are accounted for as an expense recognized during the period. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in profit or loss.

**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**3. Significant accounting policies (continued)**

**Long-lived assets (continued)**

*Intangible assets*

For intangible assets with a finite useful life, the assets are recorded at cost and amortized over their estimated useful lives using the following annual rates and methods:

<i>Intellectual property</i>	Trademarks	5 years
	Trade Names	5 years
	Other Intangible Assets	5 years

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated brands are recognized in profit or loss as incurred.

**Impairment of long-lived assets**

Long-lived assets, including property and equipment, and intangible assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. Value in use is based on the estimated cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

**Equity instruments**

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares is recognized as a deduction from equity, net of any related income tax effects. The Company currently has no other forms of equity issued other than common stock ownership. Common shares issued for consideration other than cash, are valued based on their fair value at the date the shares are issued.



**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**3. Significant accounting policies (continued)**

**Loss per share**

Basic loss per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period.

Diluted loss per share is computed similar to basic loss per share except that (i) net loss attributable to common shareholders are adjusted for the dilutive effect of warrants and stock options. Under this method, the Company assumes that outstanding dilutive stock options and warrants were exercised and that the proceeds from such exercises (after adjustment of any unvested portion of stock options) were used to acquire common shares at the average market price during the reporting periods.

**Taxes**

Current and deferred tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

**Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, and the revenue and associated costs can be measured reliably. Specifically the Company's revenue recognition guidelines are as follows:

**Lease income**

The Company generates lease income from equipment leases and office leases. The Company accounts for office leases with its tenants as operating leases. Office lease income includes all amounts earned from tenants related to lease agreements including property tax and operating cost recoveries. The Company reports office lease income based on the periodic rent due under the terms of the lease.

**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**3. Significant accounting policies (continued)**

**Lease income (continued)**

The Company accounts for equipment leases as finance leases. Lease income is recognized using the effective interest rate method whereby lease payments are allocated between finance income (lease income) and principal repayment in each accounting period in such a way that finance income will emerge as a constant rate of return on the Company's net investment in the lease.

**Product sales**

The Company recognizes revenue from the sale of products at the time delivery (goods are shipped and received by the customer) has occurred and collectability of the revenue is reasonably assured.

**Service income**

Service income is recognized as services are provided to the customer and collectability of the revenue is reasonably assured.

**Accounting standards issued but not yet effective**

***IFRS 9 Financial Instruments***

IFRS 9 provides guidance on recognition and measurement and impairment into a single model that has two classifications: amortized cost and fair value. The new standard also requires a single-forward looking "expected-loss" impairment method to be used. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Management is currently assessing the extent of the impact of this new standard but does not expect the impact to be material.

***IFRS 15 Revenue from Contracts with Customers***

IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

***IFRS 16 Leases***

IFRS 16 specifies how to recognize, measure, present and disclose leases. The new standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17 the new lease standard continues to require lessors to classify leases as operating or finance. IFRS 16 is to be applied retrospectively for annual periods beginning on or after January 1, 2019. Management is currently assessing the extent of the impact of this new standard.

# Bertram Capital Finance, Inc.

## Notes to Financial Statements

For the Years Ended December 31, 2017 and 2016

---

### 4. Lease receivable

Lease receivable consists of two equipment lease agreements, entered into during 2017, with Cannabis Corp., a company jointly owned by the spouse of an officer of the Company and an unrelated third party. Each lease agreement has a term of five years and will expire between December 31, 2021 and March 31, 2022. There is no purchase option at the expiration of the leases. In addition, the Company holds the equipment as security until the end of the lease term. The Company's implicit lease rates are between 4.96% and 13.61%. The Company's experience has shown that the actual contractual payment stream will vary depending on a number of variables. Accordingly, the maturities of lease receivables shown in the table below are not to be regarded as a forecast of future cash collections.

The contractual payments, including principal and interest, are due to the Company in the years as follows:

Year	December 31, 2017
2017	\$ 426,601
2018	523,827
2019	523,827
2020	523,827
2021	523,827
2022	97,227
Gross lease receivable	\$ 2,619,136
Unearned lease income	(1,511,856)
Lease receivable (principal)	<b>\$ 1,107,280</b>
Current portion (within one year)	\$ 470,870
Non-current portion (later than one year but no later than five years)	\$ 636,410

### 5. Loan receivable

On November 15, 2015, the Company entered into a promissory note agreement with a company who has a common director (the "Borrower"). Loan interest is due on the unpaid principal at 10% per annum and is secured by the assets of the company. The unpaid principal and interest shall be payable to the Company in annual instalments of \$52,760, beginning on November 15, 2016 and continuing until November 15, 2020 at which time the remaining balance is due to the Company in full.

**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**5. Loan receivable (continued)**

The change in the loan receivable is as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Balance, beginning of year	\$ 186,336	\$ 100,000
Advances	-	100,000
Repayments	(74,000)	(30,000)
Interest accrual	15,152	16,336
Balance, end of year	<b>\$ 127,488</b>	<b>\$ 186,336</b>

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Current portion	\$ 52,760	\$ 52,760
Long term portion	74,728	133,576
Total	<b>\$ 127,488</b>	<b>\$ 186,336</b>

The contractual payments, including principal and interest, are due to the Company in the years as follows:

<b>Year</b>	<b>December 31, 2017</b>
2018	\$ 52,760
2019	52,760
2020	52,760
Total payments due	\$ 158,280
Less: interest portion	(30,792)
Loan receivable (principal)	<b>\$ 127,488</b>

At December 31, 2017 and 2016, the Company determined there were no impairment indicators related to this financial asset.

**6. Inventory**

The Company's inventory consists primarily of unfilled vape pens and pre-charged fire cartridges (without any cannabis content) for sale to third party cannabis producers who may then fill with their own licensed cannabis product prior to being used in the medical or recreational consumption of cannabis products.

Inventory recognized as an expense in cost of sales was \$33,017 for the year ended December 31, 2017.

# Bertram Capital Finance, Inc.

## Notes to Financial Statements

For the Years Ended December 31, 2017 and 2016

### 7. Investment

On November 21, 2016, the Company paid \$100,000 to acquire an 8% membership interest in VANGA, MB Corporation ("VANGA"), an unrelated private company located in Los Angeles, California, USA. The membership entitles the Company to receive 8% interest in profits and losses of VANGA. VANGA is in the business of providing legal cannabis products and other miscellaneous items.

At December 31, 2016, the Company determined there were no impairment indicators related to this investment. At December 31, 2017, due to the inability of the Company to obtain recent financial information of VANGA, difficulties in VANGA receiving required licenses, and given the Company did not receive any profits or returns from this investment, the Company has impaired this investment to \$nil, resulting in an impairment loss of \$100,000.

### 8. Property and equipment

Property and equipment consists of the following:

Cost	Extraction equipment	Cultivation equipment	Leasehold improvements	Furniture and equipment	Total
As at December 31, 2015	\$ 137,552	\$ 78,535	\$ 45,350	\$ 86,482	\$ 347,919
Additions	-	125,855	47,810	46,813	220,478
As at December 31, 2016	137,552	204,390	93,160	133,295	568,397
Additions	-	526,805	111,973	7,136	645,914
Transfers to lease receivable	-	(731,195)	-	(45,800)	(776,995)
As at December 31, 2017	\$ 137,552	\$ -	\$ 205,133	\$ 94,631	\$ 437,316
<b>Accumulated depreciation</b>					
As at December 31, 2015	\$ 16,048	\$ 12,510	\$ 3,912	\$ 9,207	\$ 41,677
Additions	27,510	17,402	12,656	19,705	77,273
As at December 31, 2016	43,558	29,912	16,568	28,912	118,950
Additions	27,510	2,543	13,906	17,635	61,594
Transfers to lease receivable	-	(32,455)	-	(2,290)	(34,745)
As at December 31, 2017	\$ 71,068	\$ -	\$ 30,474	\$ 44,257	\$ 145,799
<b>Net book value</b>					
As at December 31, 2016	\$ 93,994	\$ 174,478	\$ 76,592	\$ 104,383	\$ 449,447
As at December 31, 2017	\$ 66,484	\$ -	\$ 174,659	\$ 50,374	\$ 291,517

# Bertram Capital Finance, Inc.

## Notes to Financial Statements

For the Years Ended December 31, 2017 and 2016

### 8. Property and equipment (continued)

During 2017, the Company, as the lessor, entered into certain lease agreements (Note 4) to lease out the Company's cultivation equipment and certain furniture and equipment. In accordance with the terms of the lease agreements, the leased equipment is always owned by the Company and possession will revert to the Company upon expiration of the lease agreements. In addition, the Company holds the equipment as security until the end of the lease term.

At December 31, 2017 and 2016, the Company determined there were no impairment indicators related to these long-lived assets.

### 9. Intangible assets

On March 1, 2017, the Company entered into an asset purchase agreement with Cannabis Corp. to purchase certain intellectual property for total consideration of \$1,145,000. During 2016 and 2015, the Company was in negotiations with Cannabis Corp., to finalize the agreement and made initial cash advances towards the acquisition totaling \$1,080,000 as of December 31, 2016. The intellectual property is comprised of the trade names, "Cannabis", "The Joint by Cannabis", "Incognito by Cannabis", "Fire by Cannabis" and "Cannabis Prime", as well as related trademarks and website domains.

Cost	Pre-paid amount	Website domains	Trademarks	Trade names	Total
As at December 31, 2015	\$ 275,000	\$ -	\$ -	\$ -	\$ 275,000
Additions	805,000	-	-	-	805,000
As at December 31, 2016	1,080,000	-	-	-	1,080,000
Additions	65,000	-	-	-	65,000
Asset purchase agreement	(1,145,000)	200,000	470,000	475,000	-
As at December 31, 2017	\$ -	\$ 200,000	\$ 470,000	\$ 475,000	\$ 1,145,000

#### Accumulated amortization

As at December 31, 2015	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	-	-	-	-	-
As at December 31, 2016	-	-	-	-	-
Additions	-	33,333	78,332	79,165	190,830
As at December 31, 2017	\$ -	\$ 33,333	\$ 78,332	\$ 79,165	\$ 190,830

#### Net book value

As at December 31, 2016	\$ 1,080,000	\$ -	\$ -	\$ -	\$ 1,080,000
As at December 31, 2017	\$ -	\$ 166,667	\$ 391,668	\$ 395,835	\$ 954,170

**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**9. Intangible assets (continued)**

Intangible assets with finite lives are amortized over their estimated useful lives. The Company recorded amortization expense of \$190,830 in the year ended December 31, 2017 (2016 - \$nil).

**10. Trade and other payables**

Trade and other payables consists of the following:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Trade payables	\$ 514,632	\$ 60,862
Sub-lease tenant deposits	165,000	-
Balance, end of year	<b>\$ 679,632</b>	<b>\$ 60,862</b>

**11. Share capital**

The Company is authorized to issue a total of 30,000,000 shares, whereby 25,000,000 can be issued as common shares and 5,000,000 as preferred shares. Each common share holder is entitled to have one vote and receive their pro-rated share of dividends, if declared.

The issued and outstanding common shares is as follows:

	<b>Common Shares</b>	<b>Amount</b>
As at December 31, 2015	4,650,000	\$ 1,500,100
Shares issued for cash	897,334	1,321,001
<b>As at December 31, 2016</b>	<b>5,547,334</b>	<b>2,821,101</b>
Shares issued for cash, net of costs	634,250	1,172,108
Finder's fees – warrants	-	(47,000)
<b>As at December 31, 2017</b>	<b>6,181,584</b>	<b>\$ 3,946,209</b>

During 2017, the Company issued 634,250 (2016 – 897,334) common shares for total consideration of \$1,268,500 (2016 - \$1,321,001) at \$2.00 (2016 - \$1.34) per common share. As at December 31, 2017, \$130,000 was recorded as subscriptions receivable and was collected subsequent to the year-end. In connection with the issuance of common shares during 2017, the Company incurred share issue costs of \$96,392 and granted 49,005 finder's warrants with a fair value of \$47,000. The finder's warrants were issued on January 15, 2018 with an exercise price of \$2.00 per warrant expiring in two years. The fair value of the warrants was determined using the Black Scholes option pricing model assuming volatility of 100%, a risk-free interest rate of 1.68%, a dividend yield of 0% and a life of two years.

During 2017, the Company approved the issuance of 45,000 common shares valued at \$2.00 per share to five Directors (the "Directors") of the Company for their services provided in 2017. The 45,000 common shares will be issued to the Directors after the Proposed Transaction with Metropolitan Energy Corp. (Note 19) has been completed. The fair value is recorded as commitment to issue shares and warrants, with a corresponding amount to share-based compensation expense.

# Bertram Capital Finance, Inc.

## Notes to Financial Statements

For the Years Ended December 31, 2017 and 2016

### 11. Share capital (continued)

In 2015, the Company established a Long-Term Incentive Plan ("LTIP") for executives and other employees and consultants of the Company. As of December 31, 2017, no LTIP shares were issued by the Company to qualified participants.

### 12. Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2017	2016
Loss for the year	\$ (180,296)	\$ (130,256)
Expected income tax (recovery)	\$ (67,000)	\$ (48,000)
Change in statutory, foreign tax, foreign exchange rates and other	(14,000)	-
Permanent differences	36,000	(7,000)
Change in unrecognized deductible temporary differences	45,000	55,000
<b>Total income tax expense (recovery)</b>	<b>\$ -</b>	<b>\$ -</b>

In December 2017, the United States government proposed changes to the Federal corporate income tax rate to reduce the rate from 34% to 21% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on December 22, 2017. The relevant deferred tax balances have been re-measured to reflect the decrease in the Company's Federal income tax rate from 34% to 21%.

	2017	Expiry Date Rang	2016	Expiry Date Range
<b>Temporary Differences</b>				
Equipment	\$ 91,000	No expiry date	\$ 119,000	No expiry date
Investment	\$ 100,000	No expiry date	\$ -	No expiry date
Intangible assets	\$ 127,000	No expiry date	\$ -	No expiry date
Net operating losses available for future periods	\$ 237,000	2035 to 2037	\$ 130,000	2035 to 2036

Tax attributes are subject to review, and potential adjustment, by tax authorities. Section 280E of the Tax Code prohibits businesses from taking deductions or credits in carrying on any trade or business consisting of trafficking in controlled substances which are prohibited by federal law. The International Revenue Service has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are authorized under state laws, seeking substantial sums in tax liabilities, interest and penalties resulting from underpayment of taxes due to the application of Section 280E. Under a number of cases, the United States Supreme Court has held that income means gross income (not gross receipts). Under this reasoning, the cost of goods sold is permitted as a reduction in determining gross income, notwithstanding Section 280E. Although proper reductions for cost of goods sold are generally allowed to determine gross income, the scope of such items has been the subject of debate, and deductions for significant costs may not be permitted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses. Thus, the Company, to the extent of its "trafficking" activities (if applicable), and/or key contract counterparties directly engaged in trafficking in cannabis, may be subject to United States federal tax, without the benefit of deductions or credits.



**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**13. Supplemental cash flow information**

**Changes in non-cash working capital**

	Year ended December 31, 2017	Year ended December 31, 2016
Equipment purchase included in other payables	\$ 300,500	\$ -
Share issue costs included in other payables	\$ 66,392	\$ -
Equipment transferred to lease receivable	\$ 742,250	\$ -
Subscriptions receivable	\$ 130,000	\$ -

**14. Related party balances and transactions**

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. Key management personnel includes members of the Board and executive offices. The net aggregate compensation paid or payable is as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
Share-based compensation <sup>(1)</sup>	\$ 90,000	\$ -
Consulting fees – Cost of sales	120,150	-
Share issue costs – Finder's fees	96,392	-
Share issue costs – Finder's warrants	47,000	-
Professional fees	45,280	-
	\$ 398,822	\$ -

<sup>(1)</sup> Share-based compensation comprised the fair value of 45,000 common shares on the approval date of award of those shares to four directors of the Company, for their services provided during the year ended December 31, 2017 (see also Note 11). The common shares will be issued after the completion of the Proposed Transaction described in Note 19.

