

**Disclosure Specifically Related to the United States Regulatory System
Marapharm Ventures Inc. (the “Company”)**

The Company is a U.S. Marijuana Issuer directly involved in the cultivation and distribution of cannabis in the States of Nevada and California and is a U.S. Marijuana Issuer with material ancillary involvement in the State of Washington.

The Company is involved in activities that, according to Staff Notice 51-352 of the Canadian Securities Administrators, would categorize the Company as a U.S. Marijuana Issuer with direct involvement in the cultivation and distribution of cannabis in the States of Nevada and California. Direct industry involvement arises when an issuer, or a subsidiary that it controls, is directly engaged in the cultivation or distribution of marijuana in accordance with a U.S. state license. The Company is considered a U.S. Marijuana Issuer with material ancillary involvement in the State of Washington as it acts as a landlord for a tenant who is directly involved in the U.S. marijuana industry.

The Company’s business activities, while believed to be compliant with applicable U.S. state law and local law, are illegal under U.S. federal law.

The concepts of “medical cannabis” and “retail cannabis” do not exist under U.S. federal law. The CSA classifies “marijuana” as a Schedule I drug. 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 safety for the use of the drug under medical supervision. As such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law. Although the Company believes that its business activities are compliant with applicable U.S. state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under U.S. federal law, nor may it 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.

Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the U.S. 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 holding (directly or indirectly) of medical cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the 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.

There is uncertainty surrounding the Trump Administration and Attorney General Jeff Sessions and their influence and policies in opposition to the cannabis industry as a whole.

On January 4, 2018, Attorney General Jeff Sessions rescinded the Cole Memo. In the Cole Memo, the DOJ asserted that it would not direct federal law enforcement agencies to prosecute those abiding by state laws allowing the use and distribution of cannabis. The rescission of the Cole Memo will shift federal policy such that federal prosecutors across the U.S. will have the discretion to prioritize resources as they see fit in order to enforce federal laws in states where cannabis is legalized. It still remains unclear how the DOJ, Federal Bureau of Investigation and other government agencies will handle cannabis enforcement in the future. This could have an effect on the Company’s U.S. cannabis interests, and the

Company regularly monitors the activities of the current administration for evidence if the Company will be subject to federal enforcement.

The Company will have access to both public and private capital to support continuing operations

In the event that the Company faces adverse enforcement under U.S. federal law for its cannabis operations, the Company will have access to both public and private capital in order to support continuing operations.

The Company operates in Nevada and California and complies with licensing and regulatory requirements in Nevada and California

The Company operates in the States of Nevada and California and complies with all applicable licensing requirements and other regulations enacted in the States of Nevada and California. The Company has obtained a legal opinion regarding compliance with applicable state regulatory frameworks, and has not obtained legal opinion regarding potential exposure and implications arising from U.S. federal law.

Nevada

In November 2016, Nevada voters approved Question 2 in a ballot initiative. Among other things, Question 2 makes it legal for adults over the age of 21 to use marijuana and to possess up to one ounce of marijuana flowers and one-eighth of an ounce of marijuana concentrates. Individuals are also permitted to grow up to six marijuana plants for personal use. In addition, Question 2 authorizes businesses to cultivate, process and distribute marijuana products under certain conditions. The Nevada Department of Taxation enacted regulations to implement Question 2 in the summer of 2017. Under the regulations, there are no residency requirements for marijuana establishment licensees.

There are five types of marijuana establishment licenses:

- **Cultivation Facility** – licensed to cultivate (grow), process, and package marijuana; to have marijuana tested by a testing facility; and to sell marijuana to retail marijuana stores, to marijuana product manufacturing facilities, and to other cultivation facilities, but not to consumers.
- **Distributor** – licensed to transport marijuana from a marijuana establishment to another marijuana establishment. For example, from a cultivation facility to a retail store.
- **Product Manufacturing Facility** – licensed to purchase marijuana; manufacture, process, and package marijuana and marijuana products; and sell marijuana and marijuana products to other product manufacturing facilities and to retail marijuana stores, but not to consumers. Marijuana products include things like edibles, ointments, and tinctures.
- **Testing Facility** – licensed to test marijuana and marijuana products, including for potency and contaminants.
- **Retail Store** – licensed to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities, and marijuana from other retail stores; can sell marijuana and marijuana products to consumers.