As at December 31, 2017, \$70,774 (2016 - \$nil) of trade and other payables is due to key management and a company controlled by key management.

As at December 31, 2017, \$127,488 (2016 - \$186,336) of loan receivable is due from a company controlled by a common director (Note 5). During the year ended December 31, 2017, the Company earned interest income of \$15,246 (2016 - \$15,836) from the loan receivable.

As at December 31, 2017, \$315,707 (2016 - \$nil) of the Company's trade receivables is due from Cannabis Corp, a company jointly owned by the spouse of an officer of the Company and an unrelated third party.

As of December 31, 2017, \$470,870 (2016 - \$Nil) of short term lease receivable and \$636,410 (2016 - \$Nil) of long term lease receivable are due from Cannabis Corp.

During the year ended December 31, 2017, the Company generated service income of \$222,110 (2016 - \$Nil), product sales of \$264,000 (2016 - \$Nil), and lease income of \$436,380 (2016 - \$Nil) from Cannabis Corp.

**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**15. Financial risk management and financial instruments**

**Fair value of financial instruments**

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured using Level 1 inputs. The fair value of investment classified as available-for-sale is measured using Level 2 inputs. The carrying values of trade receivables, subscriptions receivable, trade and other payables approximate their respective fair values due to the short-term nature of these instruments. The Company's loan receivable also approximates fair value as it bears market rates of interest.

**Risk management**

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include foreign currency risk, interest rate risk, credit risk, liquidity risk, and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

**Economic dependence**

The Company is currently dependent on one company, Cannabis Corp. for 99% of its revenues.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and price risk. The Company does not have any direct exposure to foreign currency risk or commodity price risk.

**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**15. Financial risk management and financial instruments (continued)**

**Market risk (continued)**

*Interest rate risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its financial assets that bear interest, being lease receivables and loan receivables. The Company does not have assets with a variable interest rate, which minimizes the Company's exposure to fluctuations in interest rates.

*Price risk*

Price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company has shares in a private company (note 7).

**Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist primarily of cash, trade receivables, lease receivable and loan receivable. The carrying amount of these financial assets represents the maximum credit exposure at December 31, 2017 and 2016.

Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

The Company is exposed to credit risk inherent in its trade receivable. As at December 31, 2017, approximately 99% of trade receivable was due from Cannabis Corp., a related party and was fully collected subsequent to December 31, 2017. There was no amount in trade receivables at December 31, 2017 for which a provision for doubtful debts is recognized or which were past due. Credit risk relating to the finance lease receivable is considered low based upon the payment history of the customer.

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. Historically, the Company has generated the majority of its cash flows from financing activities and used these cash flows to support operating activities. At December 31, 2017, the Company has positive working capital of \$1,410,819 (2016 - \$522,809). The Company's contractual obligations include trade and other payables which will be settled within the next fiscal year as well as the commitments described in note 17.

# Bertram Capital Finance, Inc.

## Notes to Financial Statements

For the Years Ended December 31, 2017 and 2016

---

### 16. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue opportunities to deliver solutions for financing, developing and managing state-licensed cannabis cultivators and dispensaries throughout the United States. The Company has the ability to raise new capital through equity and debt issuances and/or through operations. The Company prepares annual estimates of expected expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations.

The Company is not exposed to any externally imposed capital requirements, nor were there changes in the Company's approach to capital management during the year.

### 17. Commitments

The Company entered into lease agreements for operation and office facilities. Minimum annual commitments are as follows:

Year	Total commitment
2018	\$ 243,000
2019	234,000
2020	235,000
2021	242,000
2022	249,000
Thereafter	1,107,000
	<u>\$ 2,310,000</u>

The Company has entered into a sub-lease agreement to lease certain operational and office facilities to Cannabis Corp. (see Note 4). Minimum annual lease payments to be received by the Company over the term of the lease are as follows:

Year	Total commitment
2018	\$ 157,200
2019	146,100
2020	144,000
2021	148,320
2022	152,772
Thereafter	658,296
	<u>\$ 1,406,688</u>

# Bertram Capital Finance, Inc.

## Notes to Financial Statements

For the Years Ended December 31, 2017 and 2016

---

### 18. Segmented information

The Company operates in one segment which is providing personnel and management resources, infrastructure and equipment for the production, cultivation and dispensary operations of licensed cannabis. Reportable segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources, and in assessing performance.

All of the Company's long-lived assets are located in the United States. All revenues were generated in the United States.

During the year ended December 31, 2017, the following customer represented more than 10% of sales:

	Year ended December 31, 2017		Year ended December 31, 2016	
	Amount	Percentage	Amount	Percentage
<b>Cannabis Corp.</b>				
Lease income	\$ 436,380	100%	\$ -	-
Product sales	264,000	98%	-	-
Service income	222,110	100%	-	-
<b>Total</b>	<b>\$ 922,490</b>		<b>\$ -</b>	<b>-</b>

### 19. Subsequent events

#### Proposed Transaction with Metropolitan Energy Corp.

##### *Letter of Intent*

On July 5, 2018, Bertram entered into a Letter of Intent (the "LOI") with Metropolitan Energy Corp. ("Metropolitan"), a public company listed on the NEX board of the TSX Venture Exchange (the "NEX"), to affect a reverse takeover transaction and conduct a concurrent private placement of subscription receipts (the "Subscription Receipts").

Under the terms of the LOI, it was proposed that Metropolitan would acquire all the issued and outstanding securities of Bertram, the result of which will constitute a reverse takeover of Metropolitan by the shareholders of Bertram (the "Proposed Transaction"). The resulting issuer of the Proposed Transaction (the "Resulting Issuer") will be positioned to operate within a number of state-legal markets throughout the U.S. and will retain manufacturing, distribution, and licensing agreements with licensed parties.

Pursuant to the terms of the LOI, Metropolitan will seek to delist from the NEX and intends to apply for listing of the Resulting Issuer's common shares on the Canadian Securities Exchange (the "CSE"), with such listing to be effective concurrent with the completion of the Proposed Transaction.

**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**19. Subsequent events (continued)**

**Proposed Transaction with Metropolitan Energy Corp. (continued)**

In conjunction with the LOI, Metropolitan requested a voluntary halt of its common shares on the NEX. Metropolitan announced that it did not anticipate its common shares would resume trading until such time as the new listing had been accepted by the CSE, unless the Transaction with Bertram fails to be completed, in which case Metropolitan would request lifting of its voluntary halt on to resume trading on the NEX.

*Definitive Agreement*

On October 17, 2018, Metropolitan and Bertram announced the execution of a definitive business combination agreement (the "Definitive Agreement") which superseded the LOI. Under the terms of the Definitive Agreement, Metropolitan will acquire, indirectly through its wholly-owned subsidiary incorporated in the state of Colorado (the "AcquireCo"), all issued and outstanding securities of Bertram in exchange for re-designated Class A subordinate voting shares (the "Subordinate Voting Shares") and newly-created Class B non-trading super voting shares (the "Super Voting Shares"), as applicable, in the capital of Metropolitan pursuant to a merger of Bertram and AcquireCo, the result of which will constitute a reverse takeover of Metropolitan by the shareholders of Bertram.

In connection with the Proposed Transaction, Metropolitan will be required to, among other things:

- (i) change its name to Cannabis One Holdings Inc., or such other name as is agreed to by the board of directors of Metropolitan and acceptable to regulatory authorities;
- (ii) replace all directors and officers of Metropolitan (other than Christopher Fenn) on closing of the Proposed Transaction with nominees of Bertram;
- (iii) redesignate the common shares of Metropolitan as Subordinate Voting Shares; and
- (iv) create a new class of non-trading Super Voting Shares.

The common shares of Metropolitan will remain halted until the Proposed Transaction closes or the Definitive Agreement is terminated.

In conjunction with the execution of the Definitive Agreement, Bertram will split its securities on an approximately 5.93-to-1 basis, subject to certain adjustments for the Company's long-term incentive plan, anti-dilution provisions, and the intended Bertram post-split adjusted-cost-base represented to shareholders of the most recent Bertram Private Placement, such that the share capital of the Company shall consist of 58,193,095 Cannabis One Shares and 8,239,122 Cannabis One Warrants, with 12,000,000 rights to acquire common shares of the Company (the "Cannabis One Rights"), immediately prior to the completion of the Proposed Transaction.

**Bertram Capital Finance, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

---

**19. Subsequent events (continued)**

**2018 Non-Brokered Private Placement**

Subsequent to the year ended December 31, 2017, Bertram completed a non-brokered private placement (the "Bertram Private Placement") of 2,661,922 subscription receipts (the "Bertram Subscription Receipts") at CAD\$2.97 per Subscription Receipt for gross proceeds of \$6,024,855 (CAD \$7,907,908). Each Subscription Receipt consists of one (1) underlying common share of Bertram (a "Cannabis One Share") and one-half-of-one ( $\frac{1}{2}$ ) underlying Cannabis One Share purchase warrant (a "Cannabis One Warrant"). Each Cannabis One Warrant entitles the holder thereof to purchase one (1) Cannabis One Share of the Company at an exercise price of CAD \$4.45 expiring two years from the date of issuance. Cash finders' fees in the amount of \$16,195 (CAD \$21,162) were paid, and 7,125 finders' warrants to purchase Cannabis One Shares (the "Cannabis One Broker Warrants") were issued with an exercise price of CAD \$2.97 per share, expiring two years from the date of issuance. In connection with the private placement, the Company also incurred transaction costs of \$164,106.

**Other Non-Brokered Private Placement**

In addition to common shares issued through the above mentioned non-brokered private placement, Bertram issued 157,530 common shares for proceeds of \$306,656, net of share issue costs, subsequent to the year ended December 31, 2017.

**Loans receivable**

- a) Subsequent to December 31, 2017, the Company entered into three additional Promissory Note agreements with third parties. Two of the Promissory Notes bore interest at rates of either 8% or 12% per annum, and one of the Promissory Notes bore interest at 5% per month. All three Promissory Notes had maturities ranging from one to three months.
- b) On August 2, 2018, the Company entered into a Materials Purchases Agreement with a third party (the "Debtor") to finance certain of the Debtor's cost of goods and materials until August 2, 2019. Pursuant to this agreement, the Company will advance a maximum of \$75,000 to the Debtor, at which time the parties would execute a Promissory Note, bearing interest at 12% per annum. This Promissory Note is secured by the inventory held by the Debtor.

**Alan and Brooks Builders LLC ("A&B")**

In October 2018, the Company received a notice of civil claim against the Company with respect to the construction of one of the Company's leased properties. A&B is seeking to recover \$507,767 in labor and materials related to work performed. It is the position of the Company that A&B was hired to perform certain construction services at the property, but that the parties never entered into a written contract and never agreed to the cost of construction services. The Company, in consultation with legal counsel, assess that it is not probable that the claim of A&B will be successful and that the Company will be required to pay any amounts and no provision for possible loss has been included in these statements.

## **APPENDIX E**

### **MD&A OF BERTRAM CAPITAL FINANCE, INC.**

*(See attached)*



# BERTRAM CAPITAL FINANCE, INC.

---

**MANAGEMENT DISCUSSION & ANALYSIS  
OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
Stated in United States Dollars

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

### **TO OUR MEMBERS**

This management's discussion and analysis of the financial condition and results of operation ("**MD&A**") of Bertram Capital Finance Inc. ("**Bertram**" or the "**Company**") should be read in conjunction with Bertram's unaudited condensed financial statements for the three and nine months ended September 30, 2018, and related notes therein.

The results for the periods presented are not necessarily indicative of the results that may be expected for any future period. Except as otherwise indicated, all financial data in this MD&A have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**").

All dollar amounts in this MD&A are reported in United States Dollars (US\$) except where otherwise indicated. As at September 30, 2018, the Company had a working capital of US\$856,383 and had a reported net loss of US\$885,610 for the nine months ended September 30, 2018.

### **FORWARD-LOOKING STATEMENTS**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also refer to those risk factors in the "Risk Factors" and "Additional Risk Disclosure for Issuers with U.S. Cannabis Operations" section below. Actual results and developments are likely to differ, and may differ materially from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its anticipated results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

### **CORPORATE OVERVIEW**

Bertram is a Colorado-based corporation that presently provides various support services and infrastructure development to licensed producers of cannabis in the state of Colorado. Established in 2015, Bertram itself employs over 50 people and indirectly serves thousands of customers in the jurisdictions that its licensed clients operate. The Company itself does not

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

hold any licenses related to cultivation, manufacture, distribution, or sale of cannabis or cannabis-infused products.

Bertram has licensing agreements and contractual partnerships with unrelated licensed cannabis producing entities to provide a variety of services including product packaging, equipment leasing, and site personnel and management resources. Bertram also owns certain intellectual property, including the trademarks, domain names and/or licensing rights for various cannabis related brands within the state of Colorado. This intellectual property includes the trademark, trade name, and domain names for the cannabis production brand "Cannabis", for the retail locations known as "The Joint", and for the innovative vaporizer-style cannabis delivery system known as "INDVR".

Headquartered in Denver, Colorado, Bertram intends to directly (if specifically permitted under state regulations) or indirectly support additional licensed cannabis producers by expanding its current client base in Colorado through new licensing agreements and contractual partnerships. Bertram also intends to expand its client base and provide support services in additional markets across the highly regulated U.S. states (targeting Nevada and Washington in 2018, and California and Oregon in 2019) and Canada should appropriate opportunities present themselves.

### **LEGAL AND REGULATORY MATTERS**

#### **United States Federal Overview**

In the U.S., 33 states and Washington D.C. have legalized medical cannabis, while 10 states and Washington D.C. have also legalized adult-use cannabis. At the federal level, however, cannabis currently remains a Schedule I controlled substance under the U.S. Controlled Substance Act of 1970 (the "**CSA**"). Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law. This has created a dichotomy between state and federal law, whereby many states have elected to regulate and remove state-level penalties regarding a substance which is still illegal at the federal level.

While technically illegal, the U.S. federal government's approach to enforcement of such laws has, at least until recently, trended toward non-enforcement. On August 29, 2013, the U.S. Department of Justice (the "**DOJ**") issued a memorandum known as the "**Cole Memorandum**" to all U.S. Attorneys' offices (federal prosecutors). The Cole Memorandum generally directed U.S. Attorneys not to prioritize the enforcement of federal cannabis laws against individuals and businesses that rigorously comply with state regulatory provisions in states with strictly-regulated medical or adult-use cannabis programs. The Cole Memorandum, while not legally binding, assisted in managing the tension between state and federal laws concerning state-regulated cannabis businesses.

However, on January 4, 2018 the Cole Memorandum was revoked by former Attorney General Jeff Sessions. While this did not create a change in federal law – as the Cole Memorandum was not itself law – the revocation added to the uncertainty of U.S. federal enforcement of the CSA in states where cannabis use is regulated. Sessions also issued a one-page memorandum known as the "**Sessions Memorandum**". This confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was "unnecessary" due to existing general enforcement guidance as set forth in the U.S. Attorney's Manual (the "**USAM**"). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government's limited resources, and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community."

While the Sessions Memorandum does emphasize that cannabis is a Schedule I controlled substance and states the statutory view that it is a "dangerous drug and that cannabis activity is a serious crime," it does not otherwise guide U.S. Attorneys that the prosecution of cannabis-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether to prosecute cannabis-related offenses. U.S. Attorneys could individually continue to exercise their discretion in a

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

manner similar to that displayed under the Cole Memorandum's guidance. Dozens of U.S. Attorneys across the country have affirmed their commitment to proceeding in this manner, or otherwise affirming that their view of federal enforcement priorities has not changed, although a few have displayed greater ambivalence.

Mr. Sessions resigned as United States Attorney General on November 7, 2018 and his permanent successor has not been confirmed. While it is too soon to determine what prosecutorial effects will be created by the rescission of the Cole Memorandum, and the subsequent resignation of Mr. Sessions, a nationwide "crackdown" is unlikely. The sheer size of the cannabis industry, in addition to participation by state and local governments and investors, suggests that a large-scale enforcement operation would more than likely create unwanted political backlash for the DOJ and the Trump Administration. It is also possible that the rescission of the Cole Memorandum could motivate Congress to finally reconcile federal and state laws. Regardless, cannabis remains a Schedule I controlled substance at the federal level, and neither the Cole Memorandum nor its rescission has altered that fact. The federal government of the U.S. has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult-use cannabis, even if state law sanctioned such sale and disbursement. It remains unclear whether the risk of enforcement has been altered.

Additionally, under U.S. federal law, it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from the sale of cannabis or any other Schedule I controlled substance. Banks and other financial institutions, particularly those that are federally chartered in the U.S., could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. Moreover, banks and financial institutions that have their deposits federally insured, either through the FDIC or the NCUA, may be reluctant to provide services to cannabis related businesses.

Despite these laws, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("**FinCEN**") issued a memorandum on February 14, 2014 (the "**FinCEN Memorandum**") outlining the pathways for financial institutions to bank state-sanctioned cannabis businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("**SAR**") in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These cannabis-related SARs are divided into three categories – cannabis limited, cannabis priority, and cannabis terminated – based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively. On the same day as the FinCEN Memorandum was published, the DOJ issued a memorandum (the "**2014 Cole Memo**") directing prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of cannabis-related conduct. The 2014 Cole Memo has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes against state-compliant actors was not a DOJ priority.

However, former Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to be a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance. However, in the United States, it is difficult for cannabis-based businesses to open and maintain a bank account with any bank or other financial institution.

In addition, non-US citizens who participate in the cannabis industry, even in states or foreign countries where cannabis has been legalized, may be permanently barred from entry into the United States by the U.S. Customs and Border Protection Agency, which is an arm of the federal government under the Department of Homeland Security. While legislation has been introduced in Congress to amend the Immigration and Nationality Act to clarify admissibility and deportability of aliens acting in accordance with state and foreign marijuana law on December 12, 2018, titled Maintaining Appropriate

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

Protection for Legal Entry of 2018 ("**MAPLE Act of 2018**"), H.R. 7275 (115th Congress), no action has yet been taken on the bill.

Although the Cole Memorandum and 2014 Cole Memo have been rescinded, one legislative safeguard for the medical cannabis industry remains in place: Congress has used a rider provision in the FY 2015, 2016 and 2017 Consolidated Appropriations Acts (currently the "**Rohrabacher-Farr Amendment**") to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. Since October 1, 2017, the U.S. federal government has been temporarily appropriated under a series of continuing budget resolutions. Because the 2017 Consolidated Appropriations Act has been extended until December 2018 under a continuing budget resolution, the Rohrabacher-Farr Amendment is still in effect. On December 19, 2018, the Senate passed an additional continuing budget resolution to extend the current appropriations act through February 8, 2019. If the continuing budget resolution is passed by the House of Representatives and signed into law by the President, the Rohrabacher-Farr Amendment will remain in effect through February 8, 2019.

Despite the legal, regulatory, and political obstacles the cannabis industry currently faces, the industry has continued to grow. It was anticipated that the federal government would eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation, production and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco. Given current political trends, however, these developments are considered unlikely in the near-term. As an industry best practice, despite the recent rescission of the Cole Memorandum, the Company intends to abide by the following to ensure compliance with the guidance provided by the Cole Memorandum:

- ensure that its operations and any cannabis related activities are compliant with all regulatory frameworks as established by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions;
- implement policies and procedures in place to ensure that revenue is not distributed to criminal enterprises, gangs or cartels;
- ensure that any state-authorized cannabis-related business activity is not used as a cover or pretense for trafficking of other illegal drugs, is engaged in any other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes;

In addition, the Company may conduct background checks to ensure that the principals and management of its operating subsidiaries are of good character, and have not been involved with other illegal drugs, engaged in illegal activity or activities involving violence. The Company will also conduct ongoing reviews of the activities of its businesses that provide services to cannabis entities, including review of the premises on which any such businesses may operate and the policies and procedures that are related to any licensee's possession of cannabis or cannabis products outside of the premises, including the cases where such possession is permitted by regulation.

### **Colorado State Level Overview**

The Colorado medical and recreational cannabis industries are regulated by the Colorado Marijuana Enforcement Division (MED), an office of the Colorado Department of Revenue. In November 2000, medical cannabis was decriminalized by voter passage of Amendment 20. Recreational cannabis was later voter approved through the passage of Amendment 64 in November 2012. Laws governing both medical and recreational cannabis are presented within Colorado's Constitutional Article XVIII, sections 14 and 16, respectively. The Colorado Revised Statutes (C.R.S.) are the codified general and permanent statutes of the Colorado General Assembly; laws related to cannabis can be found in C.R.S. Title 44, Articles 11 and 12.

### **U.S. Legal Advice**

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

The Company uses reasonable commercial efforts to confirm, through the advice of its U.S. counsel, through the monitoring and review of its business practices, and through regular monitoring of changes to U.S. Federal enforcement priorities, that its businesses are in compliance with applicable regulatory frameworks. The Company has not received noncompliance orders, citations or notices of violation, that may have an impact on business activities or operations.

### **Nature of the Company's Involvement in the U.S. Cannabis Industry**

Bertram is a U.S.-based, professional management corporation formed to service the fast-growing, legal cannabis industry through real estate development and lease-back equipment financing, operating lines of credit, consultation, and intellectual property and brand management within U.S. state-legal markets. The Company, headquartered in Denver, Colorado, intends to redefine the traditional, vertically-integrated, seed-to-sale business model with a specific focus on aggregating cannabis retail distribution and brand manufacturing.

As previously stated, violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, the listing of its securities on any stock exchange, its financial position, operating results and profitability. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. The approach to the enforcement of cannabis laws may be subject to change or may not proceed as previously outlined.

### **Description of Company Activities in Colorado**

The Company is focused on providing personnel and management resources, as well as infrastructure and equipment, for the production, cultivation and dispensary operations of licensed cannabis participants in the state of Colorado. The Company itself does not produce or sell cannabis products but does provide support services to licensed cannabis participants in the state of Colorado. The Company operates primarily in the state of Colorado, where the legal commercial production and vending of cannabis by licensed participants is permitted by Colorado state law under Colorado Amendment 64.

In addition, the Company will continue to ensure it is in compliance with applicable licensing requirements and the regulatory framework enacted in any state in which it operates, by continuous review of its compliance with state regulations and affirmation certifications from management.

The Company will continue to monitor, evaluate and re-assess regulatory frameworks in the states in which it operates and any jurisdiction that it may look to expand its operations to in the future, and the federal laws applicable thereto, on an ongoing basis; and will update its continuous disclosure regarding government policy changes or new or amended guidance, laws or regulations regarding cannabis in the U.S.

### **Anti-Money Laundering Laws and Regulations**

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

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

Notwithstanding that the Company does not manufacture, produce, distribute, or sell cannabis or cannabis-infused products, the Company's activities, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains illegal federally in the U.S. This may restrict the ability of the Company to declare or pay dividends or effect other distributions. Furthermore, while the Company has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, the Company may decide to, or be required to, suspend declaring or paying dividends without advance notice and for an indefinite period of time.

### **SIGNIFICANT EVENTS AND TRANSACTIONS TO THE PERIOD**

#### **Securities Granted to Board of Directors and M&A Advisors**

During the period, the Company approved the issuance of 75,000 restricted common shares in aggregate share-based compensation (the "**Board Compensation**") to its board of directors (the "**Directors**") for their services provided for the nine months ended September 30, 2018.

Further, during the nine months ended September 30, 2018, the Company completed the issuance of 49,005 warrants to purchase common shares in Bertram, each with strike US\$2.00 and two-year expiry, to Wildhorse Capital Partners Inc. ("**Wildhorse**") in connection with the Company's engagement of Wildhorse for on-going capital markets and M&A advisory services to the Company, as previously announced in the Company's December 31, 2017 MD&A.

#### **Completion of Bertram Non-Brokered Private Placement of Common Shares**

During the period, the Company completed the closing of its previously announced private placement of common shares (the "**Bertram Private Placement**"), initiated in October 2017, closing on subscriptions for an additional 157,530 common shares at US\$2.00 per common share for aggregate gross proceeds of approximately US\$315,060.

#### **Execution of Letter of Intent with Metropolitan Energy Corp.**

On July 5, 2018, Bertram entered into a Letter of Intent (the "**LOI**") with Metropolitan to affect a reverse takeover transaction and conduct a concurrent private placement of subscription receipts (the "**Subscription Receipts**").

Under the terms of the LOI, it was proposed that Metropolitan would acquire all the issued and outstanding securities of Bertram, the result of which will constitute a reverse takeover of Metropolitan by the shareholders of Bertram (the "**Proposed Transaction**"). The resulting issuer of the Proposed Transaction (the "**Resulting Issuer**") will be positioned to operate within a number of state-legal markets throughout the U.S. and will retain manufacturing, distribution, and licensing agreements with licensed parties.

Pursuant to the terms of the LOI, Metropolitan will seek to delist from the NEX board of the TSX Venture Exchange (the "**NEX**") and intends to apply for listing of the Resulting Issuer's common shares on the Canadian Securities Exchange (the "**CSE**"), with such listing to be effective concurrent with the completion of the Proposed Transaction.

In conjunction with the LOI, Metropolitan requested a voluntary halt of its common shares on the NEX following the dissemination of the July 5, 2018 press release. Metropolitan announced that it did not anticipated its common shares would resume trading until such time as the new listing had been accepted by the CSE, unless the Transaction with Bertram fails to be completed, in which case Metropolitan would request lifting of its voluntary halt on to resume trading on the NEX.

#### **Cannabis One Non-Brokered Private Placement of Subscription Receipts**

Following execution of the Definitive Agreement, Bertram completed a non-brokered private placement (the "**Cannabis One Private Placement**") of 2,661,922 Subscription Receipts at C\$2.97 per Subscription Receipt for gross proceeds of

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

approximately C\$7.905 million. Each Subscription Receipt consists of one (1) common share of Bertram (a "**Cannabis One Share**") and one-half (½) of one Cannabis One Share purchase warrant (a "**Cannabis One Warrant**"). Each Cannabis One Warrant entitles the holder thereof to purchase one (1) Cannabis One Share of the Company at an exercise price of C\$4.45 expiring two years from the date of issuance. Cash finders' fees in the amount of US\$16,195 (C\$21,162) were paid, and 7,125 finders' warrants to purchase Cannabis One Shares (the "**Cannabis One Broker Warrants**") were issued with an exercise price of C\$2.97 per share, expiring two years from the date of issuance. In connection with the private placement, the Company also incurred transaction costs of US\$164,106.

To facilitate closing of the Subscription Receipt financing the Company engaged Odyssey Trust Company ("**Odyssey**") to act as its Transfer Agent and Warrant Agent.

### **SIGNIFICANT EVENTS AND TRANSACTIONS SUBSEQUENT TO THE PERIOD**

#### **Updated to the Cannabis One Non-Brokered Private Placement of Subscription Receipts**

On October 14, 2018, the Company closed the remaining portion of the previously announced Cannabis One Private Placement for aggregate gross proceeds, inclusive of the September 28, 2018 closing, of approximately C\$7.905 million.

#### **Execution of Definitive Agreement with Metropolitan Energy Corp.**

On October 17, 2018, Metropolitan and Bertram announced the execution of a definitive business combination agreement (the "**Definitive Agreement**") in which Metropolitan would acquire all issued and outstanding securities of Bertram. Upon execution of the Definitive Agreement, which subsequently satisfied the conditions precedent for the escrow release pertaining to the Cannabis One Private Placement, the Subscription Receipts that comprised the Cannabis One Private Placement converted into the underlying securities of Bertram for gross proceeds of approximately C\$7.905 million to Bertram, inclusive of all earned interest.

Under the terms of the Definitive Agreement, Metropolitan will acquire, indirectly through its wholly-owned subsidiary incorporated in the state of Colorado (the "**AcquireCo**"), all issued and outstanding securities of Bertram in exchange for redesignated Class A subordinate voting shares (the "**Subordinate Voting Shares**") and newly-created Class B non-trading super voting shares (the "**Super Voting Shares**"), as applicable, in the capital of Metropolitan pursuant to a merger of Bertram and AcquireCo, the result of which will constitute a reverse takeover of Metropolitan by the shareholders of Bertram.

In connection with the Proposed Transaction, Metropolitan will be required to, among other things: (i) change its name to Cannabis One Holdings Inc., or such other name as is agreed to by the board of directors of Metropolitan and acceptable to regulatory authorities; (ii) replace all directors and officers of Metropolitan (other than Christopher Fenn) on closing of the Proposed Transaction with nominees of Bertram; (iii) redesignate the common shares of Metropolitan as Subordinate Voting Shares; and (iv) create a new class of non-trading Super Voting Shares.

It is intended that the common shares of the Metropolitan will remain halted until the Proposed Transaction closes or the Definitive Agreement is terminated.

#### **Cannabis One Split of Common Shares**

In conjunction with the execution of the Definitive Agreement, and as approved by shareholders at the Company's October 3, 2018 shareholder meeting, Bertram will split its securities on an approximately 5.93-to-1 basis, subject to certain adjustments for the Company's long-term incentive plan, anti-dilution provisions, and the intended Bertram post-split adjusted-cost-base represented to shareholders of the most recent Cannabis One Private Placement, such that the share capital of the Company shall consist of 58,193,095 Cannabis One Shares and 8,239,122 Cannabis One Warrants, with



# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

12,000,000 rights to acquire common shares of the Company (the "**Cannabis One Rights**"), immediately prior to the Proposed Transaction.

To facilitate the proposed restructuring of Company securities and the resulting share exchange with Metropolitan as part of the Proposed Transaction, the Company will maintain Odyssey in its capacity as the Company's Transfer Agent and Warrant Agent and expand its engagement to include the restructuring and share exchange activities described herein.

### **RESULTS OF OPERATIONS**

#### **Three months ended September 30, 2018 compared with the three months ended September 30, 2017**

During the three months ended September 30, 2018, the Company reported a net loss of US\$374,592 compared to a net loss of US\$72,353 during the three months ended September 30, 2017, representing an increase in loss of US\$302,239. The increase in loss was primarily attributable to the increase in operating expenses required to fund the Company's growth during the current period. Although lease and rental income, product sales, and service income increased 12.3%, 800% and 554%, respectively during the period, resulting in an aggregate increase of 133%, the 256% increase in operating expenses exceeded that of the increase in revenue. The aggregate increase in revenue across all business segments is a result of the Company's expanded product and service offerings. Additionally, a full three months of revenue generating services was recognized in the three months ended September 30, 2018, whereas in the three months ended September 30, 2017, service revenue began in the last 20 days of the period. While operating expenses increased at a greater rate than sales, this disparity will decrease as the Company becomes more efficient in its client acquisition process.

During the three months ended September 30, 2018, the Company reported net revenues of US\$459,111 compared to net revenues of US\$196,378 during the three months ended September 30, 2017, representing an increase in net revenues of US\$262,733. The increase in net revenues was primarily attributable to the recurring sales generated through the agreements in place related to equipment leases, property sub-leases, and personnel and payroll services provided during the period. Additionally, service revenue during the three months ended September 30, 2017 only began in the last 20 days of the period.