California

California has an existing medical marijuana law and voted to approve the “Adult Use of Marijuana Act” (“AUMA”) to tax and regulate for all adults 21 years of age and older on November 8, 2016. California was the first state to pass medical marijuana in 1996, allowing for a not-for-profit patient/caregiver system, but there was no state licensing authority to oversee businesses that emerged. In September of

2015, the California legislature passed three bills collectively known as the “Medical Marijuana Regulation and Safety Act” (“MMRSA”). Then in 2016, California voters passed “The Adult Use of Marijuana Act” (“AUMA”) which legalizes marijuana for adults 21 years of age and older and creates a licensing system for commercial cannabis business. On June 27, 2017, Governor Brown signed the Senate Bill No. 94 into law. Senate Bill No.94 combines California’s medical and adult-use cannabis systems into one licensing structure under the Medicinal and Adult-Use of Cannabis Regulation and Safety Act (“MAUCRSA”).

Pursuant to MAUCRSA: (1) the California Department of Food and Agriculture, via CalCannabis, will license cannabis cultivators; (2) the California Department of Public Health, via the Manufactured Cannabis Safety Branch (the “MCSB”), will license cannabis manufacturers and (3) the California Department of Consumer Affairs, via the Bureau of Cannabis Control (the “BCC”), will license cannabis distributors, testing laboratories and retailers. MAUCRSA allows 20 different types of cannabis licenses across five different categories, which are:

- **Cultivation Facility** – licensed to cultivate (grow), process, and package marijuana; to have marijuana tested by a testing facility; and to sell marijuana to retail marijuana stores, to marijuana product manufacturing facilities, and to other cultivation facilities, but not to consumers.
- **Distributor** – licensed to transport marijuana from a marijuana establishment to another marijuana establishment. For example, from a cultivation facility to a retail store.
- **Product Manufacturing Facility** – licensed to purchase marijuana; manufacture, process, and package marijuana and marijuana products; and sell marijuana and marijuana products to other product manufacturing facilities and to retail marijuana stores, but not to consumers. Marijuana products include things like edibles, ointments, and tinctures.
- **Testing Facility** – licensed to test marijuana and marijuana products, including for potency and contaminants.
- **Retail Store** – licensed to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities, and marijuana from other retail stores; can sell marijuana and marijuana products to consumers.

Multiple agencies will oversee different aspects of the program and businesses will require a state license and local approval to operate. Although there is no limit on the number of state licenses, local governments can prohibit or otherwise regulate the number of medical cannabis businesses. California will begin licensing medical marijuana businesses at the state level under MAUCRSA in 2018. Until that time, political movement and medical marijuana business licensing will predominantly occur at the local level.

There are no residency requirements for medical or adult-use marijuana licensees under MAUCRSA. Existing medical marijuana collectives acting in compliance with local zoning ordinances and other state and local requirements on or before January 1, 2018 may continue their operations until licensed under MAUCRSA. An applicant under the MAUCRSA must obtain local approval and a state license. The state license approval process is not competitive, and localities are accepting licenses based on timelines within their individual ordinances. Localities may prohibit medical or adult-use marijuana business or limit the number of licenses offered in their jurisdiction. The Bureau of Cannabis Control, CalCannabis within the Department of Food and Agriculture, and Manufactured Cannabis Safety Branch within the Department of Public Health announced emergency licensing regulations for cannabis businesses on November 16, 2017 and the emergency regulations became effective on December 7, 2017.

The Company has a program for monitoring compliance with Nevada and California licensing and regulatory requirements on an going basis

The Company has a program for monitoring compliance with Nevada and California law related to U.S. Marijuana Issuers. The Company monitors its compliance with the relevant licensing and regulatory requirements on an ongoing basis and has internal compliance procedures. The Company has not engaged in any material non-compliance with the relevant licensing and regulatory requirements, and has not received any material citations or notices of violation.