During the three months ended September 30, 2018, the Company reported cost of sales of US\$189,625 compared to cost of sales of US\$87,838 during the three months ended September 30, 2017, representing an increase in cost of sales of US\$101,787. The increase in cost of sales was primarily attributable to the service revenue and cost of sales having been recognized for the full three months ended September 30, 2018 compared to only twenty days during the three months ended September 30, 2017.

During the three months ended September 30, 2018, the Company reported operating expenses of US\$644,078 compared to operating expenses of US\$180,893 during the three months ended September 30, 2017, representing an increase in operating expenses of US\$463,185. The increase in operating expenses was primarily attributable to the Company's year-over-year growth and the resulting cost of operations to fund growth and client acquisition during the current period. Additionally, an increase in professional management fees for consultants and outside advisors, such as legal counsel, M&A advisors, investor and public relations, and other costs of the business combination with Metropolitan contributed to the increase in operating expenses.

The Company has further been advised by its client, Cannabis Corp. – through which the Company maintains long-term service contracts and packaging supply agreements – that it has announced that during the three months ended September 30, 2018, Cannabis Corp. reported unaudited total revenues of US\$1,455,810 compared to unaudited total revenues of US\$1,743,263 during the three months ended September 30, 2017, representing a decrease in unaudited total revenues of US\$287,453. Cannabis Corp. has reported to the Company that the decrease in total unaudited revenues was primarily attributable to a decrease in cultivation sales due to construction at the cultivation facility and the winding down of its available medical inventory for sale to the medical market.

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

### **Nine months ended September 30, 2018 compared with the nine months ended September 30, 2017**

During the nine months ended September 30, 2018, the Company reported a net loss of US\$885,610 compared to a net loss of US\$105,313 during the nine months ended September 30, 2017, representing an increase in loss of US\$780,297. The increase in loss was primarily attributable to the increase in operational expenses required to fund the Company's growth during the current period. The three primary revenue sources, lease and rental income, product sales, and service income, increased 87.9%, 4,311%, 642%, respectively, or 246% on an aggregate basis. However, expenses related to client acquisition and professional fees paid to advisors surrounding the business combination with Metropolitan, along with other general operating expenses, increased 300%.

During the nine months ended September 30, 2018, the Company reported net revenues of US\$1,238,762 compared to net revenues of US\$357,146 during the nine months ended September 30, 2017, representing an increase in net revenues of US\$881,616. The increase in net revenues was primarily attributable to the recurring sales generated through the agreements in place related to equipment leases, property sub-leases, and personnel and payroll services provided during the current period, whereas many of these agreements were in place for a fraction of the time for the nine months ended September 30, 2017. Additionally, an increase in product sales to new clients contributed to the increase in revenues.

During the nine months ended September 30, 2018, the Company reported cost of sales of US\$625,763 compared to cost of sales of US\$88,429 during the nine months ended September 30, 2017, representing an increase in cost of sales of US\$537,334. The increase in cost of sales was primarily attributable to the service revenue, comprised of personnel management and payroll services, and cost of sales having been recognized for the full nine months ended September 30, 2018 compared to only twenty days during the nine months ended September 30, 2017.

During the nine months ended September 30, 2018, the Company reported operating expenses of US\$1,498,609 compared to operating expenses of US\$374,030 during the nine months ended September 30, 2017, representing an increase in operating expenses of US\$1,124,579. The increase in operating expenses was primarily attributable to the Company's year-over-year growth and the resulting cost of operations to fund growth and client acquisition during the current period. Additionally, an increase in professional management fees for consultants and outside advisors, such as legal counsel, M&A advisors, investor and public relations, and other costs of the business combination with Metropolitan contributed to the increase in operating expenses.

The Company has further been advised by its client, Cannabis Corp. – through which the Company maintains long-term service contracts and packaging supply agreements – that it has announced that during the nine months ended September 30, 2018, Cannabis Corp. reported unaudited total revenues of US\$4,257,028 compared to unaudited total revenues of US\$4,478,917 during the nine months ended September 30, 2017, representing a decrease in unaudited total revenues of US\$221,889. Cannabis Corp. has reported to the Company that the decrease in total unaudited revenues was primarily attributable to a decrease in cultivation sales due to construction at the cultivation facility and the winding down of its available medical inventory for sale to the medical market.

### **MANAGEMENT CHANGES**

There were no management changes during the period.

### **OUTSTANDING SHARE DATA**

As at the end of the period, the Company had 6,339,114 common shares issued and outstanding. As at the end of the period, the Company had 49,005 common share purchase warrants issued and outstanding, each with strike US\$2.00 and expiry January 15, 2020.

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

As at the end of the period, the Company had 2,332,735 subscription receipts issued, comprising an underlying 2,332,735 common shares and an underlying 1,166,339 common share purchase warrants, deliverable to Subscription Receipt holders upon execution of the Definitive Agreement.

### **FINANCIAL POSITION AND LIQUIDITY**

As at September 30, 2018, the Company had no speculative financial instruments, derivatives, forward contracts or hedges.

As at September 30, 2018, the Company had a working capital of US\$856,383 compared to a working capital of US\$1,410,819 as at December 31, 2017.

As at September 30, 2018 cash provided by (used in) operating activities during the nine-month period totaled US\$(742,241) compared with cash provided by (used in) operating activities during the nine months ended September 30, 2017 totaling US\$(156,524).

As at September 30, 2018, cash provided by (used in) investing activities during the nine-month period totaled US\$(838,421) compared with cash provided by (used in) investing activities during the nine months ended September 30, 2017 totaling US\$(217,304).

As at September 30, 2018, cash provided by (used in) financing activities during the nine-month period totaled US\$670,264 compared with cash provided by (used in) financing activities during the nine months ended September 30, 2017 totaling US\$300,000.

### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include foreign currency risk, interest rate risk, credit risk, liquidity risk, and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

#### **a) Fair values of financial assets and liabilities**

The carrying values of cash, trade receivables and trade and other payables approximate their fair values because of the short-term nature of these financial instruments. Currently, there is no organized market for the Company's lease receivables, therefore, the fair value is estimated to be the carrying value as contractual interest rates approximate current market rates of interest for current leases. The carrying value of the loan receivable approximates its fair value as it bears interest at market rates and has set repayment terms. The fair value of the Company's investment in a private company cannot be readily determined as its shares are not traded in a public market.

Fair values estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to change and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

#### **b) Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

to incur a financial loss. It is management's opinion that the Company is not exposed to significant credit risk arising from its financial instruments. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties. Thus, the credit risk associated with other receivables is also considered to be negligible.

### **c) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and price risk. The Company does not have any direct exposure to foreign currency risk or commodity price risk.

- **Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its financial assets that bear interest, being lease receivables and loan receivables. The Company does not have assets with a variable interest rate, which minimizes the Company's exposure to fluctuations in interest rates.

- **Price Risk**

Price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company does hold shares in a private company. The performance of the investee companies is monitored by the Company in order to assess the price risk and take actions to reduce risks where needed.

### **d) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. Historically, the Company has generated the majority of its cashflows from financing activities and used these cashflows to support its operating activities.

As at September 30, 2018, the Company had a working capital of US\$856,383 (December 31, 2017, US\$1,410,819) and anticipates that revenue from operations will provide sufficient funds to cover all the Company's current operating expenditures for the next 12 months. Planned expansion of the Company's operations, including, as applicable, its intention to enter new markets, will require additional capital from outside sources. The Company will consider financing alternatives while contemplating minimal shareholder dilution.

The Company's potential sources of cash flow in the upcoming year will be from possible equity or debt financings, loans, lease financing, and entering into joint venture agreements or licensed partnerships; or any combination thereof.

As at September 30, 2018, the Company is currently dependent on one company, Cannabis Corp., for approximately 95% of its revenues. It is anticipated that following expansion of operations into Nevada and Washington this year, and California and Oregon in 2019, that it will realize a differentiation in the source of its revenue.

## **CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue opportunities to deliver solutions for financing, developing and managing state-licensed cannabis cultivators and dispensaries throughout the United States. The Company has the ability to raise new capital through equity and debt issuances and/or through operations. The Company prepares annual estimates of expected expenditures and monitors actual

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company is not exposed to any externally imposed capital requirements, nor were there changes in the Company's approach to capital management during the year.

### **Ability to Access Private and Public Capital**

The Company has historically relied entirely on access to private capital in order to support its continuing operations and capital expenditure requirements. The Company expects to rely on both private and public capital markets to finance its growth plans in the U.S. legal cannabis industry. Although such business carries a higher degree of risk, and despite the legal standing of cannabis businesses pursuant to U.S. federal laws, the Company believes that it will be successful in raising private and public financing in the future. However, there is no assurance the Company will be successful, in whole or in part, in raising funds, particularly if the U.S. federal authorities change their position toward enforcing the CSA. Further, access to funding from U.S. residents may be limited due their unwillingness to be associated with activities which violate U.S. federal laws.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements as at September 30, 2018, and as at the date hereof.

### **RELATED PARTY TRANSACTIONS**

Other than information already disclosed elsewhere in the unaudited condensed financial statements, and related notes therein, for the three and nine months ended September 30, 2018, the Company has not had any further transactions with related parties.

### **USE OF ESTIMATES AND JUDGEMENTS**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **ACCOUNTING STANDARDS AND INTERPRETATIONS**

#### **Changes in Accounting Policies**

There were no changes to the Company's accounting policies during the reporting period.

#### **Accounting Standards Issued but Not Yet Effective**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the IFRIC that are mandatory at certain dates or later for the relevant reporting periods and which the Company has not early adopted. The Company has assessed the impact the application of these standards or amendments will have on the condensed consolidated interim financial statements of the Company. The standards impacted that may be applicable to the Company are the following:

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

### **IFRS 16 Leases**

IFRS 16 specifies how to recognize, measure, present and disclose leases. The new standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17 the new lease standard continues to require lessors to classify leases as operating or finance. IFRS 16 is to be applied retrospectively for annual periods beginning on or after January 1, 2019. Management is currently assessing the extent of the impact of this new standard.

### **RISK FACTORS**

#### **Cannabis Industry is Intensely Competitive**

The U.S. market for cannabis and cannabis-related paraphernalia is very competitive. There are numerous small companies competing in this space. As most sales in this section would be user-based, there is a relatively low capital threshold to enter this business. Management anticipates that the Company will be subject to increased competition as the cannabis market continues to grow in North America.

#### **No Assurance of Profitability**

The Company does not have a history of earnings and, due to the nature of the Company's business, there can be no assurance that the Company will ever become profitable. The Company has not paid dividends on its shares since incorporation and does not presently anticipate doing so in the foreseeable future. The present source of funds available to the Company is from lease income, product sales, and service income, and the sale of its common shares, and, possibly, loans from institutions and related parties. While the Company intends to derive a significant portion of its working capital through its operating business, there can be no assurance that any additional funds derived from equity offerings or debt instruments will be on favourable terms, or at all. At present it is impossible to determine what amount of additional funding may be required to pursue the Company's expansion plans indefinitely. Failure to raise additional capital could put the expansion plans of the Company at risk.

#### **Dependence Upon Others and Key Personnel**

The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additionally highly-skilled employees may adversely affect its business and future operations.

#### **Dilution to the Company's Existing Shareholders**

The Company will require additional equity financing to be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its expansion plans. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

### **ADDITIONAL RISK DISCLOSURE FOR ISSUERS WITH U.S. CANNABIS OPERATIONS**

The Company provides services to participants in the U.S. cannabis market, and more specifically in the state of Colorado, and may face varied risks. While the company does not own any cannabis licenses, the Company is engaged in business related to cannabis paraphernalia and owns intellectual property ("IP") and brands associated with these products, including

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

the INDVR and INDVR Fire brands. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. There are a number of risks that accompany participation, whether direct or indirect, in the cannabis markets in North America. Below is a discussion of some of these risk factors.

- The involvement with recreational cannabis remains illegal under federal law, and it is possible that the Company may be forced to cease activities. The U.S. federal government, through both the Drug Enforcement Agency (the "**DEA**") and Internal Revenue Service (the "**IRS**"), has the right to actively investigate, audit and shut-down cannabis industry participants, including those servicing the industry indirectly. Any action taken by the DEA and/or the IRS to interfere with, seize, or shut down the Company's operations will have an adverse effect on the Company's business, operating results and financial condition.
- Some of the Company's proposed business activities, while believed to be compliant with certain applicable U.S. state and local law, are illegal under United States federal law. Although certain states and territories of the U.S. authorize medical or recreational adult-use cannabis production and distribution by licensed or registered entities under applicable state laws, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law under any and all circumstances under the U.S. Controlled Substances Act (the "**CSA**"). A shareholder's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment and, in the case of a non-US citizen, a permanent bar to entry into the United States.
- Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including but not limited to disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its financial position, operating results, profitability, or liquidity. In addition, it is difficult to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.
- The possession and use of cannabis and any related drug paraphernalia is illegal under U.S. federal law, the Company may be deemed to be aiding and abetting illegal activities through the service contracts it has entered into and the cannabis paraphernalia products that it provides and sells. The Company intends to lease IP and/or real property to cannabis industry participants, including cultivators, distributors, and retailers. As a result, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Company, including, but not limited to, aiding and abetting another's criminal activities. The Federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result of such an action, the Company may be forced to cease operations and members could lose their entire investment. Such an action would have a material negative effect on the business and operations of the Company.
- The regulatory system of Colorado is constantly evolving, so there remain uncertainties as to how authorities will interpret and administer applicable regulatory requirements in the future. Any determination that the Company fails to comply with state cannabis regulations would require the Company either to significantly change or terminate lines of business, or the business as a whole, which could adversely affect the Company's business.
- Regulatory scrutiny of the industry to which the Company services may negatively impact its ability to raise additional capital. The Company's business activities are expected to rely, directly and/or indirectly, on the laws and regulations of any state in which the Company operates or may operate in the future. These laws and regulations are rapidly evolving and may be subject to change with minimal notice. Regulatory changes may adversely affect the Company's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the DOJ, the Financial

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

Industry Regulatory Advisory or other federal, or applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. 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 industry to which the Company services may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital, which could reduce, delay or eliminate any return on investment in the Company.

- The size of the Company's target market is difficult to quantify, and members will be reliant on their own estimates on the accuracy of market data. Because the cannabis industry is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for members and potential members to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, members and potential members will have to rely on their own estimates in deciding about whether to invest in the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. The Company regularly purchases and follows market research.
- Although the Company does not have difficulty accessing financial services, the Company may have difficulty accessing the service of banks and processing credit card payments in the future, which may make it difficult for the Company to operate. In February 2014, the FinCEN bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis or cannabis-related businesses, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis or cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis or cannabis-related businesses. As a result, the Company may have limited or no access to banking or other financial services in the United States. The inability or limitation in the Company's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company to operate and conduct its business as planned. The Company will continue to ensure its operations remain compliant with the FinCEN guidance and existing disclosures around cash management and reporting to the IRS.
- Notwithstanding that the Company maintains trademarks with the State of Colorado, U.S. Federal trademark and patent protection may not be available for the intellectual property of the Company due to the current classification of cannabis as a Schedule I controlled substance. As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a business, may not be available to the Company. As a result, the Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Company can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.
- The Company's contracts may not be legally enforceable in the United States. Because the Company's contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in U.S. federal and certain state courts.
- There is uncertainty surrounding the Trump Administration policies in connection with the cannabis industry as a whole. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis business in the United States are subject to inconsistent legislation and regulation. The



# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

response to this inconsistency was addressed in August 2013 when then Deputy Attorney General, James Cole, authored the Cole Memorandum. The Cole Memorandum was addressed to all United States district attorneys acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several US states have enacted laws relating to cannabis for medical purposes. The Cole Memorandum outlined certain priorities for the DOJ relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the DOJ has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority. On January 4, 2018, US Attorney General Jeff Sessions issued a memorandum to US district attorneys which rescinded the Cole Memorandum. With the Cole Memorandum rescinded, US federal prosecutors can exercise their discretion in determining whether to prosecute compliant state law cannabis-related operations as violations of U.S. federal law throughout the United States. The potential impact of the decision to rescind the Cole Memorandum is unknown and may have a material adverse effect on the Company's business and results of operations. It is unknown what position Mr. Session's eventual successor, who has not been confirmed as of this date, would be.

- The Company's business interests in the United States include the provision of real estate development and lease-back equipment financing, operating lines of credit, consultation, and intellectual property and brand management within U.S. state-legal markets. The Company is not aware of any non-compliance with the applicable licensing requirements or regulatory framework enacted by the state of Colorado where the Company transacts business.
- In February 2017, the Task Force on Crime Reduction and Public Safety was established through an executive order by the President of the United States. Names of those serving on the task force have not been published, and the group was supposed to deliver its recommendations by July 27, 2017. The recommendations of the group were not made public on that date, but the Attorney General issued a public statement which said he had received recommendations "on a rolling basis" and he had already "been acting on the task force's recommendations to set the policy of the department." Based on previous public statements made by the Attorney General, there had been some expectation that the task force may make some recommendations with respect to laws relating to cannabis. However, to date there has been no public announcement in this regard.
- Due to the classification of cannabis as a Schedule I controlled substance under the CSA, banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes. Because the manufacture, distribution, and dispensation of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-transmitter statute (18 U.S.C. § 1960) and the U.S. Bank Secrecy Act. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a "specified unlawful activity" such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. Despite only an indirect involvement in the cannabis industry, the Company may also be exposed to the foregoing risks.
- In the event that any of the Company's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends and effect other distributions. Furthermore, while the Company has no current intention to declare or pay dividends in the foreseeable future, in the event that a determination was made that any such investments in the United States could reasonably be shown to constitute proceeds of crime, the Company may decide

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

to, or be required to, suspend declaring or paying dividends without advance notice and for an indefinite period of time.

- In the future, the Company may become subject to Section 280E of the Internal Revenue Code of 1986 ("**Section 280E**") because of its business activities and the resulting disallowance of tax deductions could cause the company to incur more than anticipated U.S. federal income tax. Section 280E provides that, with respect to any taxpayer, no deduction or credit is allowed for expenses incurred during a taxable year "in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of Schedule I and II of the CSA) which is prohibited by federal law or the law of any state in which such trade or business is conducted." Because cannabis is a Schedule I controlled substance under the CSA, although the Company is not engaged in the purchase and sale of cannabis products, if any of the Company's activities could be considered the carrying on of a trade or business consisting of "trafficking" in controlled substances then the provisions of Section 280E could apply to disallow tax deductions to the Company. Although the Company is not engaged in the purchase and sale of cannabis products, the Company cannot provide a guarantee that it will not be or become subject to Section 280E. If such tax deductions are disallowed it may increase the Company's effective tax rate and have an adverse effect on the Company's operating results and financial condition.

### **CORPORATE OUTLOOK**

Bertram's long-term plan for expansion is to extend its operations throughout North America and internationally with the intention of establishing a leading brand culture and reputation in the cannabis industry. The Company anticipates expanding its current suite of services and products into Nevada and Washington in 2018, with further expansion into California and Oregon projected to occur in 2019.

The Company continues to actively identify and evaluate cannabis sector assets and businesses through discussions with various business associates, contacts of the directors and officers, and other parties, with a view to completing acquisitions of, or extending professional services to, cannabis sector participants in the United States. To carry out this activity and to fund continued general corporate requirements, the Company anticipates the need for additional fundraising primarily through equity financing, but possibly through debt financing or related party loans. However, there can be no assurance that any such financing, whether equity or debt, will be available to the Company in the amount required, or if available, that it can be obtained on terms satisfactory to the Company.

### **APPROVAL**

The Board of Directors of the Company has approved the disclosure contained in this Management Discussion and Analysis on December 21, 2018.

### **A CAUTIONARY NOTE**

*Certain statements in this MD&A may contain "forward-looking information", within the meaning of applicable securities laws. Such statements include, but are not limited to, statements about the growth of the business, revenue expectations, and the provision of services to licensed entities operating within the U.S. cannabis industry. These statements are subject to certain risks, assumptions, and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The words "believe", "plan", "intend", "estimate", "expect", or "anticipate", and similar expressions, as well as future or conditional verbs such as "will", "should", "would", and "could" often identify forward-looking statements. Management has based these forward-looking statements on its current views with respect to future events and financial performance for the Company.*

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

*With respect to forward-looking statements contained in this MD&A, the Company has made certain assumptions and applied certain factors regarding, amongst other things, an ability to secure additional funding; the cost of its operating inputs; its ability to market products successfully to current and anticipated licensed clients; reliance on key personnel and contractual relationships with licensed third parties, including, but not limited to, Cannabis Corp.; the ability to maintain such relationships and foster new relationships with licensed third parties; the ability to successfully expand Company operations into new jurisdictions, such as Nevada, Washington, California, and Oregon; the intention of the Company to own, directly or via partnership, where jurisdictional legislation and regulations permit, cannabis licenses or licensed facilities engaged in the manufacture, production, distribution, and/or sale of cannabis, cannabis derivatives, and/or cannabis-infused products; the regulatory environment in the United States and in those states in which the Company currently operates and may operate in the future and the application of federal, state, and municipal laws in respect thereof; and the impact of increasing competition in the emerging legal cannabis sector from domestic and international market participants.*

*These forward-looking statements are also subject to the risks and uncertainties discussed in the "Risk Factors" and "Additional Risk Disclosure for Issuers with U.S. Cannabis Operations" sections and elsewhere in this MD&A and other risks detailed from time-to-time by the Company. Forward-looking statements do not guarantee future performance and involve risks, uncertainties, and assumptions which could cause actual results to differ materially from the conclusions, forecasts, or projections anticipated in these forward-looking statements. Because of these risks, uncertainties and assumptions, the reader should not place undue reliance on these forward-looking statements. The Company's forward-looking statements are made only as of the date of this MD&A and, except as required by law, Bertram undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events, or circumstances.*

Respectfully submitted on behalf of the Board of Directors,

"Jeffery Mascio"

Chief Executive Officer

# BERTRAM CAPITAL FINANCE, INC.

---

**MANAGEMENT DISCUSSION & ANALYSIS  
OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

Stated in United States Dollars

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

### **TO OUR MEMBERS**

This management's discussion and analysis of the financial condition and results of operation ("**MD&A**") of Bertram Capital Finance Inc. ("**Bertram**" or the "**Company**") should be read in conjunction with Bertram's audited financial statements for the year ended December 31, 2017, and related notes therein.

Except as otherwise indicated, all financial data in this MD&A have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**").

All dollar amounts in this MD&A are reported in United States Dollars (US\$) except where otherwise indicated. As at December 31, 2017, the Company had a working capital of US\$1,410,819 and had a reported net loss of US\$96,644 for the year ended December 31, 2017.

### **FORWARD-LOOKING STATEMENTS**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also refer to those risk factors in the "Risk Factors" and "Additional Risk Disclosure for Issuers with U.S. Cannabis Operations" section below. Actual results and developments are likely to differ, and may differ materially from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its anticipated results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

### **CORPORATE OVERVIEW**

Bertram is a Colorado-based corporation that presently provides various support services and infrastructure development to licensed producers of cannabis in the state of Colorado. Established in 2015, Bertram itself employs over 50 people and indirectly serves thousands of customers in the jurisdictions that its licensed clients operate. The Company itself does not hold any licenses related to cultivation, manufacture, distribution, or sale of cannabis or cannabis-infused products.

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

Bertram has licensing agreements and contractual partnerships with unrelated licensed cannabis producing entities to provide a variety of services including product packaging, equipment leasing, and site personnel and management resources. Bertram also owns certain intellectual property, including the trademarks, domain names and/or licensing rights for various cannabis related brands within the state of Colorado. This intellectual property includes the trademark, trade name, and domain names for the cannabis production brand "Cannabis", for the retail locations known as "The Joint", and for the innovative vaporizer-style cannabis delivery system known as "INDVR".

Headquartered in Denver, Colorado, Bertram intends to directly (if specifically permitted under state regulations) or indirectly support additional licensed cannabis producers by expanding its current client base in Colorado through new licensing agreements and contractual partnerships. Bertram also intends to expand its client base and provide support services in additional markets across the highly regulated U.S. states (targeting Nevada and Washington in 2018 and California and Oregon in 2019) and Canada should appropriate opportunities present themselves.

### **LEGAL AND REGULATORY MATTERS**

#### **United States Federal Overview**

In the U.S., 33 states and Washington D.C. have legalized medical cannabis, while 10 states and Washington D.C. have also legalized adult-use cannabis. At the federal level, however, cannabis currently remains a Schedule I controlled substance under the U.S. Controlled Substance Act of 1970 (the "**CSA**"). Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law. This has created a dichotomy between state and federal law, whereby many states have elected to regulate and remove state-level penalties regarding a substance which is still illegal at the federal level.

While technically illegal, the U.S. federal government's approach to enforcement of such laws has, at least until recently, trended toward non-enforcement. On August 29, 2013, the U.S. Department of Justice (the "**DOJ**") issued a memorandum known as the "**Cole Memorandum**" to all U.S. Attorneys' offices (federal prosecutors). The Cole Memorandum generally directed U.S. Attorneys not to prioritize the enforcement of federal cannabis laws against individuals and businesses that rigorously comply with state regulatory provisions in states with strictly-regulated medical or adult-use cannabis programs. The Cole Memorandum, while not legally binding, assisted in managing the tension between state and federal laws concerning state-regulated cannabis businesses.

However, on January 4, 2018 the Cole Memorandum was revoked by former Attorney General Jeff Sessions. While this did not create a change in federal law – as the Cole Memorandum was not itself law – the revocation added to the uncertainty of U.S. federal enforcement of the CSA in states where cannabis use is regulated. Sessions also issued a one-page memorandum known as the "**Sessions Memorandum**". This confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was "unnecessary" due to existing general enforcement guidance as set forth in the U.S. Attorney's Manual (the "**USAM**"). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government's limited resources, and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community."

While the Sessions Memorandum does emphasize that cannabis is a Schedule I controlled substance and states the statutory view that it is a "dangerous drug and that cannabis activity is a serious crime," it does not otherwise guide U.S. Attorneys that the prosecution of cannabis-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether to prosecute cannabis-related offenses. U.S. Attorneys could individually continue to exercise their discretion in a manner similar to that displayed under the Cole Memorandum's guidance. Dozens of U.S. Attorneys across the country

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

have affirmed their commitment to proceeding in this manner, or otherwise affirming that their view of federal enforcement priorities has not changed, although a few have displayed greater ambivalence.

Mr. Sessions resigned as United States Attorney General on November 7, 2018 and his permanent successor has not been confirmed. While it is too soon to determine what prosecutorial effects will be created by the rescission of the Cole Memorandum, and the subsequent resignation of Mr. Sessions, a nationwide "crackdown" is unlikely. The sheer size of the cannabis industry, in addition to participation by state and local governments and investors, suggests that a large-scale enforcement operation would more than likely create unwanted political backlash for the DOJ and the Trump Administration. It is also possible that the rescission of the Cole Memorandum could motivate Congress to finally reconcile federal and state laws. Regardless, cannabis remains a Schedule I controlled substance at the federal level, and neither the Cole Memorandum nor its rescission has altered that fact. The federal government of the U.S. has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult-use cannabis, even if state law sanctioned such sale and disbursement. It remains unclear whether the risk of enforcement has been altered.

Additionally, under U.S. federal law, it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from the sale of cannabis or any other Schedule I controlled substance. Banks and other financial institutions, particularly those that are federally chartered in the U.S., could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. Moreover, banks and financial institutions that have their deposits federally insured, either through the FDIC or the NCUA, may be reluctant to provide services to cannabis related businesses.

Despite these laws, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("**FinCEN**") issued a memorandum on February 14, 2014 (the "**FinCEN Memorandum**") outlining the pathways for financial institutions to bank state-sanctioned cannabis businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("**SAR**") in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These cannabis-related SARs are divided into three categories – cannabis limited, cannabis priority, and cannabis terminated – based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively. On the same day as the FinCEN Memorandum was published, the DOJ issued a memorandum (the "**2014 Cole Memo**") directing prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of cannabis-related conduct. The 2014 Cole Memo has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes against state-compliant actors was not a DOJ priority.

However, former Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to be a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance. However, in the United States, it is difficult for cannabis-based businesses to open and maintain a bank account with any bank or other financial institution.

In addition, non-US citizens who participate in the cannabis industry, even in states or foreign countries where cannabis has been legalized, may be permanently barred from entry into the United States by the U.S. Customs and Border Protection Agency, which is an arm of the federal government under the Department of Homeland Security. While legislation has been introduced in Congress to amend the Immigration and Nationality Act to clarify admissibility and deportability of aliens acting in accordance with state and foreign marijuana law on December 12, 2018, titled Maintaining Appropriate Protection for Legal Entry of 2018 ("**MAPLE Act of 2018**"), H.R. 7275 (115th Congress), no action has yet been taken on

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

the bill.

Although the Cole Memorandum and 2014 Cole Memo have been rescinded, one legislative safeguard for the medical cannabis industry remains in place: Congress has used a rider provision in the FY 2015, 2016 and 2017 Consolidated Appropriations Acts (currently the "**Rohrabacher-Farr Amendment**") to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. Since October 1, 2017, the U.S. federal government has been temporarily appropriated under a series of continuing budget resolutions. Because the 2017 Consolidated Appropriations Act has been extended until December 2018 under a continuing budget resolution, the Rohrabacher-Farr Amendment is still in effect. On December 19, 2018, the Senate passed an additional continuing budget resolution to extend the current appropriations act through February 8, 2019. If the continuing budget resolution is passed by the House of Representatives and signed into law by the President, the Rohrabacher-Farr Amendment will remain in effect through February 8, 2019.

Despite the legal, regulatory, and political obstacles the cannabis industry currently faces, the industry has continued to grow. It was anticipated that the federal government would eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation, production and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco. Given current political trends, however, these developments are considered unlikely in the near-term. As an industry best practice, despite the recent rescission of the Cole Memorandum, the Company intends to abide by the following to ensure compliance with the guidance provided by the Cole Memorandum:

- ensure that its operations and any cannabis related activities are compliant with all regulatory frameworks as established by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions;
- implement policies and procedures in place to ensure that revenue is not distributed to criminal enterprises, gangs or cartels;
- ensure that any state-authorized cannabis-related business activity is not used as a cover or pretense for trafficking of other illegal drugs, is engaged in any other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes;

In addition, the Company may conduct background checks to ensure that the principals and management of its operating subsidiaries are of good character, and have not been involved with other illegal drugs, engaged in illegal activity or activities involving violence. The Company will also conduct ongoing reviews of the activities of its businesses that provide services to cannabis entities, including review of the premises on which any such businesses may operate and the policies and procedures that are related to any licensee's possession of cannabis or cannabis products outside of the premises, including the cases where such possession is permitted by regulation.

### **Colorado State Level Overview**

The Colorado medical and recreational cannabis industries are regulated by the Colorado Marijuana Enforcement Division (MED), an office of the Colorado Department of Revenue. In November 2000, medical cannabis was decriminalized by voter passage of Amendment 20. Recreational cannabis was later voter approved through the passage of Amendment 64 in November 2012. Laws governing both medical and recreational cannabis are presented within Colorado's Constitutional Article XVIII, sections 14 and 16, respectively. The Colorado Revised Statutes (C.R.S.) are the codified general and permanent statutes of the Colorado General Assembly; laws related to cannabis can be found in C.R.S. Title 44, Articles 11 and 12.

### **U.S. Legal Advice**

The Company uses reasonable commercial efforts to confirm, through the advice of its U.S. counsel, through the monitoring



# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

and review of its business practices, and through regular monitoring of changes to U.S. Federal enforcement priorities, that its businesses are in compliance with applicable regulatory frameworks. The Company has not received noncompliance orders, citations or notices of violation, that may have an impact on business activities or operations.

### **Nature of the Company's Involvement in the U.S. Cannabis Industry**

Bertram is a U.S.-based, professional management corporation formed to service the fast-growing, legal cannabis industry through real estate development and lease-back equipment financing, operating lines of credit, consultation, and intellectual property and brand management within U.S. state-legal markets. The Company, headquartered in Denver, Colorado, intends to redefine the traditional, vertically-integrated, seed-to-sale business model with a specific focus on aggregating cannabis retail distribution and brand manufacturing.

As previously stated, violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, the listing of its securities on any stock exchange, its financial position, operating results and profitability. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. The approach to the enforcement of cannabis laws may be subject to change or may not proceed as previously outlined.

### **Description of Company Activities in Colorado**

The Company is focused on providing personnel and management resources, as well as infrastructure and equipment, for the production, cultivation and dispensary operations of licensed cannabis participants in the state of Colorado. The Company itself does not produce or sell cannabis products but does provide support services to licensed cannabis participants in the state of Colorado. The Company operates primarily in the state of Colorado, where the legal commercial production and vending of cannabis by licensed participants is permitted by Colorado state law under Colorado Amendment 64.

In addition, the Company will continue to ensure it is in compliance with applicable licensing requirements and the regulatory framework enacted in any state in which it operates, by continuous review of its compliance with state regulations and affirmation certifications from management.

The Company will continue to monitor, evaluate and re-assess regulatory frameworks in the states in which it operates and any jurisdiction that it may look to expand its operations to in the future, and the federal laws applicable thereto, on an ongoing basis; and will update its continuous disclosure regarding government policy changes or new or amended guidance, laws or regulations regarding cannabis in the U.S.

### **Anti-Money Laundering Laws and Regulations**

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

Notwithstanding that the Company does not manufacture, produce, distribute, or sell cannabis or cannabis-infused products,

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

the Company's activities, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains illegal federally in the U.S. This may restrict the ability of the Company to declare or pay dividends or effect other distributions. Furthermore, while the Company has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, the Company may decide to, or be required to, suspend declaring or paying dividends without advance notice and for an indefinite period of time.

### **SIGNIFICANT EVENTS AND TRANSACTIONS TO THE PERIOD**

#### **Non-Brokered Private Placement of Common Shares**

Through December 31, 2017, the Company issued common shares totaling 634,250 common shares at US\$2.00 per common share for proceeds of approximately US\$1,172,108, net of costs.

#### **Engagement of Capital Markets and M&A Advisory Firm**

In August 2017, the Company engaged Canadian-based capital markets and M&A advisory firm, Wildhorse Capital Partners Inc. ("**Wildhorse**"), to consult and advise the Company on opportunities related to strategic growth and strategies designed to enhance access to capital by way of a possible public listing on a Canadian exchange.

In connection with the appointment, the Company approved the issuance of 49,005 warrants to purchase common shares in Bertram, each with strike US\$2.00 and two-year expiry, to Wildhorse in connection with the Company's engagement of Wildhorse for on-going capital markets and M&A advisory services to the Company.

#### **Securities Granted to Board of Directors and M&A Advisors**

During the period, the Company approved the issuance of 45,000 restricted common shares in aggregate share-based compensation (the "**Board Compensation**") to its board of directors (the "**Directors**") for their services provided during the period.

### **RESULTS OF OPERATIONS**

#### **Year ended December 31, 2017 compared with the year ended December 31, 2016**

During the year ended December 31, 2017, the Company reported a net loss of US\$96,644 compared to a net loss of US\$146,592 during the year ended December 31, 2016, representing a decrease in loss of US\$49,948. The decrease in loss was primarily attributable to positive revenue offset by an increase in cost of sales and operating expenses during the current period.

During the year ended December 31, 2017, the Company reported net revenues of US\$928,253 compared to net revenues of US\$0 during the year ended December 31, 2016, representing an increase in net revenues of US\$928,253. The increase in net revenues was primarily attributable to the Company recognizing revenue as a result of executed lease and service agreements, as well as the initial sales of product packaging during the current period.

During the year ended December 31, 2017, the Company reported cost of sales of US\$296,101 compared to cost of sales of US\$0 during the year ended December 31, 2016, representing an increase in cost of sales of US\$296,101. The increase in cost of sales was primarily attributable to the actual costs associated with the above referenced increase in revenue streams during the current period.

During the year ended December 31, 2017, the Company reported operating expenses of US\$728,796 compared to operating

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

expenses of US\$146,592 during the year ended December 31, 2016, representing an increase in operating expenses of US\$582,204. The increase in operating expenses was primarily attributable to the Company's year-over-year growth and the resulting cost of operations to fund growth during the current period.

The Company is further pleased to report that its client, Cannabis Corp. – through which the Company maintains long-term service contracts and packaging supply agreements – has announced that during the year ended December 31, 2017, Cannabis Corp. reported unaudited total revenues of US\$6,269,504 compared to unaudited total revenues of US\$2,236,783 during the year ended December 31, 2016, representing an increase in unaudited total revenues of US\$4,032,721. Cannabis Corp. has reported to the Company that the increase in total unaudited revenues was primarily attributable to an increase in sales traffic of both repeat and new customers, award-winning dispensary operations, brand recognition, and a wider product offering.

### **MANAGEMENT CHANGES**

On September 29, 2017, the Company announced the appointment of Joshua Sheldon Mann of Wildhorse to the Board of Directors of the Company effective September 29, 2017.

### **OUTSTANDING SHARES**

As at the end of the period, the Company had 6,181,584 common shares issued and outstanding. As at the end of the period, the Company had no dilutive securities issued and outstanding.

### **FINANCIAL POSITION AND LIQUIDITY**

As at December 31, 2017, had no speculative financial instruments, derivatives, forward contracts or hedges.

As at December 31, 2017, the Company had a working capital of US\$1,410,819 compared to a working capital of US\$522,809 as at December 31, 2016.

As at December 31, 2017, cash provided by (used in) operating activities during the period totaled US\$(323,629) compared with cash provided by (used in) operating activities during the period ended December 31, 2016 totaling US\$(8,457).

As at December 31, 2017, cash provided by (used in) investing activities during the period totaled US\$(336,414) compared with cash provided by (used in) investing activities during the period ended December 31, 2016 totaling US\$(1,195,478).

As at December 31, 2017, cash provided by (used in) financing activities during the period totaled US\$1,108,500 compared with cash provided by (used in) financing activities during the period ended December 31, 2016 totaling US\$1,321,001.

### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include foreign currency risk, interest rate risk, credit risk, liquidity risk, and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

### **a) Fair values of financial assets and liabilities**

The carrying values of cash, trade receivables and trade and other payables approximate their fair values because of the short-term nature of these financial instruments. Currently, there is no organized market for the Company's lease receivables, therefore, the fair value is estimated to be the carrying value as contractual interest rates approximate current market rates of interest for current leases. The carrying value of the loan receivable approximates its fair value as it bears interest at market rates and has set repayment terms. The fair value of the Company's investment in a private company cannot be readily determined as its shares are not traded in a public market.

Fair values estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to change and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

### **b) Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. It is management's opinion that the Company is not exposed to significant credit risk arising from its financial instruments. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties. Thus, the credit risk associated with other receivables is also considered to be negligible.

### **c) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and price risk. The Company is does not have any direct exposure to foreign currency risk or commodity price risk.

- **Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its financial assets that bear interest, being lease receivables and loan receivables. The Company does not have assets with a variable interest rate, which minimizes the Company's exposure to fluctuations in interest rates.

- **Price Risk**

Price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company does hold shares in a private company. The performance of the investee companies is monitored by the Company in order to assess the price risk and take actions to reduce risks where needed.

### **d) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. Historically, the Company has generated the majority of its cashflows from financing activities and used these cashflows to support its operating activities.

As at December 31, 2017, the Company had a working capital of US\$1,410,819 (December 31, 2016, US\$522,809) and anticipates that revenue from operations will provide sufficient funds to cover all the Company's current operating

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

expenditures for the next 12 months. Planned expansion of the Company's operations, including, as applicable, its intention to enter new markets, will require additional capital from outside sources. The Company will consider financing alternatives while contemplating minimal shareholder dilution.

The Company's potential sources of cash flow in the upcoming year will be from possible equity or debt financings, loans, lease financing, and entering into joint venture agreements or licensed partnerships; or any combination thereof.

As at December 31, 2017, the Company is currently dependent on one company, Cannabis Corp., for approximately 95% of its revenues. It is anticipated that following the expansion of operations into new jurisdictions, such as Nevada and Washington in 2018, and California and Oregon in 2019, that it will realize a differentiation in the source of its revenue.

### **CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue opportunities to deliver solutions for financing, developing and managing state-licensed cannabis cultivators and dispensaries throughout the United States. The Company has the ability to raise new capital through equity and debt issuances and/or through operations. The Company prepares annual estimates of expected expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company is not exposed to any externally imposed capital requirements, nor were there changes in the Company's approach to capital management during the year.

#### **Ability to Access Private and Public Capital**

The Company has historically relied entirely on access to private capital in order to support its continuing operations and capital expenditure requirements. The Company expects to rely on both private and public capital markets to finance its growth plans in the U.S. legal cannabis industry. Although such business carries a higher degree of risk, and despite the legal standing of cannabis businesses pursuant to U.S. federal laws, the Company believes that it will be successful in raising private and public financing in the future. However, there is no assurance the Company will be successful, in whole or in part, in raising funds, particularly if the U.S. federal authorities change their position toward enforcing the CSA. Further, access to funding from U.S. residents may be limited due their unwillingness to be associated with activities which violate U.S. federal laws.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements as at December 31, 2017, and as at the date hereof.

### **RELATED PARTY TRANSACTIONS**

Other than information already disclosed elsewhere in the audited financial statements, and related notes therein, for the year ended December 31, 2017, the Company has not had any further transactions with related parties.

### **USE OF ESTIMATES AND JUDGEMENTS**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

from these estimates and judgments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **ACCOUNTING STANDARDS AND INTERPRETATIONS**

#### **Changes in Accounting Policies**

There were no changes to the Company's accounting policies during the reporting period.

#### **Accounting Standards Issued but Not Yet Effective**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the IFRIC that are mandatory at certain dates or later for the relevant reporting periods and which the Company has not early adopted. The Company has assessed the impact the application of these standards or amendments will have on the condensed consolidated interim financial statements of the Company. The standards impacted that may be applicable to the Company are the following:

##### **IFRS 9 Financial Instruments**

IFRS 9 provides guidance on recognition and measurement and impairment into a single model that has two classifications: amortized cost and fair value. The new standard also requires a single-forward looking "expected-loss" impairment method to be used. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company expects this standard to have a significant effect on financial reporting specifically related to the new impairment method as well as accounting for investments in private companies at fair value. Management is currently assessing the extent of the impact of this new standard.

##### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on January 1, 2018. The Company is in the process of analyzing the revenue streams which may be impacted by this standard.

##### **IFRS 16 Leases**

IFRS 16 specifies how to recognize, measure, present and disclose leases. The new standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17 the new lease standard continues to require lessors to classify leases as operating or finance. IFRS 16 is to be applied retrospectively for annual periods beginning on or after January 1, 2019. Management is currently assessing the extent of the impact of this new standard.

### **RISK FACTORS**

#### **Cannabis Industry is Intensely Competitive**

The U.S. market for cannabis and cannabis-related paraphernalia is very competitive. There are numerous small companies competing in this space. As most sales in this section would be user-based, there is a relatively low capital threshold to enter this business. Management anticipates that the Company will be subject to increased competition as the cannabis market

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

continues to grow in North America.

### **No Assurance of Profitability**

The Company does not have a history of earnings and, due to the nature of the Company's business, there can be no assurance that the Company will ever become profitable. The Company has not paid dividends on its shares since incorporation and does not presently anticipate doing so in the foreseeable future. The present source of funds available to the Company is from lease income, product sales, and service income, and the sale of its common shares, and, possibly, loans from institutions and related parties. While the Company intends to derive a significant portion of its working capital through its operating business, there can be no assurance that any additional funds derived from equity offerings or debt instruments will be on favourable terms, or at all. At present it is impossible to determine what amount of additional funding may be required to pursue the Company's expansion plans indefinitely. Failure to raise additional capital could put the expansion plans of the Company at risk.

### **Dependence Upon Others and Key Personnel**

The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additionally highly-skilled employees may adversely affect its business and future operations.

### **Dilution to the Company's Existing Shareholders**

The Company will require additional equity financing to be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its expansion plans. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

## **ADDITIONAL RISK DISCLOSURE FOR ISSUERS WITH U.S. CANNABIS OPERATIONS**

The Company provides services to participants in the U.S. cannabis market, and more specifically in the state of Colorado, and may face varied risks. While the company does not own any cannabis licenses, the Company is engaged in business related to cannabis paraphernalia and owns intellectual property ("**IP**") and brands associated with these products, including the INDVR and INDVR Fire brands. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. There are a number of risks that accompany participation, whether direct or indirect, in the cannabis markets in North America. Below is a discussion of some of these risk factors.

- The involvement with recreational cannabis remains illegal under federal law, and it is possible that the Company may be forced to cease activities. The U.S. federal government, through both the Drug Enforcement Agency (the "**DEA**") and Internal Revenue Service (the "**IRS**"), has the right to actively investigate, audit and shut-down cannabis industry participants, including those servicing the industry indirectly. Any action taken by the DEA and/or the IRS to interfere with, seize, or shut down the Company's operations will have an adverse effect on the Company's business, operating results and financial condition.
- Some of the Company's proposed business activities, while believed to be compliant with certain applicable U.S. state and local law, are illegal under United States federal law. Although certain states and territories of the U.S. authorize medical or recreational adult-use cannabis production and distribution by licensed or registered entities under applicable state laws, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law under any and all circumstances under the U.S. Controlled Substances Act (the "**CSA**"). A shareholder's contribution to and involvement in such

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment and, in the case of a non-US citizen, a permanent bar to entry into the United States.

- Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including but not limited to disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its financial position, operating results, profitability, or liquidity. In addition, it is difficult to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.
- The possession and use of cannabis and any related drug paraphernalia is illegal under U.S. federal law, the Company may be deemed to be aiding and abetting illegal activities through the service contracts it has entered into and the cannabis paraphernalia products that it provides and sells. The Company intends to lease IP and/or real property to cannabis industry participants, including cultivators, distributors, and retailers. As a result, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Company, including, but not limited to, aiding and abetting another's criminal activities. The Federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result of such an action, the Company may be forced to cease operations and members could lose their entire investment. Such an action would have a material negative effect on the business and operations of the Company.
- The regulatory system of Colorado is constantly evolving, so there remain uncertainties as to how authorities will interpret and administer applicable regulatory requirements in the future. Any determination that the Company fails to comply with state cannabis regulations would require the Company either to significantly change or terminate lines of business, or the business as a whole, which could adversely affect the Company's business.
- Regulatory scrutiny of the industry to which the Company services may negatively impact its ability to raise additional capital. The Company's business activities are expected to rely, directly and/or indirectly, on the laws and regulations of any state in which the Company operates or may operate in the future. These laws and regulations are rapidly evolving and may be subject to change with minimal notice. Regulatory changes may adversely affect the Company's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the DOJ, the Financial Industry Regulatory Advisory or other federal, or applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. 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 industry to which the Company services may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital, which could reduce, delay or eliminate any return on investment in the Company.
- The size of the Company's target market is difficult to quantify, and members will be reliant on their own estimates on the accuracy of market data. Because the cannabis industry is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for members and potential members to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, members and potential members will have to rely on their own estimates in deciding about whether to invest in the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. The Company regularly purchases and follows market research.



# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

- Although the Company does not have difficulty accessing financial services, the Company may have difficulty accessing the service of banks and processing credit card payments in the future, which may make it difficult for the Company to operate. In February 2014, the FinCEN bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis or cannabis-related businesses, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis or cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis or cannabis-related businesses. As a result, the Company may have limited or no access to banking or other financial services in the United States. The inability or limitation in the Company's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company to operate and conduct its business as planned. The Company will continue to ensure its operations remain compliant with the FinCEN guidance and existing disclosures around cash management and reporting to the IRS.
- Notwithstanding that the Company maintains trademarks with the State of Colorado, U.S. Federal trademark and patent protection may not be available for the intellectual property of the Company due to the current classification of cannabis as a Schedule I controlled substance. As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a business, may not be available to the Company. As a result, the Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Company can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.
- The Company's contracts may not be legally enforceable in the United States. Because the Company's contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in U.S. federal and certain state courts.
- There is uncertainty surrounding the Trump Administration policies in connection with the cannabis industry as a whole. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis business in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in August 2013 when then Deputy Attorney General, James Cole, authored the Cole Memorandum. The Cole Memorandum was addressed to all United States district attorneys acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several US states have enacted laws relating to cannabis for medical purposes. The Cole Memorandum outlined certain priorities for the DOJ relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the DOJ has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority. On January 4, 2018, US Attorney General Jeff Sessions issued a memorandum to US district attorneys which rescinded the Cole Memorandum. With the Cole Memorandum rescinded, US federal prosecutors can exercise their discretion in determining whether to prosecute compliant state law cannabis-related operations as violations of U.S. federal law throughout the United States. The potential impact of the decision to rescind the Cole Memorandum is unknown and may have a material adverse effect on the Company's business and results of operations. It is unknown what position

# BERTRAM CAPITAL FINANCE, INC.

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

## REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS

Expressed in United States Dollars

---

Mr. Session's eventual successor, who has not been confirmed as of this date, would be.

- The Company's business interests in the United States include the provision of real estate development and lease-back equipment financing, operating lines of credit, consultation, and intellectual property and brand management within U.S. state-legal markets. The Company is not aware of any non-compliance with the applicable licensing requirements or regulatory framework enacted by the state of Colorado where the Company transacts business.
- In February 2017, the Task Force on Crime Reduction and Public Safety was established through an executive order by the President of the United States. Names of those serving on the task force have not been published, and the group was supposed to deliver its recommendations by July 27, 2017. The recommendations of the group were not made public on that date, but the Attorney General issued a public statement which said he had received recommendations "on a rolling basis" and he had already "been acting on the task force's recommendations to set the policy of the department." Based on previous public statements made by the Attorney General, there had been some expectation that the task force may make some recommendations with respect to laws relating to cannabis. However, to date there has been no public announcement in this regard.
- Due to the classification of cannabis as a Schedule I controlled substance under the CSA, banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes. Because the manufacture, distribution, and dispensation of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the U.S. Bank Secrecy Act. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a "specified unlawful activity" such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. Despite only an indirect involvement in the cannabis industry, the Company may also be exposed to the foregoing risks.
- In the event that any of the Company's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends and effect other distributions. Furthermore, while the Company has no current intention to declare or pay dividends in the foreseeable future, in the event that a determination was made that any such investments in the United States could reasonably be shown to constitute proceeds of crime, the Company may decide to, or be required to, suspend declaring or paying dividends without advance notice and for an indefinite period of time.
- In the future, the Company may become subject to Section 280E of the Internal Revenue Code of 1986 ("**Section 280E**") because of its business activities and the resulting disallowance of tax deductions could cause the company to incur more than anticipated U.S. federal income tax. Section 280E provides that, with respect to any taxpayer, no deduction or credit is allowed for expenses incurred during a taxable year "in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of Schedule I and II of the CSA) which is prohibited by federal law or the law of any state in which such trade or business is conducted." Because cannabis is a Schedule I controlled substance under the CSA, although the Company is not engaged in the purchase and sale of cannabis products, if any of the Company's activities could be considered the carrying on of a trade or business consisting of "trafficking" in controlled substances then the provisions of Section 280E could apply to disallow tax deductions to the Company. Although the Company is not engaged in the purchase and sale of cannabis products, the Company cannot provide a guarantee that it will not be or become subject to Section 280E. If such tax deductions are disallowed it may increase the Company's effective tax rate and have an adverse effect on the Company's operating results and financial condition.

# **BERTRAM CAPITAL FINANCE, INC.**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

## **REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

### **CORPORATE OUTLOOK**

Bertram's long-term plan for expansion is to extend its operations throughout North America and internationally with the intention of establishing a leading brand culture and reputation in the cannabis industry. The Company anticipates expanding its current suite of services and products into Nevada and Washington in 2018, with further expansion into California and Oregon projected to occur in 2019.

The Company continues to actively identify and evaluate cannabis sector assets and businesses through discussions with various business associates, contacts of the directors and officers, and other parties, with a view to completing acquisitions of, or extending professional services to, cannabis sector participants in the United States. To carry out this activity and to fund continued general corporate requirements, the Company anticipates the need for additional fundraising primarily through equity financing, but possibly through debt financing or related party loans. However, there can be no assurance that any such financing, whether equity or debt, will be available to the Company in the amount required, or if available, that it can be obtained on terms satisfactory to the Company.

### **APPROVAL**

The Board of Directors of the Company has approved the disclosure contained in this Management Discussion and Analysis on December 21, 2018.

### **A CAUTIONARY NOTE**

*Certain statements in this MD&A may contain "forward-looking information", within the meaning of applicable securities laws. Such statements include, but are not limited to, statements about the growth of the business, revenue expectations, and the provision of services to licensed entities operating within the U.S. cannabis industry. These statements are subject to certain risks, assumptions, and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The words "believe", "plan", "intend", "estimate", "expect", or "anticipate", and similar expressions, as well as future or conditional verbs such as "will", "should", "would", and "could" often identify forward-looking statements. Management has based these forward-looking statements on its current views with respect to future events and financial performance for the Company.*

*With respect to forward-looking statements contained in this MD&A, the Company has made certain assumptions and applied certain factors regarding, amongst other things, an ability to secure additional funding; the cost of its operating inputs; its ability to market products successfully to current and anticipated licensed clients; reliance on key personnel and contractual relationships with licensed third parties, including, but not limited to, Cannabis Corp.; the ability to maintain such relationships and foster new relationships with licensed third parties; the ability to successfully expand Company operations into new jurisdictions, such as Nevada, Washington, California, and Oregon; the intention of the Company to own, directly or via partnership, where jurisdictional legislation and regulations permit, cannabis licenses or licensed facilities engaged in the manufacture, production, distribution, and/or sale of cannabis, cannabis derivatives, and/or cannabis-infused products; the regulatory environment in the United States and in those states in which the Company currently operates and may operate in the future and the application of federal, state, and municipal laws in respect thereof; and the impact of increasing competition in the emerging legal cannabis sector from domestic and international market participants.*

*These forward-looking statements are also subject to the risks and uncertainties discussed in the "Risk Factors" and "Additional Risk Disclosure for Issuers with U.S. Cannabis Operations" sections and elsewhere in this MD&A and other risks detailed from time-to-time by the Company. Forward-looking statements do not guarantee future performance and involve risks, uncertainties, and assumptions which could cause actual results to differ materially from the conclusions,*

**BERTRAM CAPITAL FINANCE, INC.**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**REPORT TO MEMBERS AND MANAGEMENT DISCUSSION & ANALYSIS**

Expressed in United States Dollars

---

*forecasts, or projections anticipated in these forward-looking statements. Because of these risks, uncertainties and assumptions, the reader should not place undue reliance on these forward-looking statements. The Company's forward-looking statements are made only as of the date of this MD&A and, except as required by law, Bertram undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events, or circumstances.*

Respectfully submitted on behalf of the Board of Directors,

"Jeffery Mascio"

Chief Executive Officer

## **APPENDIX F**

### **CONSOLIDATED PRO FORMA BALANCE SHEET OF THE RESULTING ISSUER**

*(See attached)*

**CANNABIS ONE HOLDINGS INC.**

**PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited – Prepared by Management)**

**(Expressed in United States Dollars)**

**OCTOBER 31, 2018**

**CANNABIS ONE HOLDINGS INC.**  
**PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(Unaudited - Expressed in United States Dollars)

	Cannabis One Holdings Inc. as at Oct 31, 2018	Bertram Capital Finance Inc. as at Sept 30, 2018	Note	Pro-forma Adjustments	Pro-forma Consolidated
	\$	\$		\$	\$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	1,170,257	68,970	4(b)	6,024,855	
			4(b)	(25,000)	
			4(c)	(190,517)	
			4(d)	(322,000)	
			4(g)	(150,000)	6,576,565
Trade receivables	-	69,538		-	69,538
Loans receivable	-	198,057		-	198,057
Leases receivable	-	974,264		-	974,264
Inventory	-	152,613		-	152,613
Prepaid expenses and deposits	38,104	117,375	4(c)	(38,104)	117,375
	<u>1,208,361</u>	<u>1,580,817</u>		<u>5,299,234</u>	<u>8,088,412</u>
<b>Loans receivable</b>	-	67,381		-	67,381
<b>Leases receivable</b>	-	876,567		-	876,567
<b>Property and equipment</b>	-	398,083		-	398,083
<b>Intangible assets</b>	-	782,420		-	782,420
	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>1,208,361</u>	<u>3,705,268</u>		<u>5,299,234</u>	<u>10,212,863</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
Trade and other payables	46,913	424,434	4(d)	(22,000)	449,347
Promissory note payable	-	300,000	4(d)	(300,000)	-
Warrant liability	-	-	4(a)	60,000	60,000
	<u>46,913</u>	<u>724,434</u>		<u>(262,000)</u>	<u>509,347</u>
<b>Total liabilities</b>	<u>46,913</u>	<u>724,434</u>		<u>(262,000)</u>	<u>509,347</u>
<b>Shareholders' equity</b>					
Share capital	3,303,993	4,252,865	4(a)	(3,303,993)	
			4(a)	5,792,614	
			4(b)	6,024,855	
			4(b)	(33,000)	
			4(e)	190,000	
			4(f)	1,600,099	17,827,433
Commitment to issue shares	-	240,000	4(e)	(190,000)	50,000
Reserves – stock options and warrants	279,347	47,000	4(a)	(279,347)	
			4(a)	402,000	
			4(a)	(47,000)	
			4(b)	8,000	410,000
Reserves – translation adjustment	(11,380)	-		-	(11,380)
Deficit	(2,410,512)	(1,559,031)	4(a)	2,410,512	
			4(a)	(5,034,786)	
			4(c)	(228,621)	
			4(f)	(1,600,099)	
			4(g)	(150,000)	(8,572,537)
	<u>1,161,448</u>	<u>2,980,834</u>		<u>5,561,234</u>	<u>9,703,516</u>
<b>Total shareholders' equity</b>	<u>1,161,448</u>	<u>2,980,834</u>		<u>5,561,234</u>	<u>9,703,516</u>
<b>Total liabilities and shareholders' equity</b>	<u>1,208,361</u>	<u>3,705,268</u>		<u>5,299,234</u>	<u>10,212,863</u>

The accompanying notes are an integral part of these pro-forma consolidated financial statements.

**CANNABIS ONE HOLDINGS INC.**
**PRO-FORMA CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited - Expressed in United States Dollars)

	Cannabis One Holdings Inc. 9 months ended Oct 31, 2018 \$	Bertram Capital Finance Inc. 9 months ended Sept 30, 2018 \$	Note	Pro-forma Adjustments \$	Pro-forma Consolidated \$
<b>REVENUES</b>					
Lease and rental income	-	507,781		-	507,781
Product sales	-	102,651		-	102,651
Service income	-	628,330		-	628,330
	-	1,238,762		-	1,238,762
<b>COST OF SALES</b>					
Lease expenses	-	118,080		-	118,080
Product expenses	-	15,940		-	15,940
Service expenses	-	491,743		-	491,743
	-	(625,763)		-	(625,763)
<b>GROSS PROFIT</b>	-	612,999		-	612,999
<b>EXPENSES</b>					
Consulting	109,544	-			109,544
Depreciation and amortization	-	232,135		-	232,135
Filing and listing fees	7,917	-		-	7,917
General and administrative	226	419,270		-	419,496
Listing expense	-	-	4(a)	5,034,786	5,034,786
Management fees	-	401,072		-	401,072
Professional fees	311,091	296,132	4(c)	228,621	985,844
Share-based compensation	38,852	150,000	4(g)	150,000	1,788,951
Transfer agent	5,877	-	4(f)	1,600,099	1,788,951
	(473,507)	(1,498,609)		(7,013,506)	(8,985,622)
Interest income (expense)	(10,259)	42,144		-	31,885
Gain on debt settlement	85,342	-		-	85,342
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	(398,424)	(843,466)		(7,013,506)	(8,255,396)
Basic and diluted loss per common share					(0.11)

The accompanying notes are an integral part of these pro-forma consolidated financial statements.



**CANNABIS ONE HOLDINGS INC.**
**PRO-FORMA CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited - Expressed in United States Dollars)

	Cannabis One Holdings Inc. Year ended Jan 31, 2018	Bertram Capital Finance Inc. Year ended Dec 31, 2017	Note	Pro-forma Adjustments	Pro-forma Consolidated
	\$	\$		\$	\$
<b>REVENUES</b>					
Lease and rental income	-	436,380		-	436,380
Product sales	-	269,763		-	269,763
Service income	-	222,110		-	222,110
	-	928,253		-	928,253
<b>COST OF SALES</b>					
Lease expenses	-	60,600		-	60,600
Product expenses	-	33,017		-	33,017
Service expenses	-	202,484		-	202,484
	-	(296,101)		-	(296,101)
<b>GROSS PROFIT</b>	-	632,152		-	632,152
<b>EXPENSES</b>					
Depreciation and amortization	-	252,424		-	252,424
Filing and listing fees	4,122	-		-	4,122
General and administrative	21	73,163		-	73,184
Listing expense	-	-	4(a)	5,034,786	5,034,786
Management fees	-	180,302		-	180,302
Professional fees	26,322	132,907	4(c)	228,621	537,850
	-	90,000	4(g)	150,000	1,690,099
Share-based compensation	-	90,000	4(f)	1,600,099	1,690,099
Transfer agent	3,434	-		-	3,434
	(33,899)	(728,796)		(7,013,506)	(7,776,201)
Interest income (expense)	(15,821)	16,348		-	527
Loss on write-off of investment	-	(100,000)		-	(100,000)
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>	(49,721)	(180,296)		(7,013,506)	(7,243,522)
Basic and diluted loss per common share					(0.10)

The accompanying notes are an integral part of these pro-forma consolidated financial statements.

**1. BASIS OF PRESENTATION**

The accompanying unaudited pro-forma consolidated financial statements of Cannabis One Holdings Inc. ("Cannabis One" or "the Company") (formerly Metropolitan Energy Corp.) have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") from information derived from the financial statements of Cannabis One and the financial statements of Bertram Capital Finance Inc. ("Bertram") to show effect of the proposed transaction (the "Transaction") as discussed in Note 3.

The unaudited pro-forma consolidated financial statements of the Company are compiled from and include:

- a) The Company's audited financial statements as at January 31, 2018 and for the year then ended.
- b) Bertram's audited financial statements as at December 31, 2017 and the year then ended.
- c) The Company's unaudited condensed interim financial statements as at October 31, 2018 and for the three and nine months ended October 31, 2018 and 2017.
- d) Bertram's unaudited condensed interim financial statements as at September 30, 2018 and for the three and nine months ended September 30, 2018 and 2017.
- e) The additional information set out in Note 3.

The financial statements of Cannabis One have previously been presented in Canadian Dollars (C\$), which is its functional currency. For the purpose of these pro-forma consolidated financial statements, which are stated in United States Dollars (US\$), assets and liabilities on the statement of financial position of Cannabis One has been converted at a rate of C\$1.00 = US\$0.7621 with equity being translated at estimated historical exchange rates. Further, the statement of loss and comprehensive loss for the nine month period ended October 31, 2018 has been converted at an average exchange rate of C\$1.00 = US\$0.7728, while the statement of loss and comprehensive loss for the year ended January 31, 2018 has been converted at an average exchange rate of C\$1.00 = US\$0.7752.

The unaudited pro-forma consolidated financial statements should be read in conjunction with the audited financial statements of the Company for the year ended January 31, 2018, the audited financial statements of Bertram for the year ended December 31, 2017, the unaudited condensed interim financial statements of the Company as at October 31, 2018 and for the three and nine months ended October 31, 2018 and 2017, and the unaudited condensed interim financial statements of Bertram as at September 30, 2018 and for the three and nine months ended September 30, 2018 and 2017.

The unaudited pro-forma consolidated statement of financial position as at October 31, 2018 has been prepared as if the transactions had occurred on October 31, 2018. The unaudited pro-forma consolidated statement of loss and comprehensive loss for the nine month period ended October 31, 2018 has been prepared as if the transactions had occurred on November 1, 2017, while the unaudited pro-forma consolidated statement of loss and comprehensive loss for the year ended January 31, 2018 has been prepared as if the transactions had occurred on February 1, 2017.

The unaudited pro-forma consolidated financial statements are not necessarily indicative of the financial position that would have been achieved if the proposed transactions had been completed on the dates indicated, nor do they purport to project the financial position or results of operations of the consolidated entities for any future period. In the opinion of the management of Cannabis One and Bertram, the unaudited pro-forma consolidated statements include all adjustments necessary for a fair presentation of the proposed transaction in Note 3. These unaudited pro-forma consolidated financial statements do not reflect any cost savings that could result from the combination of the operations of Cannabis One and Bertram, as management does not anticipate any material cost savings as a result of the Transaction.

The pro-forma adjustments are based in part on estimates, including the fair values of the assets acquired and liabilities assumed, as applicable. For purposes of the pro-forma consolidated statement of financial position, it is assumed that there are no tax consequences and no income tax effect is being recorded. Both entities have incurred losses since inception and when combined are also not expected to generate profits in the immediate future, and therefore neither entity carries any deferred tax assets in its most recent financial statements.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of the unaudited pro-forma consolidated financial statements are consistent with those set out in the audited financial statements of Cannabis One for the year ended January 31, 2018, the audited financial statements of Bertram for the year ended December 31, 2017, the unaudited condensed interim financial statements of Cannabis One as at October 31, 2018 and for the three and nine months ended October 31, 2018 and 2017, and the unaudited condensed interim financial statements of Bertram as at September 30, 2018 and for the three and nine months ended September 30, 2018 and 2017, which are applied in the preparation of the unaudited pro-forma consolidated financial statements as at and for the nine month period ended October 31, 2018.

## **3. DESCRIPTION OF THE TRANSACTION**

### **Execution of Letter of Intent**

On July 5, 2018, the Company entered into a Letter of Intent (the "LOI") with Bertram to affect a reverse takeover transaction and conduct a concurrent private placement of subscription receipts (the "Subscription Receipts").

Under the terms of the LOI, it was proposed that the Company would acquire all the issued and outstanding securities of Bertram, the result of which will constitute a reverse takeover of the Company by the shareholders of Bertram (the "Proposed Transaction"). The resulting issuer of the Proposed Transaction (the "Resulting Issuer") will be positioned to operate within a number of state-legal markets throughout the U.S. and will retain manufacturing, distribution, and licensing agreements with licensed parties.

Pursuant to the terms of the LOI, the Company will seek to delist from the NEX board of the TSX Venture Exchange (the "NEX") and intends to apply for listing of the Resulting Issuer's common shares on the Canadian Securities Exchange (the "CSE"), with such listing to be effective concurrent with the completion of the Proposed Transaction.

In conjunction with the LOI, the Company requested a voluntary halt of its common shares on the NEX following the dissemination of the July 5, 2018 press release. The Company announced that it did not anticipate its common shares would resume trading until such time as the new listing had been accepted by the CSE, unless the Transaction with Bertram fails to be completed, in which case the Company would request lifting of its voluntary halt to resume trading on the NEX.

### **Non-Brokered Private Placement of Subscription Receipts**

Following execution of the LOI, the Company and Bertram determined that a non-brokered private placement (the "Bertram Private Placement") of up to C\$6,000,000 be structured as an offering of Subscription Receipts in the capital of Bertram. The Company and Bertram subsequently agreed to increase the Bertram Private Placement to up to C\$8,000,000, consisting of one (1) underlying common share of Bertram (a "Cannabis One Share") and one-half-of-one (1/2) underlying Bertram share purchase warrant (a "Cannabis One Warrant").

On October 14, 2018, Bertram closed its previously announced financing of Subscription Receipts as part of the Bertram Private Placement for gross proceeds of approximately \$6,024,855 (C\$7,905,900).

### **Execution of Definitive Agreement**

On October 17, 2018, the Company and Bertram announced the execution of a Definitive Business Combination Agreement (the "Definitive Agreement") in which the Company would acquire all issued and outstanding securities of Bertram. Upon execution of the Definitive Agreement, which subsequently satisfied the conditions precedent for the escrow release pertaining to the Bertram Private Placement, the Subscription Receipts that comprised the Bertram Private Placement converted into 15,811,974 underlying securities of Bertram for gross proceeds of approximately \$6,024,855 (C\$7,905,900) to Bertram, inclusive of all earned interest.

### 3. DESCRIPTION OF THE TRANSACTION (continued)

#### Execution of Definitive Agreement (continued)

Under the terms of the Definitive Agreement, the Company will acquire, indirectly through its wholly-owned subsidiary incorporated in the state of Colorado (the "AcquireCo"), all issued and outstanding securities of Bertram in exchange for redesignated Class A subordinate voting shares (the "Subordinate Voting Common Shares") and newly-created Class B non-trading super voting shares (the "Super Voting Common Shares"), as applicable, in the capital of Cannabis One pursuant to a merger of Bertram and AcquireCo, the result of which will constitute a reverse takeover of Cannabis One by the shareholders of Bertram.

In connection with the Proposed Transaction, the Company was required to change its name to Cannabis One Holdings Inc. which has been completed. The Company will also be required to, among other things: (i) replace all directors and officers of Cannabis One (other than Christopher Fenn) on closing of the Proposed Transaction with nominees of Bertram; (ii) redesignate the common shares of Cannabis One as Subordinate Voting Common Shares; and (iii) create a new class of non-trading Super Voting Common Shares.

It is intended that the common shares of the Company will remain halted until the Proposed Transaction closes or the Definitive Agreement is terminated.

#### Forward Stock Split

In conjunction with the execution of the Definitive Agreement, and as approved by shareholders at Bertram's October 3, 2018 shareholder meeting, Bertram will split its securities on an approximately 5.93-to-1 basis, subject to certain adjustments for Bertram's Long-Term Incentive Plan (the "LTIP"), anti-dilution provisions, and the intended Bertram post-split adjusted-cost-base represented to shareholders of the most recent Bertram Private Placement, such that the share capital of Bertram shall consist of 58,193,095 common shares and 8,239,122 share purchase warrants, with 12,000,000 rights to acquire common shares of Bertram (the "Cannabis One Rights"), immediately prior to the Proposed Transaction.

To facilitate the proposed restructuring of Bertram's securities and the resulting exchange with the Company as part of the Proposed Transaction, Bertram has engaged Odyssey Trust Company to act as its Transfer Agent.

#### Transaction Accounting

On completion of the Transaction, the shareholders of Bertram obtained control of the Resulting Issuer by obtaining approximately 73% of the common shares of the Resulting Issuer and the resulting power to govern the financial and operating policies of the combined entities.

Although the Transaction resulted in a single entity, control passed to the former shareholders of Bertram and the Transaction constitutes a reverse takeover of Cannabis One by Bertram and has been accounted for as a reverse takeover transaction in accordance with the guidance provided in IFRS 2 *Share-based Payments* and IFRS 3 *Business Combinations*. As Cannabis One did not qualify as a business according to the definitions within IFRS 3, the reverse takeover does not constitute a business combination; rather the Transaction was accounted for as an asset acquisition and including Cannabis One's public listing. Accordingly, no goodwill or intangible assets were recorded with respect to the Transaction as it does not constitute a business.

For accounting purposes, Bertram will be treated as the accounting parent company (legal subsidiary) and Cannabis One as the accounting subsidiary (legal parent).

The Transaction is measured at the fair value of the shares that Bertram would have had to issue to shareholders of Cannabis One to give shareholders of Cannabis One the same percentage equity interest in the combined entity that results from the reverse takeover had it taken the legal form of Bertram acquiring Cannabis One. The fair value of the common shares was determined to be \$0.38 (C\$0.50) based on the concurrent Bertram Private Placement, and is considered as a significant estimate and judgement.

**3. DESCRIPTION OF THE TRANSACTION (continued)**

**Transaction Accounting (continued)**

A listing expense of \$5,034,786 has been charged to profit or loss to reflect the difference between the fair value of the consideration paid, and the fair value of the net assets acquired from Cannabis One in accordance with in IFRS 2 Share-based Payment.

**Listing Application on the Canadian Securities Exchange**

On November 8, 2018, the Company, in concert with Bertram, submitted its application (the "Listing Statement") to the CSE for the listing of its Subordinate Voting Common Shares on the CSE under the name "Cannabis One Holdings Inc.", and under the reserved trading symbol "CBIS".

**4. PRO-FORMA ADJUSTMENTS AND ASSUMPTIONS**

The fair value of the net assets (liabilities) of Cannabis One as at October 31, 2018, prior to the Transaction were:

Cash	\$ 1,170,257
Prepaid expenses and deposits	38,104
Trade and other payables	<u>(46,913)</u>
	<u>\$ 1,161,448</u>

The consideration consists of the fair value of 15,202,314 Cannabis One common shares outstanding valued at \$5,792,614 (\$0.38 per share (C\$0.50)), the fair value of 1,575,000 compensation warrants issuable to Wildhorse Capital Partners Inc. ("Wildhorse") for facilitating the Transaction (fair value of \$402,000), and the incremental difference in the fair value of 290,809 (post-forward stock split) replacement warrants held by Bertram warrant holders, being \$13,000:

Consideration	\$ 6,207,614
Net monetary assets acquired	(1,161,448)
Translation adjustment	<u>(11,380)</u>
Listing expense	<u>\$ 5,034,786</u>

The unaudited pro-forma consolidated statements reflect the following adjustments:

- To record the consideration of 15,202,314 Cannabis One common shares at a fair value of \$0.38 per share (C\$0.50 per share), to record the fair value (\$402,000) of the 1,575,000 compensation warrants issued to Wildhorse, to record the incremental difference in the fair value of the 290,809 Bertram warrants replaced (\$13,000), to reclassify a warrant liability associated with the Bertram warrants replaced, and to eliminate historical equity accounts of Cannabis One. The compensation warrants were valued using the Black-Scholes option pricing model with the following assumptions: share price of \$0.38 (C\$0.50), exercise price of \$0.30 (C\$0.40), expected volatility of 125%, risk-free interest rate of 1.68% and a term of 2 years.
- To record completion of the Bertram Private Placement, consisting of 15,811,974 units at a price of \$0.38 per unit (C\$0.50 per unit) for gross proceeds of \$6,024,855 (C\$7,905,908). The gross proceeds from the Bertram Private Placement are offset by the fair value of 42,326 finder's warrants (\$8,000) and approximate share issue costs totaling \$25,000. The finder's warrants were valued using the Black-Scholes option pricing model with the following assumptions: share price of \$0.38 (C\$0.50), exercise price of \$0.38 (C\$0.50), expected volatility of 125%, risk-free interest rate of 1.68% and a term of 2 years.
- To record the final cash payment of \$228,621 (C\$300,000) made to Wildhorse for professional fees in connection with the completion of the Transaction. \$38,104 (C\$50,000) was reversed from prepaid expenses and deposits, representing a deposit previously paid by Cannabis One.
- To record the repayment of the \$300,000 promissory note payable, with accrued interest totaling \$22,000.

**CANNABIS ONE HOLDINGS INC.**

**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in United States Dollars)

OCTOBER 31, 2018

---

**4. PRO-FORMA ADJUSTMENTS AND ASSUMPTIONS (continued)**

- e) To record the issuance of 563,756 common shares of Bertram with a fair value of \$190,000 to offset the commitment to issue common shares.
- f) To record the issuance of 4,199,350 common shares of Bertram with a fair value of \$1,600,099 as compensation pursuant to the existing LTIP.
- g) To record expected costs of \$150,000 associated with the completion of the Transaction and the associated Listing Statement.

**CANNABIS ONE HOLDINGS INC.**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited - Expressed in United States Dollars)  
**OCTOBER 31, 2018**

**5. PRO-FORMA SHARE CAPITAL**

Share capital as at October 31, 2018 in the unaudited pro-forma consolidated statement of financial position is comprised of the following:

	<b>Number of Subordinate Voting Common Shares</b>	<b>Number of Super Voting Common Shares</b>	<b>Amount</b>
<b>Authorized</b>			\$
177,900,000 shares total, of which 148,250,000 can be issued as common shares and 29,650,000 as preferred shares. Each common shareholder is entitled to have one vote and receive a pro-rated share of dividends.			
<b>Issued</b>			
Bertram common shares outstanding as at September 30, 2018	37,618,015	-	4,252,865
Cannabis One common shares outstanding as at October 31, 2018	15,202,314	-	3,303,993
Issuance of Bertram common shares pursuant to commitment to issue	563,756	-	190,000
Bertram Private Placement completed	15,811,974	-	6,024,855
Share issue costs associated with Bertram Private Placement - cash	-	-	(25,000)
Share issue costs associated with Bertram Private Placement - warrants	-	-	(8,000)
Issuance of Bertram common shares pursuant to LTIP	4,199,350	-	1,600,099
Acquisition adjustment – eliminate Bertram common shares	(58,193,095)	-	-
Acquisition adjustment – eliminate Cannabis One share capital	-	-	(3,303,993)
Acquisition adjustment – issuance of Cannabis One common shares	21,315,274	3,687,758	5,792,614
Common shares outstanding after the Transaction	36,517,588	3,687,758	17,827,433
Conversion of Super Voting Common shares (if converted)*	36,877,580	(3,687,758)	-
Common shares outstanding after the Transaction (if converted)*	73,395,168	-	17,827,433

\*The conversion of the Super Voting Common Shares is not mandatory, however, if converted, would result in the issuance of an additional 36,877,580 Subordinate Voting Common Shares (10 Subordinate Voting Common Shares for 1 Super Voting Common Share).

**Basic and Diluted Loss per Share**

The loss per share stated on the pro-forma consolidated statement of loss and comprehensive loss for the nine month period ended October 31, 2018 and the pro-forma consolidated statement of loss and comprehensive loss for the year ended January 31, 2018 has been computed on a post-conversion basis, assuming that all of the Super Voting Common Shares will be converted into Subordinate Voting Common Shares of the Resulting Issuer.

For purposes of these pro-forma consolidated financial statements, all stock options, warrants and Cannabis One Rights have been excluded from the diluted weighted average number of shares calculation, as their effect would have been anti-dilutive.